



DEFENSE SECURITY ASSISTANCE AGENCY

WASHINGTON, D.C. 20301

1 APR 1984

DOD 5105.38M

Letter of Transmittal

Security Assistance has been an important part of United States' foreign and national security policy for nearly four decades. The essential purpose of the security assistance program is to enhance the defense posture of nations with which we share political, military and economic interests. Through selected sales, grants and training assistance, the United States has enabled friendly nations to participate in, and share the burdens of, collective security. The defense of the free world is a joint and combined endeavor. Not only must the U.S. continue to strengthen its own military capabilities but it must assist friends and allies to strengthen theirs. In essence, security assistance complements and supplements our national defense posture and contributes in a major way to the strength of our allies.

The United States views the transfer of conventional arms and other defense articles and services as an essential element of its global defense posture and an indispensable component of foreign policy. By helping to finance arms transfers, provide economic assistance and facilitate cash sales to nations important to the U.S., the security assistance program is an integral element of foreign policy.

This manual is designed to promulgate current policies, procedures and responsibilities inherent to efficient and effective security assistance management involving the full spectrum of varied and involved agencies throughout the U.S. government.

As the most important element in any management system is people, I must point out that your ability to execute various portions of this program is vital to shaping a reliable and effective program. The information and knowledge available in this manual will greatly assist your efforts in supporting the security assistance program and U.S. foreign policy. The Defense Security Assistance Agency welcomes constructive comments that may make this manual more useful.

PHILIP C. GAST
LIEUTENANT GENERAL, USA
DIRECTOR

F O R E W O R D

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

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

TABLE OF CONTENTS

	<u>PAGE</u>
LETTER OF TRANSMITTAL	i
FOREWORD	iii
RECORD OF TRANSMITTALS	v
TABLE OF CONTENTS	vii
CHAPTER 1 - INTRODUCTION TO SECURITY ASSISTANCE	1-1
<u>Section I - Manual Purpose and Structure</u>	1-1
A. Purpose	1-1
B. Organization	1-1
C. Chapter Identification System	1-1
D. Applicability	1-2
E. Objectives	1-2
F. Basic Issues and Changes	1-2
G. Distribution	1-2
H. Interpretation, Recommendations and Deviations	1-3
I. Effective Date and Implementation	1-3
<u>Section II - Rationale and Scope</u>	1-3
A. Purpose	1-3
B. Rationale for Security Assistance Program	1-3
C. Security Assistance Scope	1-4
D. Implementation	1-5
CHAPTER 2 - MAJOR STATUTORY AND POLICY PROVISIONS	2-1
<u>Section I - General</u>	2-1
A. Purpose	2-1
B. Background	2-1
<u>Section II - Grant Aid</u>	2-2
A. General	2-2
B. Military Assistance (MAP)	2-2
C. Training (IMET)	2-2
<u>Section III - Foreign Military Sales (FMS)</u>	2-2
A. Legislative Authority for FMS	2-2
B. Policies	2-4
Table 2-III-1 - International Traffic in Arms	2-8

	<u>PAGE</u>
<u>Section IV - Special Provisions</u>	2-18
A. Constraints on Eligibility	2-18
B. Ship Transfers	2-20
C. Suspensions and Cancellations of Security Assistance	2-21
CHAPTER 3 - RESPONSIBILITIES AND RELATIONSHIPS	3-1
<u>Section I - Responsibilities</u>	3-1
A. General	3-1
B. The Department of Defense	3-1
Figure 3-I-1 - Decision Channels for Security Assistance	3-5
Table 3-I-1 - SAO Functions	3-6
<u>Section II - Relationships</u>	3-8
A. Channels of Communications	3-8
B. Directives and Record Communications	3-8
CHAPTER 4 - SECURITY ASSISTANCE PLANNING	4-1
<u>Section I - General</u>	4-1
A. Purpose and Scope	4-1
B. Basic Policies	4-1
<u>Section II - Planning Dimensions</u>	4-2
A. Planning Considerations	4-2
B. U.S. Government Planning Approach	4-4
Figure 4-II-1 - Security Assistance Communities	4-3
Figure 4-II-2 - Community Interrelationships	4-4
Figure 4-II-3 - Budget and Sales Process	4-5
CHAPTER 5 - TECHNOLOGY TRANSFER AND CONTROLS	5-1
<u>Section I - Transfer of Technology</u>	5-1
A. Purpose	5-1
B. Definitions	5-1
C. Policy	5-2
<u>Section II - Disclosure of Classified Military Information to Foreign Governments and International Organizations</u>	5-3
A. Purpose	5-3
B. Policy	5-3
C. Disclosure Authorities	5-4
D. Responsibilities	5-4

	<u>PAGE</u>
E. Recording of Disclosure Decisions	5-4
F. False Impressions	5-5
G. Control of Foreign Representatives	5-5
H. Industrial Security	5-5
I. Defense Industrial Security Clearance Office (DISCO)	5-5
J. User Agency Contracts Requiring Overseas Deliveries	5-6
K. Transmission of Classified Materiel	5-6
L. U.S. Contract to Foreign Firms	5-6
 <u>Section III - Security Classification and Release of Information</u>	 5-6
A. Purpose	5-6
B. Security Classification Guidelines	5-6
C. Release of Information	5-9
D. RCS: DSAA (AR) 1200 FMS Report Submission	5-10
 <u>Section IV - Export License and Customs Clearance Guidance For Foreign Military Sales Customers</u>	 5-11
A. Purpose	5-11
B. Export Licenses	5-11
C. FMS Customer Responsibility	5-12
D. U.S./DoD Responsibility	5-13
E. Procedures for Return and Repair	5-13
 Figure 5-IV-1 - "Application/License for Permanent Export of Unclassified Defense Articles and Related Unclassified Technical Data." (Form DSP-5)	 5-14
Figure 5-IV-2 - "Application/License for Temporary Import of Unclassified Defense Articles." (Form DSP-61)	5-15
 CHAPTER 6 - MILITARY EXPORT SALES POLICIES AND CONSIDERATIONS	 6-1
 <u>Section I - Policy and Background</u>	 6-1
A. Purpose	6-1
B. Background	6-1
C. Policies	6-5
 Table 6-I-1 - Foreign Countries and International Organiza- tions Eligible to Purchase Defense Articles and Defense Services Under the Authority of the AECA	 6-15
Table 6-I-2 - General Terms of Reference For Defense Requirement Survey Teams	6-16
Table 6-I-3 - Defense Requirement Survey Team Checklist	6-18
 <u>Section II - Contractor Preference for Direct Commercial Sales</u>	 6-20
A. Purpose	6-20

	<u>PAGE</u>
B. Applicability	6-20
C. Policy	6-20
D. Responsibilities	6-21
E. Guidelines	6-21
F. Procedures for Processing Industry Requests for Direct Sale Preference Designation	6-23
G. Procedures for Processing Requests for Direct Sale Preference	6-24
H. Notification of Significant Commercial Sales Activity	6-25
I. DoD P&A Versus a Commercial Proposal	6-25
 CHAPTER 7 - PREPARATION AND PROCESSING OF FOREIGN MILITARY SALES CASES	 7-1
 <u>Section I - General Information, Foreign Military Sales Agreements</u>	 7-1
A. Purpose	7-1
B. Background/Definitions	7-1
C. Procedures	7-5
Figure 7-I-1 - Recoupment of Nonrecurring Costs on Sales of Major Defense Equipment (MDE)	7-12
Figure 7-I-2 - Memorandum for the Chairman, Joint Chiefs of Staff, Subject: SA Requests for MDE	7-14
Figure 7-I-3 - United States Department of Defense Letter of Intent (DD Form 2012)	7-15
Figure 7-I-4 - United States Department of Defense Letter of Intent (DD Form 2012-1)	7-17
Figure 7-I-5 - United States Department of Defense Letter of Intent (DD Form 2012-2)	7-19
Table 7-I-1 - Major Defense Equipment List	7-20
 <u>Section II - Preparation and Processing of Foreign Military Sales Agreements</u>	 7-28
A. Purpose	7-28
B. Policy	7-28
C. Procedures	7-29
Figure 7-II-1 - United States Department of Defense Offer and Acceptance (DD Form 1513)	7-46
Figure 7-II-2 - General Conditions	7-47
Figure 7-II-3 - United States Department of Defense Continuation Sheet	7-49
Figure 7-II-4 - Financial Analysis Worksheet	7-50
Figure 7-II-5 - Termination Liability Worksheet	7-52
Figure 7-II-6 - Nonrecurring Cost Recoupment Charges Summary	7-53
Figure 7-II-7 - Supplementary Information for Letters of Offer	7-54

	<u>PAGE</u>
Figure 7-II-8 - Offer and Acceptance Preparation Worksheet	7-55
Table 7-II-1 - Instructions for Preparing the United States Department of Defense Offer and Acceptance (DD Form 1513)	7-56
Table 7-II-2 - Transportation Instructions, DD Form 1513	7-59
Table 7-II-3 - Additional Terms and Conditions, Aircraft	7-64
Table 7-II-4 - Additional Conditions, Aircraft Ferrying (Purchaser Owned)	7-65
Table 7-II-5 - Additional Terms and Conditions, Transportation and Services	7-66
Table 7-II-6 - Additional Terms and Conditions, Safeguards for Contractor Personnel	7-67
 <u>Section III - Financial Principles and Procedures</u>	 7-72
A. Purpose	7-72
B. Responsibilities and Requirements	7-72
C. Basic Principles	7-73
D. Pricing of FMS Transactions	7-74
E. Direct Charges to FMS Cases	7-82
F. Government-Provided Engineering Services	7-85
G. Asset Use Charges for Items Provided from Inventory	7-86
H. Replacement Price for Secondary Items	7-86
I. Financial Administration of FMS Credit Program	7-87
J. Preparation and Implementation of DD Form 1513, Letters of Offer and Acceptance (LOA)	7-87
K. Terms of Sale and Type of Assistance Codes (Refer to Table 7-III-1)	7-87
L. Multiple Sources of Financing	7-92
M. Financial Control of FMS Agreements	7-92
 Figure 7-III-1 - Key Dates in FMS Billing and Collection	 7-97
Figure 7-III-2 - Contract Administration Reciprocal Agreements	7-98
Figure 7-III-3 - Supplementary Financial Terms and Conditions - Cash Financing Only	7-99
Figure 7-III-4 - Supplementary Financial Terms and Conditions - FMS Loan or Mixed Case and FMS Loan Financing	7-101
Table 7-III-1 - Summary of Terms of Sale and Type of Assistance Codes	7-103
Table 7-III-2 - Foreign Countries and International Organizations Authorized Direct Authorities for Dependable Undertaking	7-106
 <u>Section IV - Congressional Section 36(b) Notifications and Section 133b Reports of Foreign Military Sales</u>	 7-107
A. Purpose	7-107
B. Statutory Provision, Executive Requirements, and Exceptions	7-107

	<u>PAGE</u>
C. Criteria and Responsibilities for Congressional Submissions	7-112
D. Procedures	7-114
E. Classification	7-117
Figure 7-IV-1 - Milestones for LOA Requests for SCE	7-118
Figure 7-IV-2 - Milestones for LOA Requests for Non-SCE	7-119
Table 7-IV-1 - Advance Notification Data	7-120
Table 7-IV-2 - Military Justification Data	7-123
Table 7-IV-3 - Statutory Notification Data	7-124
Table 7-IV-4 - Sensitivity of Technology Data	7-127
Table 7-IV-5 - Impact on Current Readiness Report Data	7-128
Table 7-IV-6 - Transmittal Letter for the Unsigned LOA	7-129
 CHAPTER 8 - FMS CASE PERFORMANCE	 8-1
<u>Section I - Case Implementation and Execution</u>	8-1
A. Implementation	8-1
B. Execution	8-1
<u>Section II - Acquisition for FMS</u>	8-2
A. DoD Regulations and Procedures	8-2
B. FMS Customer Requests for Specific Source	8-3
C. Sales Commissions and Agents Fees	8-4
D. Appointment of an Agent	8-6
<u>Section III - Logistics</u>	8-8
A. Follow-on Support	8-8
B. Requisition Procedures	8-12
C. Management Review	8-14
D. Adherence to Stated Conditions	8-15
E. System Support Buy Out	8-15
F. Transportation of FMS Materiel	8-16
Table 8-III-1 - Foreign Countries and International Organizations Authorized Receipt of DLA Excess Property Listings	8-34
Table 8-III-2 - Potential Sources for Listings of Freight Forwarders	8-35
Table 8-III-3 - Financing Reports of Discrepancy When the USG is Liable	8-36
<u>Section IV - Performance Reporting and Case Closure</u>	8-42
A. Performance Reporting/Billing	8-42
B. Delinquent Accounts for FMS Billing	8-43
C. Interest Assessment on Delinquent Debts	8-44
D. Closure of FMS Cases	8-44
E. Cancellation of FMS Cases	8-45

	<u>PAGE</u>
F. Financing Reports of Discrepancy (ROD) When the USG is Liable	8-45
G. Address of the Central Collection and Billing Office	8-46
<u>Section V - Amendments and Modifications</u>	8-46
A. DD Form 1513-1 - Amendment to Offer and Acceptance	8-46
B. Pen and Ink Changes - DD Forms 1513 and 1513-1	8-48
C. DD Form 1513-2 - Notice of Modification of Offer and Acceptance	8-48
Figure 8-V-1 - United States Department of Defense Amend- ment to Offer and Acceptance (DD Form 1513)	8-51
Figure 8-V-2 - United States Department of Defense Notice of Modification of Offer and Acceptance (DD Form 1513-2)	8-55
CHAPTER 9 - FMS DIRECT CREDIT AND GUARANTEED LOAN FINANCING	9-1
<u>Section I - General</u>	9-1
A. Purpose	9-1
B. Introduction	9-1
C. Arms Export Control Act (AECA) Authorization	9-1
D. Additional Provisions of the Act	9-2
<u>Section II - Eligibility</u>	9-3
A. Need for Financing	9-3
B. Use of Financing for Essential Items	9-4
C. Denial of FMS Credit	9-4
D. Exceptions	9-4
<u>Section III - Process and Procedures</u>	9-5
A. General	9-5
B. Congressional Authorization and Appropriation	9-5
C. Apportionment	9-6
D. Implementation and Management of Loans	9-6
E. Issuance of FMS Loans	9-6
F. Approval of FMS Credit-Financed Purchases	9-7
G. Commitment of FMS Credit Funds	9-8
H. Disbursement of FMS Loan Funds	9-8
I. Direct Commercial Purchases	9-9
J. Offshore Procurement (OSP)	9-11
K. Repayment of FMS Loans	9-12
Table 9-III-1 - DoD Guaranteed Loan Agreement Issued by the FFB	9-13
Table 9-III-2 - Guaranty	9-35
Table 9-III-3 - DoD Direct Loan	9-37

	<u>PAGE</u>
Table 9-III-4 - DSAA Sample Letter Approving Use of FMS Loan Financing	9-57
Table 9-III-5 - DSAA Sample Letter Approving Use of FMS Loan Financing for Direct Commercial Purchases	9-58
<u>Section IV - Transportation</u>	9-61
A. General	9-61
B. Marine Transportation Waiver Procedures	9-61
C. Reports to U.S. Department of Transportation	9-64
 CHAPTER 10 - TRAINING PROGRAM MANAGEMENT	 10-1
<u>Section I - International Military Education and Training (IMET)</u>	10-1
A. Introduction	10-1
B. Objectives of IMET	10-1
C. Areas of Emphasis	10-2
D. Constraints and DSAA Approval	10-2
E. Training Guidance	10-4
F. General Guidance Concerning Students	10-18
G. Extraordinary Expenses	10-24
H. Other Training Support	10-25
I. Training Materials	10-25
J. Program Development, Submission, and Management	10-26
K. IMET Programming Instructions	10-35
L. Implementation	10-40
M. Annual Integrated Assessment of Security Assistance (AIASA) Reports	10-41
 <u>Section II - Foreign Military Sales Training</u>	 10-41
A. Purpose	10-41
B. Basic Guidelines	10-42
C. English Language Training	10-46
D. FMS Training Tuition Rates	10-46
E. Cancellation of Training-Penalty Charge	10-47
F. Training at Civilian Institutions or by Contractor	10-47
G. Transportation and Travel	10-47
H. Living Allowances/Privileges	10-48
I. Training of Civilians under FMS	10-49
J. FMS Orientation Training Courses and Visits	10-49
K. Mobile Training Teams and Field Training Services	10-49
L. Training Relations	10-49
M. Restrictions of Transfer of Training	10-49
N. Police, Intelligence, and Other Sensitive Training	10-50
O. Security Assistance Management Training	10-50

	<u>PAGE</u>
Figure 10-II-1 - Invitational Travel Order (ITO) for Foreign Military Trainees (FMT) (DD Form 2285)	10-51
Table 10-II-1 - Program Card Formats	10-55
Table 10-II-2 - Table of Daily Living Allowances for IMET Foreign Military Trainees (FMT)	10-57
Table 10-II-3 - MILDEP Execution Agency Identifier Codes	10-59
 CHAPTER 11 - MILITARY ASSISTANCE PROGRAM (MAP)	 11-1
<u>Section I - Use of MAP Funds to Finance Foreign Military Sales</u>	11-1
A. Grant Aid (MAP) Funding	11-1
<u>Section II - Utilization, Redistribution and Disposal of MAP Materiel</u>	11-3
A. Purpose	11-3
B. Legal Limitations	11-3
C. Supervision of End-item Use and Maintenance of Inventories	11-3
D. Transfer of MAP Excess Materiel	11-5
E. Cannibalization and Retention of MAP Property	11-7
F. Disposal of MAP Property	11-7
 CHAPTER 12 - LEASES AND LOANS OF DEFENSE ARTICLES	 12-1
<u>Section I - Leases</u>	12-1
A. Authority and Purpose	12-1
B. Lease Terms and Conditions	12-2
C. Coordination	12-4
D. Congressional Notification	12-4
E. Financial Arrangements	12-6
F. Lease Closure	12-6
G. Reporting	12-6
H. U.S. Navy Ships	12-7
Figure 12-I-1 - Determination Regarding the Lease of Article(s) to Countries or International Organizations Pursuant to the Arms Export Control Act, Chapter 6	12-8
Figure 12-I-2 - Memorandum for the Director, DSAA	12-9
Figure 12-I-3 - Sample Lease	12-10
Figure 12-I-4 - Memorandum for the Director for Operations, DSAA	12-17
Figure 12-I-5 - Transmittal - Notice of Proposed Lease Pursuant to the AECA, Section 62	12-18
Figure 12-I-6 - Letter to the Honorable Speaker of the House of Representatives	12-19
Figure 12-I-7 - Letter to the Honorable Chairman, Committee on Foreign Relations	12-20

	<u>PAGE</u>
Figure 12-I-8 - Letter to the Honorable Chairman, Committee on Armed Services	12-21
Figure 12-I-9 - Letter to the Prospective Lessee Advising Lessee of Congressional Notification of a Lease for Over One Year	12-22
Figure 12-I-10 - Letter Advising Lessee of Congressional Notification of Lease for MDE for Over One Year	12-23
Figure 12-I-11 - RCS: DSAA(Q)1146	12-24
Figure 12-I-12 - Certificate of Delivery	12-26
Figure 12-I-13 - Lease Closure Information	12-27
 <u>Section II - Loans of Defense Articles</u>	 12-28
A. Authority and Purpose	12-28
B. Reporting Requirements	12-29
C. Implementing Loan Documents	12-29
 CHAPTER 13 - SECURITY ASSISTANCE PROGRAM ADMINISTRATION	 13-1
<u>Section I - Security Assistance Budgets</u>	13-1
A. Purpose	13-1
B. Financial Resources	13-1
C. Operation of the FMS Administrative and MAP Administrative Overhead and Support and SAO Budget Systems	13-2
Table 13-I-1 - MAP/MAAG Budget Reports, Instructions and Sample Format	13-10
Figure 13-I-1 - Request for Revenue Traffic Airlift (Form DSAA 78-001)	13-12
<u>Section II - Audits and Inspections</u>	13-13
A. Purpose	13-13
B. Types of Audits/Inspections	13-13
C. Notification of Audits and Inspections	13-13
D. Policy Concerning Releasability of DoD Records Relating to MAP and FMS	13-13
E. Relationship with Audit/Inspection Agency	13-15
F. Exit Conference	13-15
G. Action on GAO Draft Reports	13-15
H. Action on GAO Final Reports	13-15
I. Action on DoD-IG Reports	13-16
J. Correction Action Follow-up	13-16
 CHAPTER 14 - SPECIAL PROGRAMS AND ACTIVITIES	 14-1
<u>Section I - Special Defense Acquisition Fund (SDAF)</u>	14-1
A. Authority and Purpose	14-1

	<u>PAGE</u>
B. Management	14-1
C. Funding	14-1
D. Operating Concepts	14-2
E. Criteria for Procurement	14-2
F. Program Implementation	14-3
G. FMS Sales of SDAF Items	14-5
H. Equipment Loans	14-7
I. Transfers Financed by MAP Funds	14-7
J. Reporting	14-7
K. Administrative Expenses	14-9
Figure 14-I-1 - Defense Security Assistance Agency Special Defense Acquisition Fund - Loan Agreement	14-10
Figure 14-I-2 - Defense Security Assistance Agency Special Defense Acquisition Fund - Inventory Report	14-11
<u>Section II - Foreign Manufacture of U.S. Defense Equipment</u>	14-12
A. Purpose	14-12
B. Background and Scope	14-12
C. Authority to Negotiate and Sign International Agreements	14-13
D. Principles Regarding Coproduction Policy	14-14
E. NATO Cooperative Projects Under the AECA, Section 27	14-16
F. Requests for Offset Procurement	14-17
G. Release of Technical Data	14-17
CHAPTER 15 - DSAA MANAGEMENT INFORMATION SYSTEMS	15-1
<u>Section I - DSAA 1200 Foreign Military Sales (FMS) System Overview, Guidance, and Data Submission Instructions</u>	15-1
A. Purpose	15-1
B. Description of the Foreign Military and Construction Sales Information System	15-1
C. Reporting Frequency	15-3
D. Data Base Updates	15-3
E. Preparation and Submission of Data Input for the DSAA 1200 System	15-3
Table 15-I-1 - Letter of Request Format - Transaction Type S1	15-5
Table 15-I-2 - Congressional Transaction Format - Trans- action Type S2	15-8
Table 15-I-3 - DD Form 1513 Format - Transaction Type S3	15-11
Table 15-I-4 - Implementing Agency Format - Transaction Type S4	15-15
Table 15-I-5 - Redesignating Key Format - Transaction Type S5	15-17

	<u>PAGE</u>
Table 15-I-6 - Under DoD Preparation Format (Add/Change/Delete) - Transaction Type S6	15-18
Table 15-I-7 - Under DoD Preparation Format (Change) - Transaction Type S7	15-20
<u>Section II - DSAA 1200 Foreign Military Sales (FMS) System Output Products</u>	15-22
A. Purpose	15-22
B. Source of Output Reports	15-22
C. Categories of DSAA 1200 System Output Reports	15-22
D. Requests for DSAA 1200 System Output Reports	15-22
E. DSAA 1200 System Output Reports	15-22
F. Abbreviated Titles Used in DSAA 1200 System Output Products/Reports	15-26
Figure 15-II-1 - FMS Item Delivery Status	15-27
Figure 15-II-2 - FMS Item Purchases by NSN	15-28
Figure 15-II-3 - FMS Summary of Purchases	15-29
Figure 15-II-4 - FMS Selected Item Summary	15-30
Figure 15-II-5 - FMS Status of Purchases and Deliveries	15-31
Figure 15-II-6 - FMS Fiscal Year Activity	15-32
Figure 15-II-7 - FMS Case Listing	15-33
Figure 15-II-8 - FMS Case Milestone Dates and Their Intervals	15-34
Figure 15-II-9 - FMS Congressional Section 36(b), AECA Case Dates	15-35
Figure 15-II-10 - FMS Case Level Summary	15-36
Table 15-II-1 - Sample Request Form	15-37
Table 15-II-2 - Abbreviated Titles Used in the DSAA 1200 System Output Reports	15-38
Table 15-II-3 - Sort and Select Options for Item Detail Level and Item Detail Summarized to Category Reports	15-41
Table 15-II-4 - Sort and Select Options for Case and Summary Management Reports	15-42
<u>Section III - DSAA 1000 Materiel and Training System Overview, Data Submission Instructions and Output Products</u>	15-43
A. Purpose	15-43
B. Description of the DSAA 1000 Materiel and Training Program System	15-43
C. DSAA 1000 System Output Reports	15-43
D. Preparation and Submission of Data Input for the DSAA 1000 System	15-46
Figure 15-III-1 - Program Originator MAP Order - Materiel	15-53
Figure 15-III-2 - Program Originator IMET Order - Training	15-54
Figure 15-III-3 - Grant Aid Detail Listing - Materiel	15-55
Figure 15-III-4 - IMET Detail Listing - Training	15-56
Figure 15-III-5 - Grant Aid Summary of Programs	15-57

	<u>PAGE</u>
Figure 15-III-6 - Student Count by Type and Program Year	15-58
Figure 15-III-7 - Training Summary by Implementing Agency and Generic Code	15-59
Table 15-III-1 - Sort and Select Options (DSAA 1000 System)	15-60
Table 15-III-2 - Abbreviated Titles Used in the DSAA 1000 System Output Products	15-61
<u>Section IV - Military Articles and Services List (MASL) Overview, Guidance, Data Submission Instructions and System Output Products</u>	15-66
A. Purpose	15-66
B. General	15-66
C. MASL Content	15-67
D. MASL Relationship to DSAA Program Data	15-73
E. MASL Distribution	15-74
F. Inquiries on MASL Content	15-75
G. MASL Data Submission	15-75
H. Data Submission Instructions and Formats	15-75
Figure 15-IV-1 - Materiel MASL	15-81
Figure 15-IV-2 - Training MASL (IMET)	15-82
Figure 15-IV-3 - Training MASL (FMS-NATO)	15-83
Figure 15-IV-4 - Training MASL (FMS/IMET)	15-84
Figure 15-IV-5 - Training MASL (FMS)	15-85
Figure 15-IV-6 - Card 1 and 2 Formats	15-86
Table 15-IV-1 - Abbreviated Titles Used in the MASL Output Reports	15-87
APPENDIX A - ABBREVIATIONS AND ACRONYMS	A-1
APPENDIX B - GLOSSARY OF SELECTED TERMS	B-1
APPENDIX C - DOD DIRECTIVES, INSTRUCTIONS, AND MANUALS	C-1
APPENDIX D - DSAA INFORMATION SYSTEMS DATA ELEMENT DICTIONARY	D-1
Table D-1 - Action Code - 1000 System	D-23
Table D-2 - Commitment Code - 1000 System	D-25
Table D-3 - Condition Code - 1000 System	D-26
Table D-4 - Cost Code - 1000 System	D-27
Table D-5 - Country/Activity Code - Alphabetic	D-28
Table D-6 - Country/Activity Code - Alphabetic by Code	D-35
Table D-7 - Country/Activity Code - Alphabetic within Area	D-42
Table D-8 - Footnote Code - MASL	D-48
Table D-9 - Generic Codes - All Systems	D-50
Table D-10 - MAP Element Code - 1000 System	D-85
Table D-11 - Reason for Change Code - 1000 System	D-89
Table D-12 - Source of Supply Code - 1000 System	D-92
Table D-13 - Status Code - 1200 System	D-94
Table D-14 - Type of Assistance Code - 1000 System	D-96
Table D-15 - Unit of Issue Code - All Systems	D-98

	<u>PAGE</u>
APPENDIX E - CONGRESSIONAL REPORTS INVENTORY	E-1
A. Purpose	E-1
B. Reports Inventory	E-1
C. Reporting Instructions	E-1
Figure E-1 - Price and Availability Report (RCS: DSAA(Q) 1138)	E-3
Figure E-2 - Report of EDA Sold Under Foreign Military Sales	E-4
Figure E-3 - Foreign Military Construction Sales	E-5
Table E-1 - Statutory Reports to Congress Submitted by DoD on Security Assistance	E-6

CHAPTER ONE

INTRODUCTION TO SECURITY ASSISTANCE

SECTION I - MANUAL PURPOSE AND STRUCTURE
--

A. PURPOSE. DoD 5105.38-M, "Security Assistance Management Manual" (SAMM), formerly the Military Assistance Sales Manual (MASM), has been published to establish policies and procedures required to carry out the management of security assistance in accordance with the Foreign Assistance Act (FAA) 1961, as amended; the Arms Export Control Act (AECA), 1976, as amended; and other applicable statutes and directives.

B. ORGANIZATION. The Manual has been organized to follow the logical steps associated with the various processes that occur in security assistance management.

1. Major related categories of information are organized by chapter. Categories within each chapter are refined at the section level. Sections within individual chapters are sequentially numbered using Roman numerals, e.g. SECTION I, SECTION II, etc.

2. It should be noted that the organization of the chapters are such that closely related topics are brought under one heading while still retaining the unique, though interrelated, characteristics addressed in the separate sections of the chapter. Through this arrangement the reader has an opportunity to review the contrasts and comparisons of each related topic in close proximity, thereby enhancing the understanding of each process and its inherent procedures.

C. CHAPTER IDENTIFICATION SYSTEM.

1. Within each chapter section, paragraphs are numbered consecutively using an alpha/numeric system.

a. Major paragraph headings are identified by capital letters, underlined, and preceded by a sequential capital letter (e.g., A. MAJOR HEADING).

b. Subparagraphs are likewise identified consecutively using Arabic numbers (e.g., 1.), lower case letters (e.g., a.), Arabic numbers in parentheses (e.g., (1)), and lower case letters in parentheses (e.g., (a)), with appropriate indentations. Subparagraphs may be preceded by underlined subheadings (e.g., 1. Subheading.) on an optional basis for emphasis and ease of understanding.

2. Page numbers consist of a two part Arabic number. The first part indicates the chapter, the second part indicates the page within the chapter.

3. Tables, charts, and other illustrations are listed consecutively within each section of the separate chapters, labeled "Table" or "Figure" as

appropriate. An illustration would be numbered as "Table 1-I-1" or "Figure 1-I-1" with the first Arabic number indicating the chapter, the second Roman number designating the chapter section, and the third Arabic number identifying the consecutive illustration within the section.

D. APPLICABILITY. The provisions of this Manual apply to the Office of the Secretary of Defense (OSD), its separate agencies, the Military Departments (hereinafter noted as MILDEPs), Unified Commands and their agencies, security assistance organizations (SAO), the Organization of the Joint Chiefs of Staff (OJCS) and all other Defense agencies (hereinafter referred to collectively as "DoD Components" engaged in the management or implementation of security assistance).

E. OBJECTIVES. The general objectives of the Manual are to:

1. Assure full compliance with the legislative authorities of the FAA, AECA, and other relevant statutes.
2. Provide an organized compilation of related guidance and procedures.
3. Facilitate its use as a practical management tool.
4. Provide a definitive cross-index for ease in its use.
5. Provide cross-reference to other applicable directives and regulations, where appropriate.
6. Ensure compliance with all policies, procedures, and management reporting requirements.

F. BASIC ISSUES AND CHANGES.

1. The Manual, published in a loose-leaf format, is designed to accommodate changes to policy and procedures with minimum effort.
2. The Defense Security Assistance Agency (DSAA) is responsible for determining and developing all changes to the Manual. Two types of changes are involved -- interim and formal. Interim changes will be made through a DSAA message (TWX) or memorandum format. A formal change, published as required, will incorporate all applicable interim changes issued during the immediate preceding period.
3. Formal changes, sequentially numbered and dated, will be made to the extent feasible by the reissuance, addition or deletion of complete pages. Lines that are being changed will be indicated by asterisk (*) in the margins. If a complete rewrite of a paragraph or subparagraph, or the addition of a new paragraph or subparagraph is involved in the pages reissued, only the first line of such paragraph or subparagraph will be annotated with a double asterisk (**).

G. DISTRIBUTION. The Manual and formal changes thereto will be distributed to DoD activities by the Defense Institute of Security Assistance Management (DISAM-DRP), Wright-Patterson Air Force Base, Ohio, 45433. Distribution within each military department, i.e., USN, USA, and USAF will be provided

through each military department's publication distribution system. The respective points of contact are:

NAVY: Office of the Chief of Naval
Operations (CNO/OP-63)
ATTN: OP-631D3
U.S. Department of the Navy
Washington, DC 20350

ARMY: Army Publication Distribution Office
Office of the Adjutant General
ATTN: DAAG-OPD
Rm 1B925, The Pentagon
Washington, DC 20310

AIR FORCE: Publication Distribution Center
2800 Eastern Blvd.
Middle River
Baltimore, MD 21220

Such distribution will be in accordance with addressee lists developed and provided by the DSAA Comptroller, Office of FMS Control Division, Washington DC, 20301. Requests for commercial purchases of the SMM should be directed to the aforementioned DSAA office.

H. INTERPRETATION, RECOMMENDATIONS AND DEVIATIONS. Requests for clarification or interpretation of, or changes to, the provision of this Manual should be submitted through security assistance management channels to the DSAA (ATTN: SMM Coordinator), Washington DC, 20301. Any guidance contained in this Manual that appears to be in conflict with other DoD issuances or governing statutes and regulations should be reported to the DSAA SMM Coordinator. Deviations from the policies presented in this Manual may not be implemented without the explicit prior approval of the Director, DSAA, based upon justified requests from the components of the DoD.

I. EFFECTIVE DATE AND IMPLEMENTATION. The provisions of this Manual are effective upon date of transmittal.

SECTION II - RATIONALE AND SCOPE

A. PURPOSE. Section I addressed the basic structure and organization of the SMM, its authorities, applicability and responsibilities. This section is designed to summarize the rationale and scope of the security assistance program.

B. RATIONALE FOR SECURITY ASSISTANCE PROGRAM.

1. Security assistance has historically played a prominent role in U.S. foreign and defense policy. The security assistance program is an essential complement to the overall U.S. defense effort. When we directly assist other

nations in meeting their defense requirements, we also make a contribution to our own security.

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

C. SECURITY ASSISTANCE SCOPE.

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

2. Security assistance consists, inter alia, of the following major programs:

a. Programs administered by the DoD:

- Program;
- (1) The International Military Education and Training (IMET)
 - (2) Foreign Military Sales (FMS) Financing; and
 - (3) Foreign Military Sales (FMS).

b. Programs administered by the Department of State:

- (1) Economic Support Fund (ESF);
- (2) Peacekeeping Operations (PKO);
- (3) Commercial Export Sales licensed under the Arms Export Control Act (AECA); and
- (4) Anti-terrorism.

3. Prior to 1981, defense articles and defense services were provided as grant aid through a separate program, the Military Assistance Program (MAP), which was administered under procedures entirely different from those used for FMS. Legislation effective in FY 1982, however, allows grant funds to be merged with other funds held for the foreign government's account (e.g., cash, FMS credits) in that country's FMS trust fund. This technique, which is used exclusively today, precludes distinguishing items as having been provided as grant aid. Special rules, procedures, and constraints for items provided as grant aid, essentially those set forth in the MASM, apply only to programs initiated under the old system. FMS rules and procedures apply to all others.

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

CHAPTER TWO

MAJOR STATUTORY AND POLICY PROVISIONS

SECTION I - GENERAL

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

B. BACKGROUND. Military Assistance (MAP) and International Military Education and Training (IMETP) are grant aid programs administered 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 (AECA), 1976, as amended.

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

- a. The sale of defense articles, services, and training (FMS).
- b. The sale of design and construction services (FMCS).
- c. The extension of direct and guaranteed credit in connection with sales (FMSCR).
- d. Lease of defense articles.
- e. The transfer of military assistance (MAP) funds to the FMS Trust Fund.
- f. Grant training under the International Military Education and Training Program (IMETP).
- g. Furnishing defense articles, defense services, and training as grant aid from DoD resources (FAA Section 506 drawdown).

2. Appropriations. Appropriations must be obtained from the Congress for paragraphs c., e., and f. of the above USG-financed program authorizations. Appropriations also are requested to reimburse DoD for the value of items furnished under FAA Section 506 drawdown.

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

SECTION II - GRANT AID

A. GENERAL. Grant aid is furnished through programs for Military Assistance (MAP) and International Military Education and Training (IMET).

B. MILITARY ASSISTANCE (MAP).

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

2. The program includes furnishing defense articles, defense services, and training by drawdown of DoD resources under emergency conditions and procedures as set forth in Section 506, FAA. Procurement is not authorized under this provision.

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

C. TRAINING (IMET). The International Military Education and Training (IMET) program is operated as a discrete grant aid program under unique policies and procedures. Refer to Chapter 10 for appropriate details.

SECTION III - FOREIGN MILITARY SALES (FMS)
--

A. LEGISLATIVE AUTHORITY FOR FMS.

1. Arms Export Control Act (AECA), 1976, as amended.

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

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

(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 U.S.; and

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

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

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

d. Designation of Defense Articles and Services. The President is authorized to designate those items which shall be considered defense articles and services, and to promulgate regulations for control of the export of such articles and services. The items so designated shall constitute the United States Munitions List [AECA, Sec. 38(a)]. Items in categories which are asterisked on this list are considered Significant Combat Equipment (SCE). A copy of the U.S. munitions list is enclosed at Table 2-III-1.

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

f. Arms Control. Arms control consequences must be taken into consideration when evaluating any FMS sale [AECA, Sec. 42(a)(3)].

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

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

i. Use of FMS Credit Funds for Procurement Outside United States. FMS credit funds may be used for procurement outside the U.S. only if the President determines that such procurement will not result in adverse effects upon the U.S. economy or the industrial mobilization base [AECA Sec. 42(c)].

Prior consultations within the Department of Defense (DSAA) and with the Departments of State and Treasury are required.

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

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

B. POLICIES.

1. General.

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

(1) Recognized the increasing cost and complexity of defense equipment and the continued need for international defense cooperation to maintain peace and security.

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

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

(4) Declared the sense of the Congress that all such sales be approved only when they are consistent with U.S. foreign policy interests.

2. Material Transfer Policy.

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

b. Foreign Military Construction Sales (FMCS). In addition to sales of defense items and defense services, the Department of Defense may sell design and construction services to eligible foreign countries or international organizations (AECA, Sec. 29). Such sales are treated as a separate category from FMS, but as AECA sales.

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

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

e. Insurance. Purchasers will self-insure FMS shipments or obtain commercial insurance without any right of subrogation of any claim against the United States. In extraordinary situations, and upon specific request by the purchaser and receipt of written authorization from the purchaser for the designated departmental procurement activity to act as the agent of the purchaser to obtain pricing quotes and, if necessary, procure the insurance required, insurance may be obtained by the military department concerned and billed as a separate line item on DD Form 1513. For FMS cases already implemented, authorized insurance coverage can be added by amendment. Whenever a military department does provide these services to a purchasing country or organization, it should obtain insurance from a U.S. insurance firm if possible, and in any event it should point out that this is an exceptional arrangement, and should encourage and assist the purchaser to make its own arrangements for insurance for subsequent cases.

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

g. Materiel Standards. It is DoD policy that defense articles offered and sold to foreign governments and international organizations should reflect favorably upon the United States. Therefore, defense articles offered and sold under FMS will normally be new or unused, or as a result of rehabilitation, possess original appearance insofar as possible, and, as a minimum,

have serviceability standards prescribed for issue to U.S. forces. If the customer country desires exclusively new end items of equipment, this requirement will be stated in the LOA. If the customer desires to purchase "as is/where is," this will also be stated in the LOA.

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

3. Financial Management.

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

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

c. Credits.

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

(2) Use of Concessionary Credit Terms. Concessionary credit terms (i.e., interest rates less than cost of money to the U.S. Government) will be granted only when determined by the President to be required in the national interest. (Sec. 23, AECA).

(3) Repayment of Credit. FMS credits must be repaid in U.S. dollars within 12 years after the delivery of the defense articles or the rendering of the defense services (Sec. 23, AECA), unless otherwise provided for by U.S. law.

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

d. Financing of Sales.

(1) U.S. Guaranties. Financing by any individual, corporation, partnership, or other judicial entity doing business in the U.S. (excluding U.S. government agencies other than the Federal Financing Bank) may be guaranteed by the U.S. Government if such financing is in connection with FMS

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

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

TABLE 2-III-1
SUBCHAPTER M -- INTERNATIONAL TRAFFIC IN ARMS

§ 121.01

Title 22—Foreign Relations

SUBCHAPTER M—INTERNATIONAL TRAFFIC IN ARMS

EDITORIAL NOTE: For regulations which supersede certain provisions of this Subchapter M, see 27 CFR Part 47.

hereby designated as arms, ammunition, and implements of war.

**PART 121—ARMS, AMMUNITION,
AND IMPLEMENTS OF WAR**

ENUMERATION OF ARTICLES

- Sec.
121.01 The U.S. munitions list.
- DEFINITIONS AND INTERPRETATIONS
- 121.02 Equipment.
121.03 Significant combat equipment.
121.04 Firearms.
121.05 Cartridge and shell casings.
121.06 Military demolition blocks and blasting caps.
121.07 Apparatus and devices under Category IV(b).
121.08 Amphibious vehicles.
121.09 Chemical agents.
121.10 Propellants.
121.11 Military explosives.
121.12 Military fuel thickeners.
121.13 Vessels of war and special naval equipment.
121.14 Aircraft and related articles.
121.15 End-items, components, accessories, attachments, and parts.
121.16 Forgings, castings, and machined bodies.
121.17 "United States."
121.18 Person.
121.19 Export.
121.20 Intransit shipments.
121.21 Licenses.
121.22 District Director of Customs.

AUTHORITY: Sec. 414, as amended, 68 Stat. 848; 22 U.S.C. 1934; secs. 101 and 105, E.O. 10973, 26 FR 10469; sec. 6, Departmental Delegation of Authority No. 104, 26 FR 10608, as amended, 27 FR 9925, 28 FR 7231; and Redlegation of Authority No. 104-3-A, 28 FR 7231.

SOURCE: Dept. Reg. 108.605, 34 FR 12029, July 17, 1969, unless otherwise noted.

Sections 121.04-121.22 redesignated by Dept. Reg. 108.733, 42 FR 16617, Mar. 29, 1977.

ENUMERATION OF ARTICLES

- § 121.01 The U.S. munitions list.
Pursuant to the authority cited supra the following articles¹ are

¹The term "article" shall mean any of the arms, ammunition, and implements of war and technical data relating thereto enumer-

CATEGORY I—FIREARMS

(a) Nonautomatic and semiautomatic firearms, to caliber .50 inclusive, shotguns with barrels less than 18 inches in length, and all components and parts therefor (see §§ 121.03 and 123.30 through 123.34).

(b) Automatic firearms and all components and parts therefor to caliber .50 inclusive (see § 121.03).

(c) Insurgency-counterinsurgency type firearms or other weapons having a special military application regardless of caliber, and all components and parts therefor.

(d) Firearms silencers.

(e) Bayonets and specifically designed components therefor.

(f) Riflescopes (except sporting type sights including optical) and specifically designed components therefor.

CATEGORY II—ARTILLERY AND PROJECTORS

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

(b) Military flame throwers and projectors.

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

CATEGORY III—AMMUNITION

(a) Ammunition for the arms in Categories I and II of this section (see §§ 123.03 and 121.04).

(b) The following components, parts, accessories, and attachments: Cartridge cases, powder bags, bullets, jackets, cores, shells (excluding shotgun), projectiles, boosters, fuzes and components therefor, primers, and other detonating devices for such ammunition (see § 121.04).

(c) Ammunition belting and linking machines.

(d) Ammunition manufacturing machines, and ammunition loading machines (except hand loading).

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

(a) Rockets (except meteorological sounding rockets), bombs, grenades, torpedoes, depth charges, land and naval mines, and demolition blocks and blasting caps (see § 121.05).

ated in the U.S. Munitions List (see § 123.38).

TABLE 2-III-1. International Traffic in Arms.

Chapter I—Department of State

§ 121.01

(b) Launch vehicles, guided missiles, and ballistic missiles, tactical and strategic.

(c) Apparatus, devices, and materials for the handling, control, activation, detection, protection, discharge, or detonation of the articles in paragraphs (a) and (b) of this category (see § 121.06).

(d) Missile and space vehicle powerplants.

(e) Military explosive excavating devices.

(f) Ablative materials fabricated or semi-fabricated from advanced composites (e.g., silica, graphite, carbon, and boron filaments) for the articles in this category when clearly identifiable as arms, ammunition, and implements of war, including the tape wrapping and other techniques for their production.

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

CATEGORY V—PROPELLANTS, EXPLOSIVES, AND INCENDIARY AGENTS

(a) Propellants for the articles in Categories III and IV of this section (see § 121.09).

(b) Military explosives (see § 121.10).

(c) Military fuel thickeners (see § 121.11).

(d) Military pyrotechnics except (i) nonirritant smoke and (ii) other pyrotechnic materials having dual military and commercial use.

CATEGORY VI—VESSELS OF WAR AND SPECIAL NAVAL EQUIPMENT

(a) Warships, amphibious warfare vessels, landing craft, mine warfare vessels, patrol vessels, auxiliary vessels, service crafts, floating dry docks, and experimental types of naval ships (see § 121.12).

(b) Turrets and gun mounts, missile systems, arresting gear, special weapons systems, protective systems, submarine storage batteries, catapults and other components, parts, attachments, and accessories specifically designed for combatant vessels, including but not limited to, battleships, command ships, guided missile ships, cruisers, aircraft carriers, destroyers, frigates, escorts, minesweepers, and submarines.

(c) Submarine and torpedo nets, and mine sweeping equipment. Components, parts, attachments and accessories specifically designed therefor.

(d) Harbor entrance magnetic, pressure, and acoustic detection devices, controls and components thereof.

(e) Naval nuclear propulsion plants, their land prototypes and special facilities for their construction, support, and maintenance, including any machinery, device, component, or equipment specifically devel-

oped or designed for use in such plants or facilities¹ (see § 123.38).

CATEGORY VII—TANKS AND MILITARY VEHICLES

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

(b) Military tanks, tank recovery vehicles, half-tracks and gun carriers.

(c) Self-propelled guns and howitzers.

(d) Military trucks, trailers, hoists, and skids specifically designed for carrying and handling the articles in paragraph (a) of Categories III and IV; military mobile repair shops specifically designed to service military equipment.

(e) Military recovery vehicles.

(f) Amphibious vehicles (see § 121.07).

(g) All specifically designed components, parts, accessories, attachments, and associated equipment, including military bridging and deep water fording kits for the articles in this Category.

CATEGORY VIII—AIRCRAFT, SPACECRAFT, AND ASSOCIATED EQUIPMENT

(a) Aircraft including helicopters designed, modified, or equipped for military purposes, including but not limited to the following: Gunnery, bombing, rocket, or missile launching, electronic surveillance, reconnaissance, refueling, aerial mapping, military liaison, cargo carrying or dropping, personnel dropping, military trainers, drones, and lighter-than-air aircraft (see § 121.13).

(b) Spacecraft including manned and unmanned, active and passive satellites.

(c) Military aircraft engines, except reciprocating engines, and spacecraft engines specifically designed or modified for the aircraft and spacecraft in paragraphs (a) and (b) of this category.

¹Applications for licensing the export of any such machinery, device, component, or equipment, or technical data relating thereto, will not be granted if the proposed export does not come within the scope of an existing Agreement for Cooperation for Mutual Defense Purposes concluded pursuant to the Atomic Energy Act of 1954, as amended, with the government of the country to which the item will be exported; unless the license application involves an item (a) which is identical to that in use in an unclassified civilian nuclear powerplant, and its furnishing does not disclose its relationship to naval nuclear propulsion, and (b) which is not for use in a naval propulsion plant.

TABLE 2-III-1 (Continued)

§ 121.01

Title 22—Foreign Relations

(d) Airborne equipment, including but not limited to airborne refueling equipment, specifically designed for use with the aircraft, spacecraft, and engines of the types in paragraphs (a), (b), and (c) of this category.

(e) Launching, arresting, and recovery equipment for the articles in paragraphs (a) and (b) of this category.

(f) Nonexpansive balloons in excess of 3,000 cubic feet capacity, except such types as are in normal sporting use.

(g) Power supplies and energy sources specifically designed for spacecraft.

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

(i) Developmental aircraft components known to have a significant military application, excluding aircraft components concerning which Federal Aviation Agency certification is scheduled.

(j) Parachutes, except such types as are in normal sporting use, and complete canopies, harnesses, and platforms, and electronic release mechanisms therefor.

(k) Ground effect machines (GEMS), including surface effect machines and other air cushion vehicles, except such machines as are in normal commercial use, and all components parts, accessories, attachments, and associated equipment specifically designed or modified for use with such machines.

(l) Inertial systems, and specifically designed components therefor, inherently capable of yielding accuracies of better than 1 to 2 nautical miles per hour circular error of probability (c.e.p.).

CATEGORY IX—MILITARY TRAINING EQUIPMENT

(a) Military training equipment includes but is not limited to attack trainers, radar target trainers, radar target generators, gunnery training devices, antisubmarine warfare trainers, target equipment, armament training units, flight simulation devices, operational flight trainers, flight simulators, radar trainers, instrument flight trainers and navigation trainers.

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

CATEGORY X—PROTECTIVE PERSONNEL EQUIPMENT

(a) Military body armor (including armored vests), flak suits and components and parts specifically designed therefor; military helmets, including liners.

(b) Partial pressure suits, pressurized breathing equipment, military oxygen

masks, anti-"G" suits, protective clothing for handling guided missile fuel, military crash helmets, liquid oxygen converters used for aircraft (enumerated in Category VIII(a)) missiles, catapults, and cartridge-actuated devices utilized in emergency escape of personnel from aircraft (enumerated in Category VIII(a)).

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

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

CATEGORY XI—MILITARY AND SPACE ELECTRONICS

(a) Electronic equipment not included in Category XII of the Munitions List assigned a military designation or specifically designed, modified or configured for military application, including but not limited to the following items:

(1) Underwater sound equipment including long towed arrays, electronic beam formed sonar, target classification equipment, and spectrographic displays; search, acquisition, tracking, moving target indication and imaging radar systems; active and passive countermeasures, counter-countermeasures; electronic fuses; identification systems; command, control and communications systems, and regardless of designation, any experimental or developmental electronic equipment specifically designed or modified for military application, or for use with a military system, and

(2) Simple fathometers; underwater telephones; electro-mechanical beam former sonars and elementary sonobuoys; weather, navigation and air traffic control radar systems; navigation, guidance, object-locating methods and means; displays; and telemetering equipment.

(b) Space electronics: (1) Electronic equipment specifically designed or modified for spacecraft and spaceflight, other than equipment specifically designed or modified for use with communications satellites.

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

(c) Electronic systems or equipment designed, configured, used, or intended for use in search, reconnaissance, collection, monitoring, direction-finding, display, analysis, and production of information from the electromagnetic spectrum for intelligence or security purposes.

(d) Components, parts, accessories, attachments, and associated equipment specifically designed for use or currently used with the equipment in paragraphs (a) through

TABLE 2-III-1 (Continued)

Chapter I—Department of State

§ 121.01

(c) of this category, except such items as are in normal commercial use.

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

(a) Fire control systems; gun and missile tracking and guidance systems; military infrared, image intensifier and other night sighting and night viewing equipment; military masers and military lasers; gun laying equipment; range, position and height finders and spotting instruments; aiming devices (electronic, gyroscopic, optic, and acoustic); bomb sights, bombing computers, military television sighting and viewing units, inertial platforms, and periscopes for the articles of this section.

(b) Intertial and other weapons or space vehicle guidance and control systems; spacecraft guidance, control and stabilization systems; astro compasses; and star trackers.

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

CATEGORY XIII—AUXILIARY MILITARY EQUIPMENT

(a) Aerial cameras, space cameras, special purpose military cameras, and specialized processing equipment therefor; military photointerpretation, stereoscopic plotting, and photogrammetry equipment, and specifically designed components therefor.

(b) Speech scramblers, privacy devices, cryptographic devices (encoding and decoding), and specifically designed components therefor, ancillary equipment, and especially devised protective apparatus for such device, components, and equipment.

(c) Self-contained diving and underwater breathing apparatus designed for a military purpose and specifically designed components therefor.

(d) Armor plate.

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

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

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

CATEGORY XIV—TOXICOLOGICAL AGENTS AND EQUIPMENT; RADIOLOGICAL EQUIPMENT

(a) Chemical agents, including lung irritants, vesicants, lachrymators, and tear

gases, sternutators and irritant smoke, and nerve gases and incapacitating agents (see § 121.08).

(b) Biological agents adapted for use in war to produce death or disablement in human beings or animals, or to damage crops and plants.

(c) Equipment for dissemination, detection, and identification of, and defense against the articles in paragraphs (a) and (b) of this category (see § 123.31).

(d) Nuclear radiation detection and measuring devices, except such devices as are in normal commercial use.

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

CATEGORY XV (RESERVED)

CATEGORY XVI—NUCLEAR WEAPONS DESIGN AND TEST EQUIPMENT¹

(a) Any article, material, equipment, or device, which is specifically designed or specifically modified for use in the design, development, or fabrication of nuclear weapons or nuclear explosive devices.

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

(c) Cold cathode tubes such as krytrons and sprytrons.

CATEGORY XVII—CLASSIFIED ARTICLES

All articles including technical data relating thereto, not enumerated herein, containing information which is classified as requiring protection in the interests of national defense.

CATEGORY XVIII—TECHNICAL DATA

Technical data relating to the articles designated in this subchapter as arms, ammunition, and implements of war (see § 125.01 for definition and § 125.11 for exemptions; see also § 123.38).

CATEGORY XIX—(RESERVED)

CATEGORY XX—SUBMERSIBLE VESSELS, OCEANOGRAPHIC AND ASSOCIATED EQUIPMENT²

(a) Submersible vessels, manned and unmanned, designed for military purposes or

¹See § 123.38. See also Department of Commerce Export Regulations, 15 CFR 373.7.

²Any submersible vessels, oceanographic or associated equipment assigned a military

Continued

§ 121.02

having independent capability to maneuver vertically or horizontally at depths below 1,000 feet or powered by nuclear propulsion plants.

(b) Submersible vessels, manned or unmanned, designed in whole or in part from technology developed by or for the U.S. Armed Forces.

(c) Any of the articles in Categories VI, IX, XI, XIII, and elsewhere in § 121.01 of this subchapter that may be used with submersible vessels.

(d) Equipment, components, parts, accessories, and attachments designed specifically for any of the articles in paragraphs (a) and (b) of this category.⁴

CATEGORY XXI—(RESERVED)**CATEGORY XXII—MISCELLANEOUS ARTICLES**

Any article and technical data relating thereto not enumerated herein having significant military applicability, determined by the Director, Office of Munitions Control, Department of State, in consultation with appropriate agencies of the Government and having the concurrence of the Department of Defense.

(Redelegation of Authority No. 104-7-A. 35 FR 5423, 5424)

(Dept. Reg. 108.607, 34 FR 13274, Aug. 15, 1969, as amended by Dept. Reg. 108.629, 35 FR 19018, Dec. 16, 1970; Dept. Reg. 108.630, 35 FR 19994, Dec. 31, 1970; Dept. Reg. 108.646, 36 FR 20939, Nov. 2, 1971; Dept. Reg. 108.650, 36 FR 24800, Dec. 23, 1971; Dept. Reg. 108.668, 37 FR 14694, July 22, 1972; Dept. Reg. 108.733, 42 FR 16617, Mar. 29, 1977)

DEFINITIONS AND INTERPRETATIONS**§ 121.02 Equipment.**

The term "equipment" as used in this subchapter, unless it appears otherwise in the context, means any article (see footnote 1, § 121.01) not including technical data. The terms "equipment" and "article" include (a) experimental equipment being developed for military use, and (b) models

designation shall constitute an article on the U.S. Munitions List, whether expressly enumerated therein.

⁴Items, including technical data relating thereto, for submarine nuclear propulsion plants which upon review are determined to have significant naval nuclear propulsion applicability will be considered as naval nuclear propulsion items for the purposes of these regulations and processed in accordance with Category VI(e) and the footnote thereto.

Title 22—Foreign Relations

and mockups (with or without moving parts) if they reveal any information relating to the use, operation, maintenance, repair, overhaul, production, processing, manufacture, research, development, or design of any arms, ammunition, and implements of war on the U.S. Munitions List.

§ 121.03 Significant combat equipment.

Significant combat equipment includes the articles (not including technical data) enumerated in Categories I (a), (b), and (c) (in quantity); II (a) and (b); III(a) (excluding ammunitions for firearms in Category I); IV (a), (b), (d), and (e); V(b) (in quantity); VI(a) (limited to combatant vessels as defined in § 121.12(a)) (b) (inclusive only of turrets and gun mounts, missile systems, and special weapons systems) and (e); VII (a), (b), (c), and (f); VIII (a), (b), (c), GEMS as defined in (k), and inertial systems as defined in (l); XI (a)(1), (b)(1), and (c); XII(a); XIV (a), (b), (c), and (d); XVI; XVII; and XX (a) and (b).

(Sec. 38, as amended, 90 Stat. 744, 22 U.S.C. 2778; E.O. 11958, 42 FR 4311)

(Dept. Reg. 108.733, 42 FR 16617, Mar. 29, 1977)

§ 121.04 Firearms.

Rifles, carbines, revolvers, and pistols, to caliber .50 inclusive, and shotguns with barrels less than 18 inches in length, are included under Category I(a). Machineguns, submachineguns, machine pistols, and fully automatic rifles to caliber .50 inclusive are included under Category I(b).

(a) As used in this subchapter, the term "firearm" denotes a weapon not over .50 caliber which will or is designed to or may readily be converted to expel a projectile by the action of an explosive. (BB and pellet guns are not included on the Munitions List.)

(b) A "rifle" is a shoulder firearm discharging bullets through a rifled barrel at least 16 inches in length, including combination and drilling guns.

(c) A "carbine" is a lightweight shoulder firearm with a short barrel, under 16 inches in length.

(d) A "pistol" is a hand-operated firearm having a chamber integral

TABLE 2-III-1 (Continued)

Chapter I—Department of State

§ 121.09

with, or permanently aligned with, the bore.

(e) A "revolver" is a hand-operated firearm with a revolving cylinder containing chambers for individual cartridges.

(f) A "machinegun," "machine pistol" or "submachinegun" is a firearm originally designed to fire, or capable of being fired fully automatically by a single pull of the trigger.

§ 121.05 Cartridge and shell casings.

Cartridge and shell casings are included under Category III of the U.S. Munitions List unless, prior to their exportation, they have been rendered useless beyond the possibility of restoration for use for the purpose originally produced by means of excessive, heating, flame treatment, mangling, crushing, cutting, or popping. (Shotgun ammunition is not included in the Munitions List.)

§ 121.06 Military demolition blocks and blasting caps.

The term "military demolition blocks and blasting caps" does not include the following articles:

- (a) Electric squibs.
- (b) No. 6 and No. 8 blasting caps, including electric.
- (c) Delay electric blasting caps (including No. 6 and No. 8 millisecond).
- (d) Seismograph electric blasting caps (including SSS, Static-Master, Vibrocap SR, and SEISMO SR).
- (e) Oil well perforating devices.

§ 121.07 Apparatus and devices under Category IV(b).

Category IV(b) includes inter alia the following: Fuzes and components thereof, bomb racks and shackles, bomb shackle release units, bomb ejectors, torpedo tubes, torpedo and guided missile boosters, guidance system materials (except those having a commercial application), launching racks and projectors, pistols (exploders), igniters, fuze arming devices, intervalometers, and components therefor, guided missile launchers and specialized handling equipment and hardened missile launching facilities.

§ 121.08 Amphibious vehicles.

As used in Category VII (f), the term "amphibious vehicles" includes, but is not limited to, automotive vehicles or chassis embodying all-wheel drive and equipped to meet special military requirements, with adaptation features for deep water fording and sealed electrical systems.

§ 121.09 Chemical agents.

(a) (See Category XIV(a).) A chemical agent is a substance useful in war which by its ordinary and direct chemical action, produces a powerful physiological effect. The term "chemical agents" includes but is not limited to the following chemical compounds:

1. Lung irritants:
 - (i) Diphenylcyanoarsine (DC).
 - (ii) Fluorine (but not fluorene).
 - (iii) Trichloronitro methane (Chlorpicrin PS).
2. Vesicants:
 - (i) B Chlorvinylchloroarsine (Lewisite, L).
 - (ii) Bisdichlorethyl sulphide (Mustard gas, HD or H).
 - (iii) Ethyldichloroarsine (ED).
 - (iv) Methyldichloroarsine (MD).
3. Lachrymators and tear gases:
 - (i) Brombenzylcyanide (BBC).
 - (ii) Chloroacetophenone (CN).
 - (iii) Dibromodimethyl ether.
 - (iv) Dichlorodimethyl ether (ClCl).
 - (v) Ethyldibromoarsine.
 - (vi) Phenylcarbylamine chloride.
 - (vii) Tear gas solutions (CNB and CNS).
 - (viii) Tear gas orthochlorobenz almalononitrile (CS).
4. Sternutators and irritant smokes:
 - (i) Diphenylaminechloroarsine (Adamsite, DM).
 - (ii) Diphenylchloroarsine (BA).
 - (iii) Liquid pepper.
5. Nerve gases. These are toxic compounds which affect the nervous system, such as:
 - (i) Dimethylaminoethoxycyanophosphine oxide (GA).
 - (ii) Methylisopropoxyfluorophosphine oxide (GB).
 - (iii) Methylpinacolyloxyfluorophosphine oxide (GD).
6. Antiplant chemicals:
 - (i) Butyl 2-chloro-4-fluorophenoxyacetate (LNP).

[Dept. Reg. 108.606, 34 FR 12029, July 17, 1969, as amended by Dept. Reg. 108.630, 35 FR 19994, Dec. 31, 1970; Dept. Reg. 108.646, 36 FR 20940, Nov. 2, 1971. Redesignated by Dept. Reg. 108.733, 42 FR 16617, Mar. 29, 1977]

TABLE 2-III-I (Continued)

§ 121.10

§ 121.10 Propellants.

The term "propellants" includes but is not limited to the following:

(a) Propellant powders, including smokeless shotgun powder (see § 123.37).

(b) Hydrazine (including monomethyl hydrazine and symmetrical dimethyl hydrazine but excluding hydrazine hydrate).

(c) Unsymmetrical dimethyl hydrazine.

(d) Hydrogen peroxide over 85 percent concentration.

(e) Nitroguanidine or picrite.

(f) Nitrocellulose with nitrogen content of over 12.20 percent.

(g) Nitrogen tetroxide.

(h) Other solid propellant compositions, including but not limited to the following:

(1) Single base (nitrocellulose).

(2) Double base (nitrocellulose, nitroglycerin).

(3) Triple base (nitrocellulose, nitroglycerin, nitroguanidine).

(4) Composite of nitroglycerin, ammonium perchlorate, potassium perchlorate, nitronium perchlorate, guanidine (guanidinium) perchlorate, nitrogen tetroxide, ammonium nitrate or nitrocellulose with plastics, metal fuels, or rubbers added; and compounds composed only of fluorine and one or more of the following: Other halogens, oxygen, or nitrogen.

(5) Special purpose chemical base high energy solid military fuels.

(i) Other liquid propellant compositions, including but not limited to the following:

(1) Monopropellants (hydrazine, hydrazine nitrate, and water).

(2) Bipropellants (Hydrazine, fuming nitric acid HNO₃).

(3) Perchloryl fluoride.

(4) Special purpose chemical base high energy liquid military fuels and oxidizers.

§ 121.11 Military explosives.

The term "military explosives" includes, but is not limited to, the following:

(a) Ammonium picrate.

(b) Black powder made with potassium nitrate or sodium nitrate.

(c) Cyclotrimethylene - tetranitramine (HMX).

Title 22—Foreign Relations

(d) Cyclotrimethylene - trinitramine (RDX, Cyclonite, Hexogen or T4).

(e) Dinitronaphthalene.

(f) Ethylenedinitramine.

(g) Hexanitrodiphenylamine.

(h) Nitroglycerin.

(i) Nitrostarch.

(j) Pentaerythritol tetranitrate (penthrite, pentrite or PETN).

(k) Tetranitronaphthalene.

(l) Trinitroanisole.

(m) Trinitronaphthalene.

(n) Trinitrophenol (picric acid).

(o) Trinitrophenylmethyl nitramine (Tetryl).

(p) Trinitrotoluene (TNT).

(q) Trinitroxylenes.

(r) Ammonium perchlorate nitrocellulose (military grade).

(s) Any combinations of the above.

§ 121.12 Military fuel thickeners.

The term "military fuel thickeners" includes: compounds (e.g., octal), or mixtures of such compounds (e.g., napalm) specifically formulated for the purpose of producing materials which, when added to petroleum products, provide a gel-type incendiary material for use in bombs, projectiles, flame throwers, or other implements of war.

§ 121.13 Vessels of war and special naval equipment.

(See Category VI.) The term "vessels of war" includes, but is not limited to, the following:

(a) Combatant:

(1) Warships (including nuclear-powered vessels):

Aircraft carriers (CVA, CVE, CVHE, CVL, CVS).

Battleships (BB, BBG).

Command ships (CBC, CLC).

Cruisers (CA, CAG, CB, CG, CL, CLAA, CLG).

Destroyers (DD, DDC, DDE, DDG, DDR, DL, DLG).

Submarines (SS, SSB, SSG, SSK, SSR).

(2) Amphibious warfare vessels:

Amphibious assault ship (LPH).

Amphibious force flagship (AGC).

Assault helicopter aircraft carrier (CVHA).

Attack cargo ship (AKA).

Control escort vessel (DEC).

Cargo submarine (AK(SS)).

Inshore fire support ship (IFS).

TABLE 2-III-1 (Continued)

Chapter I—Department of State

§ 121.13

- Landing ships (LSD, LSMR, LST, LPD).
 Transport submarine (AP(SS)).
 Transports (APA, APD).
- (3) Landing craft (LCM, LCU, LCVP, ATC, CCB).
 (4) Landing vehicle, tracked (LVT).
 (5) Mine warfare vessels:
- Mine hunter, coastal (MHC).
 Mine countermeasures support ship (MCS).
 Minelayers (DM, MMA, MMC, MMF).
 Minesweepers (DMS, MSC, MSC(O), MSP, MSO, MSI, MSB, MSA, YMS, MSL, Ub/MS).
- (6) Patrol vessels:
- Escort vessels (DE, DER, PCS, PCER, PP, DEG).
 Gunboats (PCM, PR).
 Submarine chasers (PC, PCS, SC).
 Yacht (PY).
- (b) Auxiliary vessels and service craft:
- (1) Advanced aviation base ship (AVB).
 (2) Auxiliary submarine (AG(SS)).
 (3) Cable repairing or laying ship (ARC).
 (4) Degaussing vessel (ABG).
 (5) Distilling ship (AW).
 (6) Drone aircraft catapult control craft (YV).
 (7) Floating dry docks, cranes, and associated workshops and lighters (AFDB, AFDL, AFDM, ARD, YFD, YFMD, YR, YRDH, YRDM, YHL, YSD).
 (8) Guided missile ship (AVM).
 (9) Harbor utility craft (YFU).
 (10) Icebreaker (AGB).
 (11) Logistic support ships (AE, AF, AK, AKS, AO, ACE, AGO, AOR, AOSS), AVS).
 (12) Miscellaneous auxiliary (AG, IX, YAG).
 (13) Miscellaneous cargo ships (AKD, AKL, AKV, AVT).
 (14) Naval barges and lighters (YC, YCF, YCK, YCV, YF, YFB, YFN, YFNS, YFNX, YFP, YFR, YFRN, YRFT, YFT, YG, YGN, YO, YOG, YOGN, YON, YOS, YSR, YTT, YW, YWN).
 (15) Net laying and tending ships (AKN, AN, YNG).
 (16) Oceanographic research ship (AGOR).
 (17) Patrol craft (PT, YP).
 (18) Repair, salvage and rescue vessels (AR, ARB, ARG, ARL, ARS, ARSD, ARV, ARVA, ARVE, ASR).
 (19) Survey ships (GS, AGSC).
 (20) Target and training submarine (SST).
 (21) Tenders, (AD, AGP, ARST, AS, AV, AVP, YDT).
 (22) Transports and barracks vessels (AP, APB, APC, APL, YHB, YRB, YRBM).
 (23) Tugs (ATA, ATF, ATR, YTB, YTL, YTM).
 (24) Ocean radar picket ship (AGR).
 (25) Submersible craft (X). (See Category XX.)
 (26) Utility aircraft carrier (CVU).
- (c) Coast Guard patrol and service vessels and craft:
- (1) Submarine repair and berthing barge (YRB).
 (2) Labor transportation barracks ship (APL).
 (3) Coast Guard cutter (CGC).
 (4) Gunboat (WPG).
 (5) Patrol craft (WPC, WSC).
 (6) Seaplane tender (WAVP).
 (7) Icebreaker (WAGB).
 (8) Cargo ship (WAK).
 (9) Buoy tenders and boats (WAGE, WD).
 (10) Cable layer (WARC).
 (11) Lightship (WAL).
 (12) Coast Guard tugs (WAT, WXT).
 (13) Radio ship (WAGR).
 (14) Special vessel (WIX).
 (15) Auxiliary vessels (WAG, WAGE).
 (16) Other Coast Guard patrol or rescue craft (i) of over 300 horsepower when equipped with a gas turbine engine or engines, and (ii) of over 600 horsepower when equipped with an engine or engines of the internal combustion, reciprocating type.
- (d) Air Force craft: Air Force rescue boat.
 (e) Army vessels and craft:
- (1) Transportation Corps tug: 100 ft. (LT), 65 ft. (ST), T-boat, Q-boat, J-boat, E-boat.
 (2) Barges (BG, BC, BR, BSP, BSPI, BKI, BCF, BBL, BARC, BK).
 (3) Cranes, floating (BD).
 (4) Drydock, floating (FDL).
 (5) Repair ship, floating (FMS).
 (6) Trainer, amphibious 20-ton wheeled tow boat, inland waterway (LTI, STI).

§ 121.14

[Dept. Reg. 108.605, 34 FR 12029, July 17, 1969; 34 FR 12437, July 30, 1969. Redesignated by Dept. Reg. 108.733, 42 FR 16617, Mar. 29, 1977]

§ 121.14 Aircraft and related articles.

(a) The term "aircraft" used in Category VIII of the U.S. Munitions List means aircraft designed, modified, or equipped for military purpose as specified in Category VIII, including so-called "demilitarized" aircraft. The export of such aircraft is subject to the licensing requirements of the Department of State.

(b) Regardless of demilitarization, all aircraft bearing an original military designation are included in Category VIII of the U.S. Munitions List, except the following aircraft which have not been specifically equipped, re-equipped, or modified for military operations:

(1) Cargo aircraft bearing "C" designations C-45 through C-118 inclusive, and C-121.

(2) Trainer aircraft bearing "T" designations and using reciprocating engines only.

(3) Utility aircraft bearing "U" designations and using reciprocating engines only.

(4) All liaison aircraft bearing an "L" designation.

(5) All observation aircraft bearing "O" designations and using reciprocating engines only.

[Dept. Reg. 108.605, 35 FR 12029, July 17, 1969, as amended by Dept. Reg. 108.630, 35 FR 19994, Dec. 31, 1970. Redesignated by Dept. Reg. 108.733, 42 FR 16617, Mar. 29, 1977]

§ 121.15 End-items, components, accessories, attachments, and parts.

(a) End-items are defined as assembled whole systems or equipment, ready for its intended use, (1) for which only ammunition, fuel or other energy sources are required to place them in an operating state, and (2) consisting of components and parts, with or without accessories or attachments. (Examples: Rifles, tanks, aircraft, transceivers, ships, etc.)

(b) Components are items which are useful only when used in conjunction with an end-item. They are defined as either major or minor: (1) Major com-

Title 22—Foreign Relations

ponents include any assembled elements which form a portion of an end-item without which the end-item is inoperable (examples: Airframes, tail sections, engines, transmissions, tank treads, hulls, etc.); and (2) minor components include any assembled elements of a major component.

(c) Accessories and attachments are defined as elements of any components, systems, or products not necessary for the operation of an end-item, but which enhance the usefulness or effectiveness of the end-item. (Examples: Riflescopes, special paints, etc.)

(d) Parts are defined as any single unassembled elements of major and minor components, accessories and attachments which are not normally subject to disassembly without destruction or impairment of design use. (Examples: Rivets, wire, bolts, etc.)

(Redelegation of Authority No. 104-7-A, 35 FR 5423, 5424)

[Dept. Reg. 108.668, 37 FR 14694, July 22, 1972. Redesignated by Dept. Reg. 108.733, 42 FR 16617, Mar. 29, 1977]

§ 121.16 Forgings, castings, and machined bodies.

Items in a partially completed state, such as forgings, castings, extrusions, and machined bodies of any of the articles enumerated on the U.S. Munitions List which have reached a stage in manufacture where they are clearly identifiable as arms, ammunition, and implements of war are considered to be such articles for the purposes of section 414 of the Mutual Security Act, as amended.

§ 121.17 "United States."

For the purposes of this subchapter the term "United States," when used in the geographical sense, unless otherwise expressly defined, includes the several States, the insular possessions of the United States, the Canal Zone, the District of Columbia, and any territory over which the United States exercises all and any powers of administration, legislation, and jurisdiction.

§ 121.18 Person.

For the purposes of this subchapter the term "Person" includes a partnership, company, association, corpora-

TABLE 2-III-1 (Continued)

Chapter I—Department of State**§ 122.01**

tion, firm, society, or joint stock company, as well as a natural person.

II at the port of New York, N.Y.; and port directors at customs ports not designated as headquarters ports.

§ 121.19 Export.

For the purposes of this subchapter the term "export" means the sending or taking out of the United States in any manner any article, equipment, or technical data on the U.S. Munitions List except as may be otherwise expressly provided in a particular context.

§ 121.20 Intransit shipments.

For the purposes of this subchapter equipment on the U.S. Munitions List temporarily entering the United States in transit to another country, including return to the country of export, shall constitute a temporary import for which a Department of State Intransit License (DSP-61) shall be required.

§ 121.21 Licenses.

(a) For the purposes of this subchapter the term "license" denotes a document bearing the word "license" which when dated, sealed, numbered, and signed by the Secretary of State or his authorized designees permits the export, temporary export, or intransit shipment of specific articles on the U.S. Munitions List (See §§ 123.05.)

(b) Licenses shall be issued valid for 12 months unless a different period is expressly stated thereon. Licenses are not transferable.

(c) No photographic or other copy may be made of an original license unless authorized by the Department of State.

[Dept. Reg. 108.605, 34 FR 12029, July 17, 1969, as amended by Dept. Reg. 108.629, 35 FR 19016, Dec. 16, 1970; Dept. Reg. 108.646, 36 FR 20940, Nov. 2, 1971. Redesignated by Dept. Reg. 108.733, 42 FR 16617, Mar. 29, 1977]

§ 121.22 District Director of Customs.

When used in this subchapter the term "district director of customs" includes the district directors of customs at customs headquarters ports (other than the port of New York, N.Y.); the regional commissioner of customs, the deputy and assistant regional commissioners of customs for customs region

TABLE 2-III-1 (Continued)

SECTION IV - SPECIAL PROVISIONS

A. CONSTRAINTS ON ELIGIBILITY.

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

2. Nationalization of U.S. Property. Assistance will be suspended for countries which have nationalized, expropriated, or seized U.S. property, or have imposed discriminatory taxes. Assistance is also to be suspended if a country has initiated steps to repudiate or nullify existing agreements with U.S. citizens or entitles without taking proper compensatory action.

3. Transfer. The purchaser or grant recipient must agree not to transfer title or possession of any defense article or related training or other defense services to any other country without prior U.S. consent; the President must report to the Congress before such consent is given. [Sec. 3(a)(2), AECA, and Sec. 505(a), FAA].

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

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

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

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

8. Police, Counterterrorism, and Military Intelligence Programs.

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

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

c. The AECA does not prohibit police training or related programs. However, prior DSAA approval shall be obtained before offering this type defense article or service through foreign military sales procedures.

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

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

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

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

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

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

j. Defense articles, defense services and training will not be sold or leased to foreign organizations or personnel under the AECA unless

they are part of the national defense establishment, under the direction and control of the ministry responsible for defense matters.

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

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

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

a. Napalm including napalm thickener, dispenser and fuses will not be provided through Foreign Military Sales (FMS) or on a commercial basis.

b. Requests for white phosphorus munitions should be submitted in accordance with the procedures established for Significant Combat Equipment (SCE) (see Chapter 7, Section I of this manual). Requests should indicate, by type of ammunition requested, the quantity and intended use of the ammunition. Requests should be accompanied by mission's opinions as to whether the amount requested is reasonable in relation to the intended use, current on-hand inventories, and predictable usage rates of such items; and requests must contain assurance from the host government that the white phosphorus munitions will be used only for purposes such as signalling and smoke screening. DSAA will be responsible for coordinating approval of the request. Upon approval, DSAA will advise the cognizant DoD component of the approval along with the conditions for its use which will be made a part of the LOA.

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

B. SHIP TRANSFERS.

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

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

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

4. Ship transfer and approval procedures:

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

b. Ship transfers are coordinated by the Director, Security Assistance Division (OP-63), Office of the CNO. DSAA coordinates all transfers within OSD and with the Department of State. The DSAA ensures compliance with statutory notification and authorizing legislation requirements. The Navy prescribes policies and procedures for ship transfers in OPNAV Instruction 4900.90 series.

c. The CNO submits each request for sale to the Director, DSAA, via the Assistant Secretary of the Navy (Shipbuilding and Logistics). This takes the form of either a draft Congressional notification letter or a draft ship transfer bill, pursuant to 10 USC 7307. Each request will include a statement of approval from the Secretary of the Navy or his designee.

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

C. SUSPENSIONS AND CANCELLATIONS OF SECURITY ASSISTANCE.

1. If the Department of State determines that it is necessary to suspend foreign military sales (or training or grant aid) to a particular country, the Director, DSAA, will issue instructions to the appropriate MILDEP. The following procedures normally will be employed:

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

b. If foreign military sales or grant aid funded procurements have been started, but contracts have not been awarded, the appropriate MILDEP should inform the DSAA of the details and ask for guidance.

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

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

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

f. Requisitions submitted against either a supply support arrangement or a blanket order FMS case will be held by the receiver. Requisitions from an embargoed country will not be filled.

g. With regard to training funded through a foreign military sales case or under IMET, students in training before the suspension date notification may complete this course. Sequential training (proceeding to the next scheduled course) is excluded unless specifically authorized by the Director, DSAA. Students who have not started training by the suspension date will not begin a course. Instructions on what to do with students from embargoed countries will be provided by the DSAA.

h. Within 10 days of a suspension notification, the appropriate MILDEP will advise the DSAA of the impact of the suspension. This should include the identification of major items and significant secondary items that are within the Defense Transportation System (DTS) and which are scheduled for release to the embargoed country within 30 days, and those items that are on order but which have not been shipped. As soon as possible and not later than 21 days after the suspension, DSAA should be advised of all other materiel that is either enroute, scheduled for shipment within 30 days, or on order but unshipped. The latter report should also identify the total unused dollar value on blanket order and supply support arrangement (FMSO II) cases.

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

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

CHAPTER THREE

RESPONSIBILITIES AND RELATIONSHIPS

SECTION I - RESPONSIBILITIES

A. GENERAL.

1. Within the Executive Branch, the National Security Council, the Office of Management and Budget, the Department of the Treasury and others all have responsibilities related to security assistance. However, aside from the President, the principal legislated responsibilities fall to the Secretary of State and to the Secretary of Defense.

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

b. The Secretary of Defense is responsible primarily for establishing military requirements and for implementing programs of defense articles, defense services, and military training.

2. The Congress authorizes and appropriates the funds for the U.S. Government financed portions of security assistance. The Congress also has an oversight role with respect to the sale of defense articles and services to foreign countries and international organizations.

B. THE DEPARTMENT OF DEFENSE.

1. The growing size, complexity, and importance of the security assistance program requires that recommendations, decisions and implementing actions be coordinated and tracked in a timely manner to ensure coherent support of foreign and national security objectives. Several departments, agencies, and offices are involved in the coordinations. (See Figure 3-I-1.)

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

a. The Under Secretary of Defense (Policy) (USDP) acts for the Secretary of Defense and is his principal representative and spokesman on security assistance matters. He works closely with the Director, DSAA, who provides staff support for security assistance matters.

b. The Assistant Secretaries with regional responsibilities have an interest in security assistance policy that directly affects their regions

and work with the Director, DSAA, on regional security assistance policy matters and budget development.

c. The Assistant Secretary of Defense (Manpower, Installations and Logistics) (ASD/MI&L) is responsible for delivery and movement policy for security assistance materiel.

d. The Under Secretary of Defense for Research and Engineering (USDRE) oversees considerations of rationalization, standardization, and interoperability with U.S. allies, and assures conformance with technology transfer and industrial collaboration policies.

e. The Assistance Secretary of Defense (Comptroller) (ASD(C)) establishes policy and procedures involving financial management, fiscal matters, accounting pricing, auditing, and international balance of payments as these matters relate to security assistance. Within this office, the Department of Defense Foreign Military Sales Financial Management Manual (DoD 7290.3-M) is published.

f. The Defense Security Assistance Agency (DSAA) is the principal organizational element through which the Secretary of Defense carries out his responsibilities for security assistance. It serves as the DoD focal point and clearinghouse for tracking arms transfers, budgetary, legislative, and other security assistance matters through the analysis, coordination, decision, and implementation processes. It keeps all concerned elements of the DoD informed about the status of ongoing security assistance actions and raises issues through appropriate channels when decision of higher authority is required. All authorities conferred on the Secretary of Defense by the Foreign Assistance Act and the Arms Export Control Act (AECA), and all authorities under those acts delegated by the President to the Secretary of Defense, are redelegated to the Director, DSAA.

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

h. The military departments have security assistance as an integral part of their overall defense mission. They procure and provide defense articles and services and provide training to meet approved security assistance requirements. They also are responsible for providing information necessary to ensure that proper security assistance planning can be accomplished, e.g., information related to production capacity that is associated with integrating MILDEPs and security assistance procurement planning.

i. The Joint Chiefs of Staff (JCS) correlate security assistance objectives with joint military force planning. The JCS provide the Secretary of Defense with military advice on security assistance.

j. The Unified Commands have security assistance responsibilities, i.e., to correlate security assistance programs with regional plans, support

the security assistance organizations (SAOs) and contribute to the budget development process.

k. Security Assistance Organizations (SAO).

(1) The generic term SAO encompasses all foreign defense components assigned responsibilities for managing security assistance, regardless of the title assigned to the unit.

(2) SAOs are established under the authority of Section 515 of the FAA which authorizes the President to assign members of the U.S. Armed Forces to foreign countries to manage security assistance programs administered by the Department of Defense by performing one or more of the following functions:

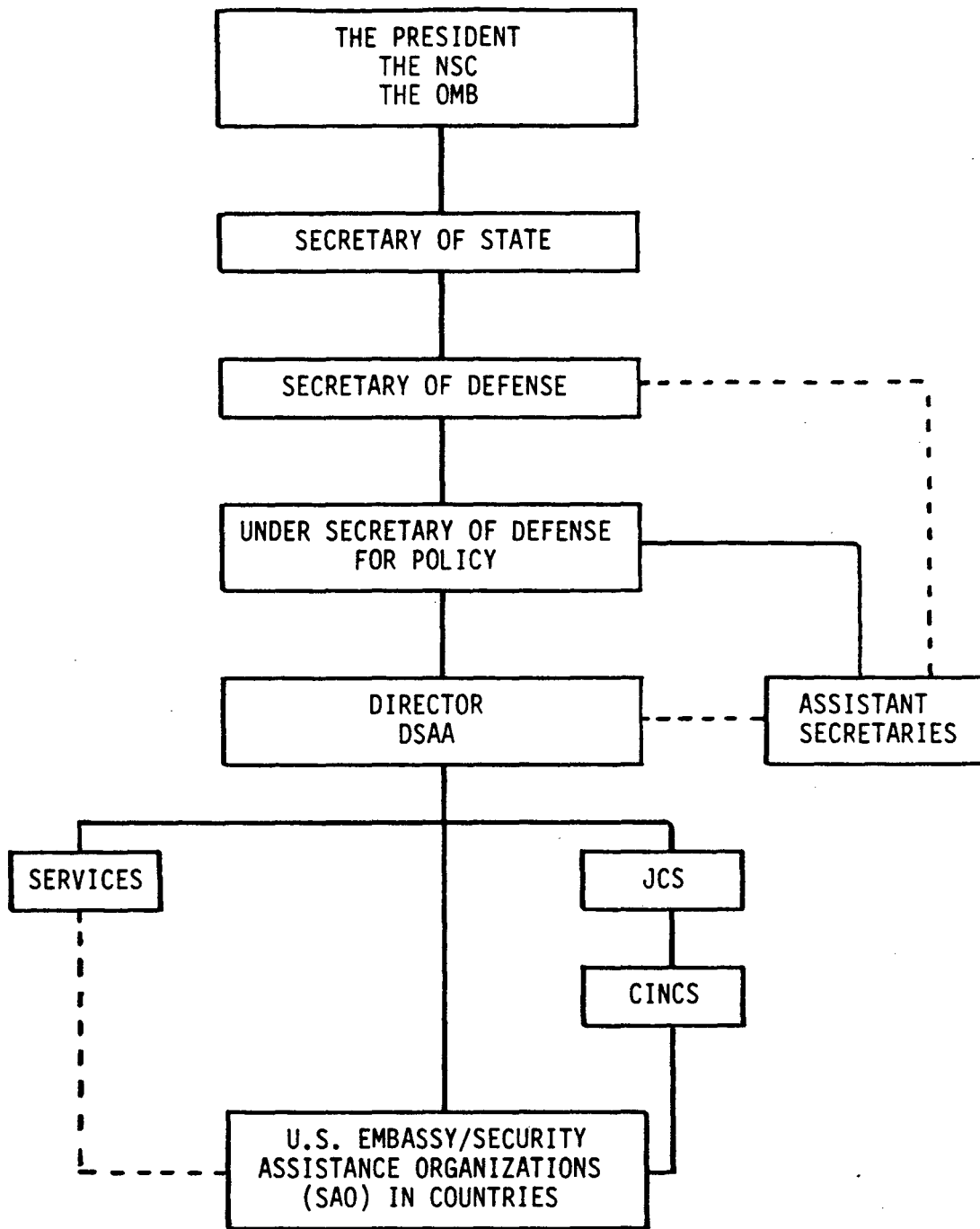
- (a) Equipment and services case management;
- (b) Training management;
- (c) Program monitoring;
- (d) Evaluation and planning of the host government's military capabilities and requirements;
- (e) Administrative support;
- (f) Promoting rationalization, standardization, interoperability (RSI), and other defense cooperation measures among members of the North Atlantic Treaty Organization (NATO) and with the Armed Forces of Japan, Australia, and New Zealand; and
- (g) Liaison functions exclusive of advisory and training assistance.

(3) The sense of Congress is that advisory and training assistance conducted by military personnel assigned to SAOs be kept to an absolute minimum, such advisory and training assistance to be provided primarily by other personnel who are not assigned to the SAO and who are detailed for limited periods to perform specific tasks. Thus, advisory and training assistance by SAO personnel is not prohibited, but it must not interfere with performance of authorized functions and personnel spaces may not be justified on the basis of such assistance. A more detailed listing of appropriate SAO functions follows at Table 3-I-2.

(4) All SAOs are responsible for observing and reporting on the utilization of defense articles, defense services, and training of U.S. origin. Personnel are not authorized for this purpose, however, the function being carried out as an additional duty performed by personnel assigned primarily for other purposes. How and to what extent such observation and reporting should and can be done will vary considerably from country to country and, thus, no standard procedures are prescribed. Subject to such further guidance as may be provided by the Unified Commander, SAO Chiefs are expected to establish and document planned programs utilizing all available

resources (e.g., TDY personnel in country, other elements of the U.S. diplomatic mission). Reporting will be through established security assistance channels.

FIGURE 3-I-1
DECISION CHANNELS FOR SECURITY ASSISTANCE



LEGEND: — = Direction
 - - - = Coordination

FIGURE 3-I-1. Decision Channels for Security Assistance.

TABLE 3-I-2

SAO FUNCTIONS

- A. Maintain liaison between DoD components, appropriate elements of the U.S. diplomatic mission, and the host government's defense establishment on security assistance matters.
- B. Assist the host government's defense establishment in evaluating its defense requirements and capabilities and in planning for their acquisition and utilization.
- C. Assist the host government's defense establishment in acquiring information needed to make decisions concerning acquisition and use of defense articles and services, including training, under auspices of the U.S. security assistance program.
- D. Coordinate and process the host government's proposals and requests for U.S. security assistance.
- E. Acquire and provide information needed by the United States authorities to evaluate the host government's military capabilities to employ and maintain equipment being requested and to process its proposals and requests.
- F. Develop and provide information concerning potential future acquisitions by the host government in order to anticipate demands on U.S. resources.
- G. Monitor progress of DoD security assistance programs and transactions, initiating appropriate remedial action where indicated.
- H. Report on the use by the host government of defense articles and services, including training.
- I. Request the host government's Armed Forces to take action in order to facilitate timely, efficient, and responsive implementation of approved programs.
- J. Assist U.S. MILDEPs and their subordinate elements in arranging for the receipt, transfer, and acceptance of security assistance materiel, training, and other services for recipient countries.
- K. Assist, coordinate, and supervise the activities of personnel, other than those assigned to the SAO, who are in country under DoD sponsorship for limited periods of time to perform specific tasks (e.g., Mobile Training Team (MTT), Quality Assurance Team (QAT), Technical Assistance Field Team (TAFT), and Technical Assistance Team (TAT)).
- L. Assist the host government in the identification, administration, and proper disposition of security assistance materiel that is in excess of current needs.

TABLE 3-I-1. SAO Functions.

M. Perform secondary functions, such as advisory and training services and negotiation on non-security assistance military matters, so long as these activities do not detract from the primary functions.

N. Administer and support the activities of the OMC, including the morale and welfare of personnel under its cognizance.

O. Keep the ASD(ISA), DSAA, JCS, unified commands, and MILDEPs informed, through appropriate channels of security assistance activities in country.

TABLE 3-1-1 (Continued)

SECTION II - RELATIONSHIPS

A. CHANNELS OF COMMUNICATIONS.

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

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

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

CHAPTER FOUR

SECURITY ASSISTANCE PLANNING

SECTION I - GENERAL

A. PURPOSE AND SCOPE. The purpose of this chapter is to discuss the security assistance planning process, i.e., where it fits into the national security planning process and the importance it has in terms of dealing with foreign countries. The process demands flexibility, but requires standardized inputs from disparate sources. The process has to incorporate the realities of foreign policy, defense policy and production line constraints. For these reasons, security assistance planning happens in many places and at many levels. The challenge faced by those involved is to integrate the many planning efforts and processes into a workable and useful set of procedures and outcomes.

B. BASIC POLICIES.

1. National Security Objectives. Security assistance supports the foreign policy and national security objectives of the United States. DoD security assistance activities shall be in consonance with U.S. military strategic plans and objectives and guided by the policy and planning guidance issued by the Secretary of Defense, and by guidance and policies issued by the Secretary of State.

2. Foreign Government Responsibility. The fundamental responsibility of foreign governments to determine the nature of their own security interests and paths of their own progress shall be recognized.

a. Security Assistance Organization (SAO) Assistance. One of the essential functions of the SAO is to assist in the "evaluation and planning of the host government's military capabilities and requirements." (Section 515(a), FAA.)

b. Release of Guidelines and Data. Involvement of the foreign government in security assistance planning and programming inevitably entails the release to it of essential guidelines and data.

(1) Unclassified Information. Unclassified information may be released to the concerned country or international organization as appropriate. Unclassified price data may be released to concerned countries and international organizations subject to their understanding that prices are provided for procurement planning and related purposes only, and that prices quoted are estimates which are subject to modification.

(2) Classified Information. Classified information as to tentative plans and programs may be released to concerned countries and international organizations to the extent necessary for its effective participation. However, classified dollar levels of tentative country or organization programs may be released only with the specific permission of DSAA with the concurrence of the Department of State.

(3) Approval of Release of Information. Release of all security assistance information to a foreign government or international organization will be made through, or with the approval of, the Chief of the U.S. Diplomatic Mission.

3. Commitments. Discussions and communications between DoD and foreign officials incidental to development of plans, programs, and related data will be conducted in such a way as to insure mutual understanding that such exchanges do not constitute or imply any commitment on the part of the U.S. (DoD Directive 2100.2).

4. Economic Capabilities. Security assistance plans and programs shall take into consideration the economic capabilities of the foreign country concerned and the support provided by third countries. Except for overriding military considerations, the build up of military forces that the recipient country ultimately cannot support shall be discouraged. In providing assistance to less developed countries, emphasis shall be placed on the development of their capabilities to organize, employ, and manage national resources allocated to defense.

SECTION II - PLANNING DIMENSIONS

A. PLANNING CONSIDERATIONS.

1. Objectives of Long-Range Planning. The objective of long-range planning in security assistance is regular, orderly program implementation. The transfer of end-items is necessarily accompanied by planning of follow-on support, logistics, and other elements of continuity. The reliability of the U.S. on a long-term basis depends on this "total package approach."

2. Limitations to Planning. "Planning" in security assistance is not possible in the same way the DoD plans in the FYDP and program-budget process. This is because the USG does not "promote" sales (except in rare instances), financing is obtained only on a year-to-year basis and is, in most instances, not assured for the long term. Moreover, the USG does not plan for countries; countries must do their own planning and must set their own priorities. The level of planning capability varies from country to country; the more sophisticated the planning in a country, the less likely the country is to make the U.S. privy to its plans. Lastly, crises, conflicts, and other events frequently intervene to change directions in programs and overall financing allocations. Within these limits, however, some estimates of needs and priorities can be made, and every effort must be made to anticipate the shape of the future without expecting that it will result in a directive plan.

3. Planning is Required in Three Basic Areas: Budget, Procurement and Political. These are discussed below in the context of three basic communities.

a. The Security Assistance Budget.

- Need for defensible country programs

- Need for continuity in levels
- Need to be responsive to crises and new initiatives during the year

b. Procurement.

- Need to avoid diversions/withdrawals from stocks
- Need to integrate FMS with DoD purchases
- Need to smooth production
- Need to maintain production base
- Need to control technology transfer

c. Planning with Countries.

- Responding to defense needs
- U.S. as a reliable security partner
- Sustaining the relationship

4. Security Assistance Planning Communities. Three separate planning tracks each has its own community of actors. The security assistance communities are illustrated in Figure 4-II-1 below. Coordination among the three groups can be tenuous, and it is not possible to describe an overall security assistance "plan" which covers all three.

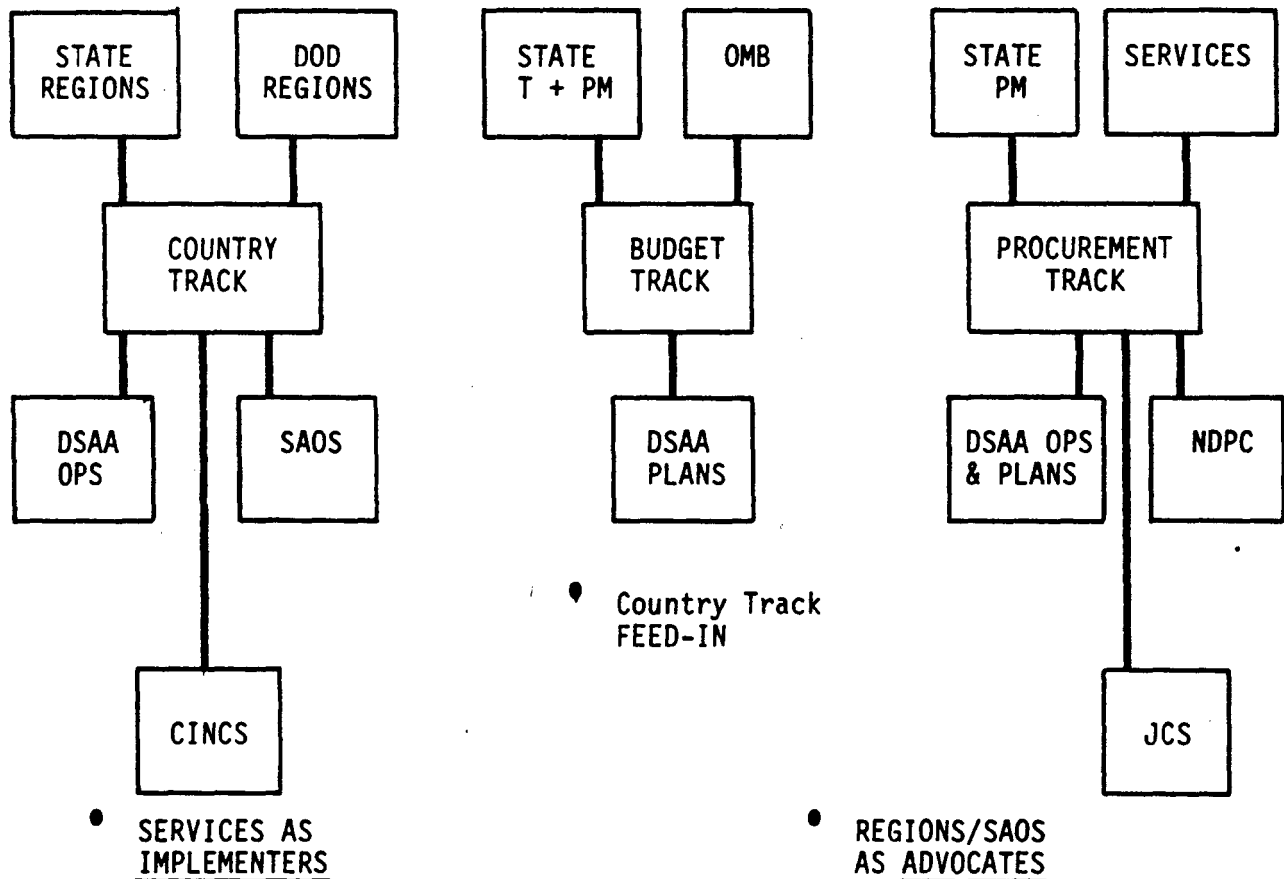


Figure 4-II-1. Security Assistance Communities.

B. U.S. GOVERNMENT PLANNING APPROACH.

1. Planning Groups. Basically there are two groups who plan with countries -- the "Washington Team" and the "Country Team - SAO." The Washington team may be either a consultative or a "survey" team -- dispatched for a particular reason, for a particular type of planning, e.g., air defense. The Washington team may also be the group that is associated with any form of the Joint Military Commission (JMC) and have very senior as well as more junior members. Whether or not a JMC is involved, the SAOs have both preparatory and interim tasks that have to get done if the "Washington Team" visit is to be a success.

2. Interrelated Nature of Planning. All three tracks are interrelated. Figure 4-II-2 lays out the cross-cutting nature of the security assistance and arms sales process.

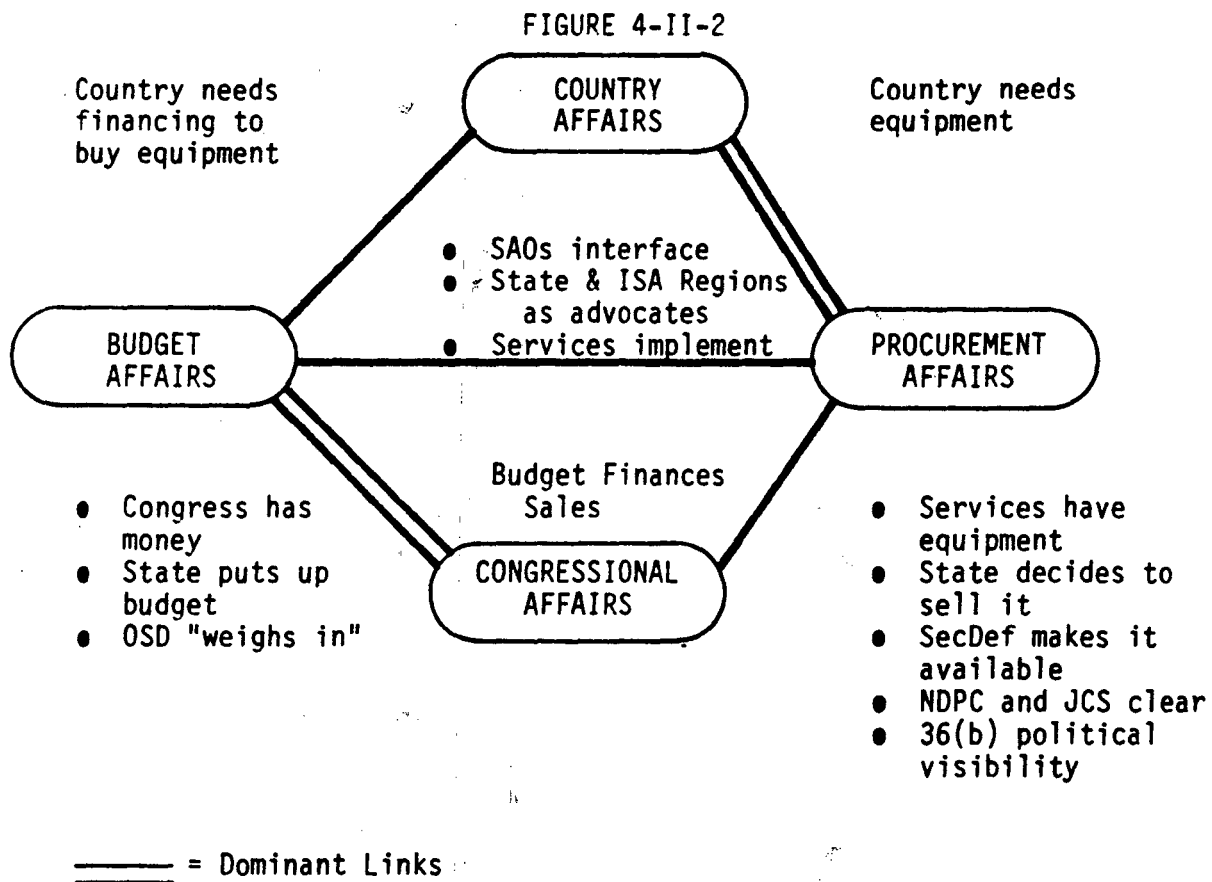


Figure 4-II-2. Community Interrelationships.

NOTE: If financing is not required, the Executive Branch can arrange sales with Congressional notification. If financing is required, Congressional approval of financing is necessary, and the process is longer and more uncertain.

3. Non-Linear Process. The entire security assistance community is always engaged in the different stages associated with three fiscal years' worth of planning, budgeting, legislating, etc. As explained above, there is a constant interaction between the three planning tracks. It requires effort to follow the entire process, and to fully understand what is happening at any given time. For the sake of simplicity, a linear layout of the budget and procurement process is presented below, in the case where financing is required. This illustration is useful -- as a time line -- but one must bear in mind each of the separate planning track discussions.

FIGURE 4-II-3

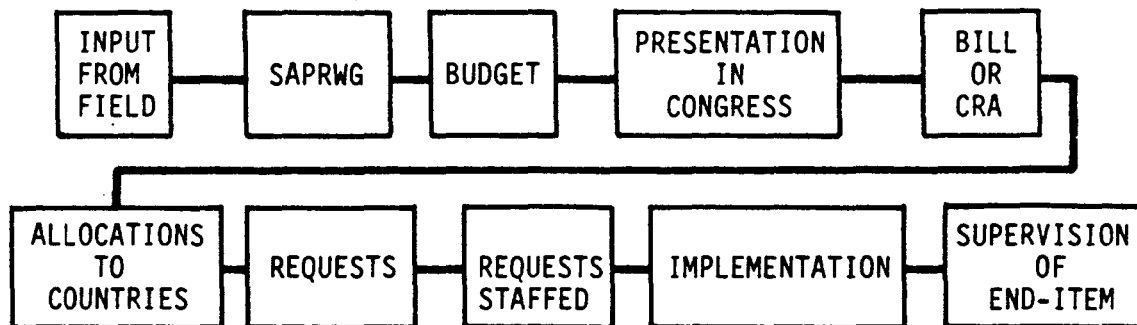


Figure 4-II-3. Budget and Sales Process.

4. Planning Instruments. Several planning tools already exist for use by the three planning communities.

a. Annual Integrated Assessment for Security Assistance (AIASA). The single most important planning instrument is the Annual Integrated Assessment of Security Assistance which is prepared by the country team. The shape and form of the AIASA reflect the information needs of both Washington and the unified commands in the decision-making communities. The AIASA also provides certain information required as part of the federal budget development process. If the annual AIASA submission is timely and complete it has a strong impact. If the AIASA is late or incomplete, it has reduced effect. Subsequent to submission of the AIASAs and the completion of initial staffing by the Departments of State, Defense, Treasury, etc., the Security Assistance Program Review Working Group (SAPRWG), meets to review the security assistance programs for the budget year. After this staff effort, formal interagency coordination takes place before State submits the budget to OMB. If State and OMB disagree, resolution of issues may take place in the White House Budget Review Board.

b. Consolidated Data Report (CDR). The CDR is a companion report to the AIASA and is submitted as an information update in abbreviated form. The CDR primarily provides updates of the AIASA for the Congressional Presentation Document (CPD).

c. Security Assistance Defense Analysis Papers (SADAPs). For selected countries, a Security Assistance Defense Analysis Paper is written each year. These present an analysis of the threat, force structure trends and other analysis elements that are useful in the planning process. The SADAPs have a counterpart financial analysis done by the Treasury Department. Both analyses are presented to the State Department, the OMB and the NSC during the annual budget development process. The SADAPs present a unique overview of defense programs with a particular country.

CHAPTER FIVE

TECHNOLOGY TRANSFER AND CONTROLS

SECTION I - TRANSFER OF TECHNOLOGY

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

B. DEFINITIONS.

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

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

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

4. Items of Intrinsic Military Utility. End items other than those identified in the Military Critical Technologies List (MCTL) whose transfer to potential adversaries must be controlled for the following reasons:

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

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

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

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

7. Munitions. Includes:
 - a. Arms, ammunition and implements of war.
 - b. Any property, installation, commodity, material, equipment, supply, or goods used for the purposes of making military sales.
 - c. Any machinery, facility, tool, material, supply, or other item necessary for the manufacture, production, processing, repair, servicing, storage, construction, transportation, operation or use of any article listed in this paragraph.
 - d. Technical data related to State Department Munitions List items.
8. Services. Includes any service, test, inspection, repair, training, publication, technical or other assistance, or defense information used for the purpose of furnishing military assistance, but does not include military education and training activities.
9. Strategic Trade Cases. These are cases involving technology and goods that are dual-use in nature; i.e., which could be used either for legitimate civilian purposes, or which could be applied or diverted to aid in increasing a nation's military potential.
10. Technical Data. Classified or unclassified information of any kind that can be used, or adapted for use, in the design, production, manufacture, repair, overhaul, processing, engineering, development, operation, maintenance, or reconstruction of goods or munitions; or any technology which advances the state-of-the-art or establishes a new art in an area of significant military applicability in the U.S. The data may take a tangible form, such as a model, prototype, blueprint, or an operating manual; or they may take an intangible form such as a technical service or oral or visual interactions.

C. POLICY.

1. DoDD 2040.2, "International Transfers of Technology, Goods, Services and Munitions," establishes the following policy:
 - a. Treat defense related technology as a valuable, limited national security resource, to be husbanded and invested prudently in pursuit of national security objectives.
 - b. Restrict the export of technology, goods, services, and munitions which could make a contribution to the military potential of any other country or combination of countries which could prove detrimental to our national security interests.
 - c. Manage transfers of technology, goods, services, and munitions consistent with United States foreign policy and national security objectives.

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

e. Support the National Disclosure Policy objectives in those cases where a proposed transfer involves the release of classified military information.

2. Implementation. These policies will be implemented through the strategic trade licensing, munitions licensing and the foreign military sales processes.

3. Procedures. For munitions licensing and foreign military sales cases, applicable MILDEPs will:

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

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

4. Release of Technical Data. [See Chapter Fourteen, Section II.]

<p>SECTION II - DISCLOSURE OF CLASSIFIED MILITARY INFORMATION TO FOREIGN GOVERNMENTS AND INTERNATIONAL ORGANIZATIONS</p>
--

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

B. POLICY. DoD Directive 5230.11 prescribes that:

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

2. Disclosures and denials of such information to foreign governments and international organizations will be made only when authorized by those officials specifically granted disclosure or denial authority in writing, after determining that all of the requirements of the National Policy and Procedures for the Disclosure of Classified Military Information to Foreign Governments and International Organizations (NDP-1) have been met.

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

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

C. DISCLOSURE AUTHORITIES. Under the terms of NDP-1, the National Disclosure Policy Committee (NDPC) has been designated as the central authority for the formulation, promulgation, administration, and monitoring of the national disclosure policy. The Secretary of Defense or the Deputy Secretary of Defense, personally, and the NDPC are authorized to grant exceptions to established national disclosure policies. Pursuant to DoDD 5230.11, the Secretary of Defense has delegated disclosure authority to the Secretaries of the MILDEPs and other DoD officials whose decisions must be in compliance with NDP-1.

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

E. RECORDING OF DISCLOSURE DECISIONS.

1. To record disclosure decisions, the Foreign Disclosure and Technical Information System (FORDTIS) has been established as a central repository for such decisions. Four types of information are recorded in FORDTIS:

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

b. All decisions on requests for exceptions to policy.

c. All disclosures involving top secret information.

d. All DoD decisions on munitions license applications.

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

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

4. All MILDEPs will follow the instructions in DoDI 5230.18 in reporting disclosure decisions.

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

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

H. INDUSTRIAL SECURITY. The security of the U.S depends in part upon the proper safeguarding of classified information released to industry. The objective of the Industrial Security Program is to assure the safeguarding of classified information in the hand of U.S. industrial organizations, educational institutions, and all organizations and facilities used by prime and subcontractors. The Industrial Security Regulation (ISR), DoD 5220.22-R, sets forth policies, practices, and procedures of the Industrial Security Program used internally by the DoD to insure maximum uniformity and effectiveness in its application throughout industry. The Industrial Security Manual (ISM), DoD 5220.22-M, a companion document to the ISR, is a DoD publication which contains detailed security requirements to be followed by U.S. contractors for safeguarding classified information. The ISM is made applicable to industry by management's execution of the Department of Defense Security Agreement (DD Form 441), and by direct reference in the "Military Security Requirements" clause in the contract.

I. DEFENSE INDUSTRIAL SECURITY CLEARANCE OFFICE (DISCO). The Defense Industrial Security Program (DISP) establishes procedures for safeguarding classified defense information which is entrusted to contractors. Included in these procedures is a system for determining the eligibility of industrial

personnel for access to classified defense information. This function is performed centrally by DISCO.

J. USER AGENCY CONTRACTS REQUIRING OVERSEAS DELIVERIES. When a U.S. Government agency (User Agency) places a contract with a cleared U.S. contractor which calls for delivery of classified information or materials to a foreign government (principally FMS contracts), the responsibility for delivery rests with the User Agency.

K. TRANSMISSION OF CLASSIFIED MATERIEL. Transmission of classified materiel to foreign addressees located in the U.S. or outside the U.S. must be on a government-to-government basis and in accordance with Chapter VIII of DoD Regulation 5200.1-R.

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

SECTION III - SECURITY CLASSIFICATION AND RELEASE OF INFORMATION
--

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

B. SECURITY CLASSIFICATION GUIDELINES.

1. General Guidelines.

a. Basis for Classification. All security assistance information not specifically designated as classified under paragraph 2., below is unclassified unless the Department of State, ASD/ISA, ASD/ISP, or the Director, DSAA

directs classification in a particular situation, or unless the national security classification criteria of DoD 5200.1-R and corresponding MILDEP regulations warrant classification for national defense purposes.

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

c. Declassification. All classified security assistance information will be declassified in accordance with the guidelines in paragraph 2., below unless a longer period of classification is either directed in a particular situation by the Department of State, ASD/ISA, ASD/ISP, or the Director, DSAA or is warranted by the national security classification criteria of DoD 5200.1-R and corresponding MILDEP regulations for national defense purposes.

2. Specific Guidelines.

a. Military Assistance Program (MAP) and International Military Education and Training Program (IMETP). The dollar levels and content of a program for the budget or a subsequent fiscal year are considered "FOR OFFICIAL USE ONLY" (FOUO) for each individual country and international organization. The budget year program no longer need be marked FOUO after delivery of the Congressional Presentation Document to the Congress.

b. Foreign Military Sales (FMS).

(1) The primary factors considered by the Department of State, ASD/ISA, ASD/ISP, and the Director, DSAA in requiring classification of FMS information under paragraphs (2) and (3), below are: the extent to which disclosure of the information would reveal the purchaser's order of battle, taking into consideration the nature and quantity of defense articles being sold and the degree to which the purchaser relies on the United States as a source of military supply; and, the extent to which disclosure of the information could be expected to stimulate demands by third countries upon the United States or upon other supplying nations for defense articles, thus encouraging global or regional instability or fostering an arms race. Classification of FMS information under paragraphs (2) and (3), below in the interest of U.S. foreign relations, is to prevent unauthorized disclosure of the fact that a specific defense article (e.g., F-16 aircraft) is or may be sold to a particular foreign government.

(2) Planning and Review (P&R) Data; Price and Availability (P&A) Data; and Letters of Request (LOR). P&R and P&A data are classified where these data (1) identify a requesting foreign government and specific items of major defense equipment (MDE) (e.g., M-60 tanks) in which that government has expressed an interest, and (2) qualify for reporting under the AECA, Section 36(b), or (3) classification is authorized under paragraph B.1.a., above. Unless otherwise authorized by paragraph B.1.a., above, such classified data may be declassified when Congressional notification is completed or a subsequent Letter of Offer for these items is unclassified. In

accordance with paragraph 11-100 of DoD 5200.1-R, DoD elements will respect the security classification of documents originated by foreign governments, including LORs. LOAs, however, will not be classified unless authorized under paragraph B.1.a., above or paragraph (3), below.

(3) Letters of Offer. Letters of Offer (LOAs) will be unclassified unless:

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

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

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

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

[NOTE: Originating Agency's Determination Required.]

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

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

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

(7) Reports from the RCS: DSAA (AR) 1200 FMS reporting system which contain classified information will be marked:

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

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

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

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

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

e. Section 36(b) Notifications and Section 133b Reports. Specific classification directions and guidelines for Section 36(b) notifications, Section 133b reports, and input data elements for these documents are specified in Chapter Seven of this Manual.

C. RELEASE OF INFORMATION.

1. Unclassified.

a. Public. In accordance with the AECA, Section 21(f), it is the policy of the DoD to maximize to the fullest extent consistent with national security the amount of information available to the public. Further, it is the policy of the DoD to comply fully with both the specified provisions and the general intent of the Freedom of Information Act, as amended. Release of information will be in accordance with procedures established by DoD Directive 5400.7 and DoD Instruction 5400.10.

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

(2) A large percentage of individual records in the case are unclassified. They may, however, when grouped, produce a complete or virtually complete compilation of data. These kinds of groupings include but are not limited to: all current LORs, current undelivered balances of MDE, or groupings of generic classes of items such as "all surface to air missile sales". Such groupings may then reveal concepts about a country's order of battle plans or current or planned defense posture of a country, region, or geographical area and result in a CONFIDENTIAL classified compilation of individually unclassified data. Such a compilation then, by DoD 5200.1-R, paragraph 2-211, would be denied public release.

(3) Classification and denial of release to the public on this basis shall be fully supported by a documentary explanation that will identify with the specific criteria which resulted in such a judgment.

b. Foreign Governments and International Organizations. Unclassified information may be released to the concerned country or international organization as appropriate for purposes related to security assistance. Price data may be released to MAP and IMET recipient countries and international organizations, subject to recipients' understanding that prices are

provided for procurement planning and related purposes only, and that prices quoted are estimates and are not necessarily those which have been or will be applied to articles delivered or services rendered or training furnished to the country or organization as Grant Aid.

2. Classified.

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

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

c. Procedures for Release. Release of classified information under paragraphs a. and b. above is subject to the provisions of DoD Directive 5230.11 (Disclosure of Classified Military Information to Foreign Governments and International Organizations), and DoD 5200.1-R, paragraph 8-104. Release will be made only to officials of the country or international organization involved who require the information in their official capacity.

3. Approval of Chief of Diplomatic Mission. Release of all security assistance information to a foreign government or international organization will be made through or with the approval of the Chief of the U.S. Diplomatic Mission to the government or organization involved.

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

1. Entry of Data. Each entry into the DSAA 1200 system of data pertaining to a new FMS case will indicate whether that data is classified under the criteria of paragraph B.1.a. or B.2.b.(3), above. The security classification, for foreign relations purposes, of an FMS case in the 1200 system is based on the identification in that system of the fact that a specific defense article (e.g., Hawk missile) is or may be sold to particular foreign government. The existence of classified technical data concerning defense articles which are or may be sold under an FMS case does not warrant classification of that FMS case in the 1200 system, since such technical data are not entered into the 1200 system.

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

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

<p>SECTION IV - EXPORT LICENSE AND CUSTOMS CLEARANCE GUIDANCE FOR FOREIGN MILITARY SALES CUSTOMERS</p>
--

A. PURPOSE. This section provides guidance and instructions for processing export licenses and customs clearances for FMS purchased items.

B. EXPORT LICENSES.

1. Requirement. Prior to the export from the U.S. of any FMS purchased materiel included on the U.S. munitions list, FMS customers must obtain an export license from the Office of Munitions Control, Department of State, whenever a third party, such as a freight forwarder, is involved in the transaction. Application procedures are prescribed below. No license would be required in those cases where the FMS materiel is shipped on a Government Bill of Lading (GBL) or exported on a government-to-government basis using foreign government transportation out of a U.S. Government controlled facility.

2. Application. Application for export license must be made on Department of State Form DSP-5 which is obtainable from the Office of Munitions Control (see Figure 5-IV-1). The application must be forwarded to the following address:

Office of Munitions Control
PM/MC, Bldg. SA-6
Department of State
Washington, D.C. 20520

a. Applications must be supported by three (3) copies of DD Form 1513. Licenses for export of FMS materiel are valid for two years from the date of issuance. They are not transferable and extensions are not granted. If shipment cannot be completed during the period of validity of the license, a new application must be submitted for the license to cover the unshipped balance and/or renewal. Applications for license should show the proposed port or ports of exit in the U.S. If, after a license is issued, shipping arrangements necessitate a change in port, the Department of State must be notified by letter of the change in port. Further details on export licenses

may be found in the Department of State, International Traffic in Arms Regulations (Title 22, Code of Federal Regulations, Parts 121-128 and 130).

C. FMS CUSTOMER RESPONSIBILITY.

1. Export License. Upon execution of an LOA, the FMS customer or authorized representative must obtain an export license from the Department of State to permit the legal export movement by the country freight forwarder of purchased FMS materiel from the U.S. since U.S. munitions list items shipped under FMS programs require export licenses.

2. Export Customs Clearance. It is the foreign country's responsibility to effect export customs clearance for all FMS materiel moved from the U.S. under other than U.S. Government or government-to-government auspices. Movement of materiel which remains in custody of the U.S./DoD is handled by a separate procedure.

a. Export declaration (U.S. Department of Commerce Form 725-V or 7525-V Shipper's Export Declaration) must be prepared by the country representative/freight forwarder for all FMS materiel moved through its auspices. Declarations must be filed and authenticated by a District Director of Customs. Provisions of law and regulations concerning export declarations are found on the reverse side of Commerce Form 725-V or 7525-V.

b. After declarations have been prepared and authenticated, shipments must be cleared through U.S. Customs by submission of documents to the District Director of Customs or export control officers (22 CFR 123.53).

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

a. All movements of materiel through or by the FMS customer freight forwarder or designated agent.

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

c. Movement by FMS customer-owned or chartered ocean vessel, or by FMS country-procured space aboard commercial vessels.

4. Overseas Customs Clearance. The FMS customer will be responsible for effecting overseas customs clearance of all FMS materiel through its customs agencies upon receipt at the country port of discharge.

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

D. U.S./DOD RESPONSIBILITY.

1. U.S./DoD Exemption from Export Clearance. The U.S. Departments of State and Commerce have extended a joint waiver to the DoD, under which certain exemptions are granted in compliance with requirements for U.S. Customs clearance of DoD-sponsored cargo. Under this waiver, when U.S./DoD-sponsored FMS materiel is shipped through the Defense Transportation System (DTS) on Government Bills of Lading or other transportation documents or by DoD-owned, controlled, or arranged transportation, and the U.S./DoD retains custody of the materiel until arrival at the overseas port of discharge of the destination country, the U.S./DoD is exempt from the requirements of an Export License and the filling of Shipper's Export Declaration. Under no circumstances will these exemptions be extended to any foreign government.

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

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

E. PROCEDURES FOR RETURN AND REPAIR. In addition to the above procedures, for the re-export of items previously sold to a foreign government or international organization that have been returned to the U.S. for repair and return, the foreign government is responsible for obtaining the In Transit Import License (DSP-61, see Figure 5-IV-2) and the appropriate customs clearance, in accordance with paragraph 123.3 of the ITAR.

FIGURE 5-IV-1

Application/License for Permanent Export of Unclassified Defense Articles and Related Unclassified Technical Data (Form DSP-5)

(DEPARTMENT OF STATE USE ONLY)

<p>SEAL</p> <p style="text-align: center;">Signature</p> <p style="font-size: small;">License hereby granted to applicant for destruction commodity to be permanently excluded from the United States. This license may be renewed, suspended or amended by the Secretary of State without notice or otherwise at the Secretary's absolute discretion. (DO NOT REPRODUCE THIS LICENSE (12) 2043)</p>	<p>LICENSE NO.</p> <div style="border: 1px solid black; width: 100px; height: 50px; background-color: #cccccc;"></div>	<p>LICENSE VALID FOR 24 MONTHS FROM ABOVE DATE</p>	
<p>UNITED STATES OF AMERICA</p>		<p>DEPARTMENT OF STATE</p>	
<p>APPLICATION/LICENSE FOR PERMANENT EXPORT OF UNCLASSIFIED DEFENSE ARTICLES AND RELATED UNCLASSIFIED TECHNICAL DATA</p>			
1. Date Prepared	2. PM/MC Applicant Code	3. Country of Ultimate Destination	4. Probable Port of Exit from U.S.
<p>5. Applicant's Name, Address, ZIP Code, Tel. No.</p> <p>TELEPHONE NUMBER</p>		<p>6. Names and telephone numbers of U.S. Government personnel (not PM/MC) tendering with the commodity</p>	
		<p>7. Name, State and telephone number of applicant contact if U.S. Government needs additional information.</p>	
8. QUANTITY	9. COMMODITY (Follow instructions carefully)	10. MUNITIONS LIST CATEGORY	11. VALUE
	() Hardware () Technical Data		
		12. TOTAL VALUE \$	
13. Source or Manufacturer of Commodity		14. Specific purpose for which the material is required, including specific program/end item	
15. Name and address of offer in United States		16. Name and Address of Consignor in United States	
17. Name and Address of Foreign Consignee		18. Name and Address of Foreign end-user	
19. Name and Address of Foreign Intermediate Consignee		<p>20. This application represents: <input type="checkbox"/> ONLY commodity now shipment; <input type="checkbox"/> ONLY the unshipped balance of license no. _____ NOTE: APPLICATION CAN NOT INCLUDE BOTH</p>	
<p>22. If commodity is being provided under a Foreign Military Sale (FMS) or Arms and (GAD) program, state which _____ and give the case no. _____</p>		<p>21. The IDENTICAL commodity <input type="checkbox"/> was licensed to the country in block 3 under license no. _____; <input type="checkbox"/> was licensed to other countries under license no. _____; <input type="checkbox"/> was denied to the country in block 3 under voided license no. _____; <input type="checkbox"/> never licensed for this applicant</p>	
24. LICENSE TO BE SENT TO Name, Address, ZIP Code		<p>23. In this transaction, applicant is: <input type="checkbox"/> government; <input type="checkbox"/> agent/manufacturer <input type="checkbox"/> freight forwarder</p> <p>25. APPLICANT'S STATEMENT (See Instructions)</p> <p>I, _____, hereby apply for a license to comply with the transaction described above; warrant the truth of all statements made herein, and acknowledge, understand and will comply with the provisions of Title 22 CFR 121.128 and 130 and any conditions and limitations imposed.</p> <p style="text-align: center;">Signature _____</p>	
FORM DSP-5 5/62 (REPLACES PREVIOUS EDITIONS)		1-APLICATION/LICENSE	
		FORM APPROVED DMS NO. 12-80008	

FIGURE 5-IV-1. Application/License for Permanent Export of Unclassified Defense Articles and Related Unclassified Technical Data (Form DSP-5).

FIGURE 5-IV-2

**Application/License for Temporary Import of
Unclassified Defense Articles (Form DSP-61)**

APPLICATION/LICENSE FOR TEMPORARY IMPORT OF UNCLASSIFIED DEFENSE ARTICLES						
LUNARIES REQUESTED BY <input type="checkbox"/> DOD/DADE <input type="checkbox"/> SA/SA <input type="checkbox"/> ACDA <input type="checkbox"/> ARMY <input type="checkbox"/> EUR/RPM <input type="checkbox"/> NSA <input type="checkbox"/> NAVY <input type="checkbox"/> NS/NA <input type="checkbox"/> ENERGY <input type="checkbox"/> AIR FORCE <input type="checkbox"/> AF/I <input type="checkbox"/> PM/SA <input type="checkbox"/> AR/APP <input type="checkbox"/> DOD/ISA <input type="checkbox"/> DE/SAI			FROM	CASE NO.	RECEIVED PM/MC	DATE STAFFED
REPLY HERE AND RETURN TO: OFFICE OF MUNITIONS CONTROL, DEPARTMENT OF STATE, WASHINGTON, D C 20520 <input type="checkbox"/> approve with provision (Type name/names) Comments <input type="checkbox"/> approve no provision <input type="checkbox"/> deny						
1 Date prepared	2 PM/MC applicants code	3 Foreign country from which shipped	4 U.S. port of import			
5 Applicant's name, address, ZIP code, tel. no. WWWW WWWW WWWW WWWW WWWW WWWW WWWW WWWW TELEPHONE NUMBER		6 Foreign country of ultimate destination	7 U.S. port of export			
		8 Name, State, and telephone number of applicant contact if U.S. Government needs additional information				
9. QUANTITY	10 COMMODITY (Indicate overhaul/repair/multiplication cost if applicable and known, follow instructions carefully)		11. MUNITIONS LIST CATEGORY	12. VALUE		
		13 TOTAL VALUE				
14 Source or manufacturer of commodity		15 Specific purpose for which the material is imported (overhaul, repair, modification, or transshipment to a third country)				
16 Name and address of owner of commodity in foreign country from which shipped		17 Name and address of consignor in foreign country from which shipped				
18 Name and address of consignee in foreign country of ultimate destination		19 Name and address of end user in foreign country of ultimate destination				
20 Name and address of foreign intermediate consignee		21 Name and address of U.S. intermediate consignee (overhaul/repair facility or transshipment agent)				
22 The IDENTICAL commodity <input type="checkbox"/> was licensed to the country in block 3 under license no. _____, <input type="checkbox"/> was licensed to other countries under license no. _____, <input type="checkbox"/> was denied to the country in block 3 under verbal license no. _____, <input type="checkbox"/> never licensed for the applicant.		23. APPLICANT'S STATEMENT (See instructions) I, _____, hereby apply for a license to (Type Name) complete the transaction described above; warrant the truth of all statements made herein, and acknowledge, understand and will comply with the provisions of Title 22 CFR 121-128 and 130 and any conditions and limitations imposed if the commodity is firearms or ammunition of U.S. manufacture. I certify that, based on corroborative evidence, the commodity was not furnished on a grant basis to, or acquired without full payment by, a foreign government under a foreign assistance program of the U.S. as set forth in Title 22 CFR 121-128 and 130.				
24 LICENSE TO BE SENT TO: Name, address, ZIP code WWWW WWWW WWWW WWWW WWWW WWWW WWWW WWWW						

FIGURE 5-IV-2. Application/License for Temporary Import of Unclassified Defense Articles (Form DSP-61).

CHAPTER SIX

MILITARY EXPORT SALES POLICIES AND CONSIDERATIONS

SECTION I - POLICY AND BACKGROUND

A. PURPOSE. The purpose of this section is to relate the fundamental policy and background that apply to military export sales as components of the overall security assistance program.

B. BACKGROUND.

1. Military Export Sales Defined. "Military Export Sales" may be divided into "Foreign Military Sales" and "Direct Commercial Sales." Foreign Military Sales are government-to-government transactions. For these sales, the Department of Defense purchases articles and services from U.S. firms, takes title to the equipment, or has title to the articles to be sold from U.S. stocks, and sells the articles or services to the foreign buyer. For direct commercial sales, the U.S. firm sells directly to the foreign government or international organization.

2. Arms Export Control Act (AECA). In enacting the Arms Export Control Act (AECA), as amended, the Congress consolidated and revised foreign assistance legislation relating to military export sales. Basic sales policy is as outlined in Chapter Two.

a. Origin of Policy Objectives. Foreign Military Sales (FMS) support specific U.S. foreign policy and security objectives. Historically, sales have improved internal order and increased the prospects for regional stability, thereby reducing the likelihood of direct U.S. military involvement. Standardization of materiel, doctrine, and training is enhanced among our allies and friends. Additional benefits stemming from foreign military sales are: the U.S. production base is maintained, U.S. employment is increased, research and development costs are spread, unit costs to the U.S. Services are reduced, and forward materiel support is facilitated.

b. Reasons for Government-to-Government Sales. The Department of Defense recognizes that there are cases in which it is to the U.S. Government advantage to encourage the use of commercial sources by foreign countries and international organizations. Nevertheless, a significant amount of U.S. exports of defense articles and services are conducted on a government-to-government basis for one or more of the following reasons:

(1) Government Furnished Equipment (GFE), or Materiel (GFM). Government furnished equipment manufactured in a Government-Owned, Government-Operated (GOGO) facility cannot, except in certain circumstances, be sold directly to U.S. firms for export to foreign purchasers. Sales of GFE or GFM to U.S. prime contractors are authorized in certain instances which are detailed in DoDD 4175.1, dated 8 July 1983. The furnishing of this type of materiel would normally be via an FMS transaction between the U.S. Government and the foreign purchaser. See Chapter 8, Section II, for procedures whereby

a foreign country or international organization can appoint a commercial source to act as an agent for the receipt of FMS GFE/spares/support items which are required by that commercial source to enable the manufacture/assembly or repair/rehabilitation of a defense item owned by the foreign purchaser.

(2) USG Control. For some special situations, the U.S. Government wishes to exercise the control that is more easily achieved within FMS channels (see AECA, Sec. 38(a)(3)).

(3) Classified Items. The processing of requirements and delivery of classified equipment can normally be accomplished more effectively through FMS channels.

(4) Cooperative Logistics. Sales made under supply support arrangements and similar logistics sales arrangements are handled through the FMS channel as the only practicable way of incorporating the requirements of the armed forces of friends and allies within the U.S. logistics system.

c. Purchaser's Options. Except as provided for in Section II of this Chapter, the purchaser has the option to buy defense articles and services commercially or through FMS channels. Subject to stated limitations, the purchaser makes that decision.

3. Buyer-Seller Relationship (Military).

a. An essential characteristic of military export sales, whether commercial or government is that two governments must agree. Neither government can direct the transaction; either government can shape it by withholding its approval. Sales are negotiated from the standpoint that both the buyer and the seller must be satisfied.

b. This characteristic shapes the conduct and style of foreign military sales. Some of the rules governing FMS are hard and fast since they are founded in U.S. law. For example, the U.S. Government is required by law to sell only for dollars. Most of the "rules" must be pragmatically applied. Since a sale must be negotiated, rules take the shape of preferences and sales procedures take on the shape of general practice, with the consequence that exceptions to the rule are more easily cited than the rule itself.

4. Sales Guidelines. Except where overriding considerations dictate otherwise, the following guidelines will govern Department of Defense sales activities:

a. Support of Foreign Policy Interests of the U.S. Department of Defense sales will support the foreign policy interests of the United States.

b. Responsiveness to Foreign Requests. The Department of Defense will be responsive to foreign requests for sales proposals.

c. Assisting U.S. Industry in Military Export Sales.

(1) As indicated below, the Department of Defense will assist U.S. industry in making sales directly to foreign governments.

Relationships with industry will be forthright, factual, and avoid all connotation of favoritism.

(2) The Department of State has advised commercial firms who plan to discuss the sale of defense articles overseas to:

(a) Consult with the Department of State regarding obtaining an advisory opinion or export license;

(b) Advise the local Security Assistance Organization (SAO) or American Embassy representative upon arrival in-country; and

(c) Inform the SAO or Embassy representative whether or not they have a license to discuss technical information regarding the project planned to be discussed with host nations; and if not, how the commercial firm expects to handle the matter. There is no requirement for a commercial firm to contact the SAO or local Embassy representative, but it is in the best interests of all concerned if commercial firms do so.

(3) U.S. diplomatic posts have been advised by the Department of State that they should treat representatives of U.S. firms selling defense equipment and services with the same courtesies as other U.S. businessmen.

(a) Diplomatic posts may supply basic business information and services to U.S. business representatives (e.g., access to commercial library, names and addresses, information about local customs regulations and commercial law).

(b) Diplomatic posts may also provide nonsensitive background information on the organizational structure of the host government and defense forces, its defense budget, funding limitations, and whatever U.S. financial assistance is available.

(4) If a U.S. firm has been granted a license to release technical data in support of sales promotions or other marketing efforts in the host country, and subject to local conditions, the following additional services may be provided to representatives of U.S. firms upon request:

(a) Assistance in arranging appointments with host government officials and guidance on which officials to contact;

(b) General advice on tactics for securing sales in the host country; and

(c) Informing the host government that the USG has approved in principle the marketing effort as evidenced by the issuance of a license.

(5) U.S. manufacturers and exporters may make general marketing efforts abroad to advertise their products and services without first obtaining a license or prior approval from the Department of State, provided that:

(a) The technical data disclosed to prospective customers is in the public domain and therefore exempt from licensing requirements; and

(b) No specific proposal is made for the sale of significant combat equipment (SCE) valued at \$7 million or more for end-use by foreign armed forces, or for manufacturing license or technical assistance agreements for the production or assembly of SCE, regardless of the value of the contract. Conversely, any marketing activity that involves disclosure of technical data not in the public domain, unless otherwise specifically exempt from licensing requirements, must be licensed by the Department of State. Likewise, any specific proposal for the sale of SCE valued at \$7 million or more for end-use by foreign armed forces, or for a manufacturing license or technical assistance agreement for the production or assembly of SCE, regardless of the value of the contract, must receive prior approval by the Department of State, whether or not export of technical data is involved. An approved license for the export of technical data (DSP-5), or the temporary export of equipment for demonstration purposes (DSP-73), or an advisory opinion (a "GC" case) satisfy the prior approval requirement for SCE proposals. However, if technical data is to be disclosed, a license is required since an advisory opinion is not an authorization to export technical data or equipment.

(6) It is Department of Defense policy to be even-handed when dealing with commercial firms engaged in overseas marketing activities. When U.S. industry representatives approach the SAO for assistance in conducting normal marketing efforts abroad, SAO personnel should, within policy guidelines, use their own best judgement in determining whether a commercial firm should be referred to foreign country officials for the purpose of discussing a possible sale or whether any other assistance should be given.

d. Soliciting Consultation with Foreign Countries. The U.S. Government welcomes consultation with our friends and allies regarding planning to meet their defense needs, research, development, production, and logistic support programs of mutual interest. Information obtained through consultation is important in the planning process described in Chapter Four.

e. Overseas Security Assistance Organization (SAO) Responsibilities. Direct contact between SAOs, DAOs, and DoD Components is authorized to provide information to host countries concerning technical advice, data on item configuration, explanation of availability and cost factors provided by DoD components, and other essential technical and supply data. The required channels for submission of a letter of request (LOR) are in Chapter Seven, paragraph C.

5. Criteria Regarding Sale of Military Equipment. In general the U.S. Government is willing to sell equipment to eligible countries and international organizations after a case-by-case review of each prospective purchaser's request. Factors considered in this review include:

a. Type of Equipment. It is easier to approve the sale of less, rather than more, sophisticated equipment; easier to approve the sale of less, rather than more, expensive equipment; easier to approve the sale of equipment adopted by the U.S. forces and promising to the buyer the benefits of logistics standardization.

b. Country and Region. The willingness of the U.S. Government to sell military equipment varies country by country in accordance with the military requirements, ability to maintain and use, compatibility with existing inventory, and impact on the perceptions and the actions of the buyer's neighbors.

c. Foreign Policy. The willingness of the U.S. Government to sell military equipment varies with the time and the situation; thus changes in terms of foreign policy, diplomacy, economy, finances and security, reflecting the changing world-wide situation, can cause changes in such willingness from time to time.

d. National Disclosure Policy. The National Disclosure Policy Manual (NDP-1) records the levels of classification which the U.S. Government is willing in general to release to cited countries. Requests for exceptions to policy established by this document are handled by the National Disclosure Policy Board which is chaired by the Department of Defense, at the Under Secretary level.

e. Military Threat. The degree to which the transfer responds appropriately to the military threats confronting the recipient.

f. Collective Security Capabilities. Whether the transfer will enhance the recipient's capability to participate in collective security efforts with the United States.

g. Countering of External Aggression. Whether the transfer will promote mutual interests in countering externally supported aggression.

h. Stability within Regions. Whether the transfer is consistent with United States interests in maintaining stability within regions where friends of the United States may have differing objectives.

i. Counterbalancing of Positive and Negative Factors. Whether any detrimental effects of the transfer are more than counterbalanced by positive contributions to United States interests and objectives.

j. Legislative Restraints. The principal legislative restraints on Foreign Military Sales are reviewed in Chapter 7, this Manual. These reflect the guidelines and constraints that must be followed prior to the approval of Military Export Sales.

C. POLICIES.

1. List of Eligible Countries to Purchase or Lease Defense Articles or Defense Services. The current list of eligible countries and international organizations determined by the President is provided as Table 6-I-1. It should be noted that sales to certain countries or international organizations may be suspended for legal or policy reasons. Any questions relative to the eligibility of a foreign country or international organization should be referred to DSAA Operations.

2. Designation of Defense Articles and Services. A copy of the U.S. Munitions List is included in Chapter 2. Items in categories which are asterisked (*) on this list are considered Significant Combat Equipment (SCE).

3. Foreign Military Design and Construction Sales.

a. Authority. The AECA, Section 29 authorizes the sale of design and construction services to eligible foreign countries and international organizations provided the full costs are paid to the U.S. by the purchasing country or international organization. If such services are to be procured by the USG for sale under Section 29, the purchaser must make funds available in such amounts and at such time as they may be needed to meet the payments required by the contract and any damages and costs that may accrue from the cancellation of such contract, in advance of the time such payments, damages, or costs are due.

b. Congressional Reporting. Congressional reporting requirements in the AECA, Section 36(b), apply to any design and construction program valued at \$200 million or more.

c. Use of FMS Procedures. The LOA and standard sales procedures will be utilized for all design and construction programs. Normally, design and construction services will be offered as follows:

(1) When the design and construction services are a part of a total program, the services will be included in the total system case under the cognizance of the managing DoD component. A special note will be added to the case indicating that the services are offered under the authority of the AECA, Section 29 and also identifying the construction agent for this portion of the program, e.g. U.S. Army Corps of Engineers. In certain cases, the DoD component program manager and the construction agent may wish to conclude an internal agreement to summarize management relationships for a program.

(2) When the design and construction services are not part of a total program, the DoD component responsible for providing the design and construction services will be assigned management responsibility for the case.

(3) When the design and construction services are a follow-on requirement to a previous major system sale, the DoD component responsible for providing the design and construction services will prepare the LOA. However, where special circumstances such as unique funding requirements are experienced, the requirement for preparation of the follow-on LOA will be coordinated with the DSAA Operations Directorate to determine the appropriate management responsibility.

4. Proper Use of Materiel. Consistent with its resources and the situation prevailing in-country, the designated U.S. overseas military SAO will assist DoD components in observing and reporting on the utilization by the foreign country of defense articles and services acquired through FMS or leased to the recipient by the DoD.

5. Diversions of Materiel. The following policies govern the allocation of defense materiel between U.S. forces and international security requirements in the event there are competing demands:

a. Use of Normal Priorities Structure. To the maximum extent possible, initial allocations of materiel shall be made within the normal priorities structure -- the Uniform Military Materiel Issue and Priority Systems (UMMIPS).

b. Directed Diversions. Presidentially-directed, or Secretary of Defense-initiated materiel allocations shall be accorded sufficient priority through diversion of assets from other programs to assure accomplishment of the directed allocation within the time period specified.

c. Withdrawal from U.S. Forces. High priority FMS requirements may be met by diverting from production for or withdrawing equipment from U.S. forces, providing the operational readiness posture of these forces is not significantly lowered and payback can be accomplished within a reasonable period of time. Such initial determination will be made by the MILDEPs and DoD components. Any diversion or withdrawal which would impact U.S. National Guard or Reserve forces must be coordinated with DSAA, which will in turn coordinate the proposal with the OASD/MI&L, pursuant to DoD Directive 1225.6.

d. Diversion from FMS. Materiel being procured or stocked specifically for FMS may be diverted to meet higher priority foreign requirements or urgent needs of U.S. Forces with the prior concurrence of the Director, DSAA, who will, as appropriate, obtain policy guidance within the USDP.

e. Approval Channels. Requests or recommendations for diversions of FMS equipment will be referred to the Director, DSAA. In those instances where agreement cannot be reached with DSAA concerning the use of foreign program assets, or diversion of defense materiel, the matter will be referred to the Secretary of Defense for decision pursuant to the procedures established by Deputy Secretary of Defense Memorandum, Subject: "Allocation of Defense Materiel and Services Between U.S. and International Requirements," which provides for:

(1) Normal Allocation from Production. Under normal circumstances, the MILDEPs will fill security assistance materiel requirements from production on a first-in, first-out basis, utilizing normal production lead times, unless the DoD can meet urgent requirements from earlier production without an undesirable effect on the combat readiness of U.S. forces.

(2) Deviations for National Security Considerations. There may occasionally be instances when national security considerations and foreign policy objectives indicate a requirement to deviate from this DoD policy by expediting delivery of equipment to a foreign purchaser. If such situations arise, and the MILDEPs or the OSD staff become aware that such expedited delivery or the performance of FMS services by DoD personnel would appear to have an undesirable effect on the combat readiness of U.S. forces, the Undersecretary of Defense (Policy) (USDP) will request the MILDEP involved to provide its assessment of the situation to USDP and the Assistant Secretary of Defense (Manpower, Installations and Logistics) (ASD(MI&L)) for OSD staff review. The USDP will refer the coordinated recommendation to the Secretary of Defense for review and decision. Because of the importance of such decisions, it is essential that the Secretary of the Military Department personally verify these assessments and make the report to USDP and ASD(MI&L) when such referral is required.

(3) Report to Congress. The AECA, Section 21(i) requires a report by the President to the Congress "with respect to any proposal to sell, under this section (sales from stocks) or under the authority of Chapter 2B, AECA, any defense articles or defense services, if such sale could have a significant adverse effect on the combat readiness of the Armed Forces of the United States." There may, however, be instances where, in the view of the Secretary of the MILDEP, supply action would have an impact of sufficient importance to warrant Secretary of Defense review, but would not constitute a significant adverse impact on the DoD requiring a Presidential report to the Congress. Therefore, in each instance where the MILDEP Secretary refers a potential impact case to the USDP and ASD(MI&L), the referral will include an assessment as to whether:

(a) Supply action would affect the operational readiness of the military service, or have other important impacts which the Secretary considers warrant Secretary of Defense review, but which are not serious enough to constitute a significant adverse impact requiring either alteration or termination of the supply action, or an overriding Presidential report to the Congress; or

(b) Supply action would constitute a significant adverse impact within the meaning of the law, and if taken, would require such a report to the Congress. The term "significant" is a subjective one, and this section does not attempt to define all circumstances in which an impact might be "significant."

(4) Additional Information Required. As required, the Secretary of Defense will make the final determination as to whether the DoD will provide the equipment or services on an expedited basis and whether the impact of doing so is significant within the meaning of the AECA, Section 21(i). In referring impact cases to the Secretary of Defense, the Secretary of the Military Department should therefore, in every instance, provide the information outlined in the AECA, Section 21(i)(1)(A) through (D), i.e.:

(a) The country or international organization to which the U.S. proposes to make the sale;

(b) The amount of the proposed sale;

(c) A description of the defense articles or services the U.S. proposes to sell; and

(d) A full description of the effect the proposed sale will have on combat readiness of the Armed Forces of the United States.

(5) Shipments from Production. While the language of the AECA, Section 21(i) pertains only to shipments from DoD stocks and performance of services by DoD personnel, impacts can occur when the DoD diverts materiel to foreign recipients which is scheduled for delivery from production. Therefore, the procedures and assessments outlined in paragraph C.4. above apply to both categories of transfer.

(6) Presidential Report. In those cases where he takes action to advise the President of the requirement for a report to the Congress, the

Secretary of Defense will provide the analysis relevant to the justification and certification called for in the AECA, Section 21(i)(1)(E). In this connection, a "proposal to sell" within the meaning of Section 21(i) refers to a decision at an appropriate level of the U.S. Government to make a sale and to direct the issuance of an LOA or signature of a document with comparable effect, and does not refer merely to the receipt of a request for P&A, or the receipt of a request for a Letter of Offer, or the making of a recommendation with respect thereto. No Presidential report is therefore required if the ultimate decision is not to make the sale. The AECA, Section 21(i) is also interpreted as being applicable to a situation in which the significant adverse effect becomes apparent only after a sales contract is concluded. However, no Presidential report is required with respect to supply action under a sales contract where the supply action is altered in order to avoid a significant adverse effect on U.S. combat readiness which would otherwise occur.

(7) Secondary Items. The above also applies to secondary items, including spare and repair parts as well as major end-items. However, in those cases wherein the foreign government has made an investment in the U.S. inventory under a Cooperative Logistic Support Arrangement (CLSSA) for spare and repair parts support, the MILDEPs will satisfy security assistance requirements based upon priority on the same basis as U.S. force requirements. The head of an Inventory Control Point (ICP) may approve the issue of stocks below the reorder point to FMS customers when they determine that there will not be an unacceptable impact on U.S. forces. The impact on secondary items must be considered whenever a total package of end-items and spare parts and support equipment is provided to a foreign country.

6. Logistics Support.

a. Use of U.S. Military Logistics System. Implementation of accepted FMS cases will be accomplished by the MILDEPs and DoD components as completely as possible within the existing organizational and procedural structure of the U.S. military logistics system. Use of the DoD transportation system will be only for special cases, i.e., ammunition to the Port of Exit or by special arrangement stated in the LOA.

b. Follow-On Logistic Support. Normally, foreign military sales of materiel are made only when the DoD has made or has approved plans to assure logistic support for the expected service life of the equipment. This includes follow-on spares support for equipment sold through FMS under established Cooperative Logistic Supply Support Arrangements (CLSSAs) which will be afforded the same priority as that provided equivalent U.S. forces performing a comparable mission in the same geographical area. For other follow-on FMS spare parts cases, the normal lead time from procurement will apply.

7. Materiel Standards. It is DoD policy that defense articles offered and sold to foreign governments and international organizations reflect favorably upon the U.S. Therefore, defense articles offered and sold under foreign military sales will normally be new or unused, or as a result of rehabilitation, possess original appearance insofar as possible, and, as a minimum, have serviceability standards prescribed for issue to U.S. forces. If the customer country desires exclusively new equipment, this requirement

will be stated in the LOA. If the customer desires to purchase "as is/where is," this will also be stated in the LOA.

8. Communications Security (COMSEC) Programs. Standard FMS procedures apply to any request from a foreign country or international organization for COMSEC equipment. This includes channels for submission of requests, use of the LOA, financial requirements in DoD 7290.3M, etc. However, the DoD component processing the request is also responsible for assuring that all National Disclosure Policy requirements and staffing with appropriate Security activities is accomplished before a response is provided to the foreign purchaser. Refer to DoD Directive 5200.11, Communications Security Assistance to Foreign Governments.

9. Translation Services.

a. Responsibility. The responsibility for the translation of any documents rests with the user or recipient country. U.S. SAOs should make this point clear to their host country counterparts.

b. Informal Translations. In day-to-day operations, SAOs may provide for government-to-government purposes only, "informal translations" using the same practices and procedures as the local U.S. diplomatic mission, provided the host country so requests, or the chief of the U.S. SAO determines an informal translation of an English text is in the U.S. interest. In each case, translators must clearly mark the translated document "Informal and unofficial translation -- English text governs." SAOs should ensure that a forwarding letter accompanies each contractual document (i.e., LOA) emphasizing that the English text is the officially binding document.

c. Other Requests. SAOs will not provide translation assistance to contractors or others who are not a part of the U.S. or host country official family. In the event the SAO receives a request from such sources, requestors should be advised to seek assistance from competent local translators.

10. Exclusive Licensing Arrangements. In cases where a request for P&R, P&A, or an LOA is received from a foreign country or international organization and the request is known to fall within the area of an exclusive commercial license arrangement for the item or service, the following special procedures will apply:

a. The prospective buyer will be provided with the name of the foreign firm involved and informed that this firm has exclusive rights in that country relating to the sale of the article or service being sought.

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

c. On receipt of such written requests containing justification, in order to comply with provisions of the AECA, Section 42(a), the Director, DSAA will advise the foreign firm involved (or its designated representative

in the U.S.) in writing of such requests. DSAA will provide the foreign firm with a copy of the written request, if unclassified, and of other unclassified records pertinent and materiel to the transaction, and give the foreign firm an opportunity to provide data pertinent to the request, including a statement as to the amount of financial return to the U.S. economy should such a sale be made by the foreign firm. The foreign firm will normally be allowed 30 days to provide its comments.

d. In the event it is determined that P&A data is to be provided, or that an LOA is to be issued to the requesting government, the Director, DSAA will so advise the foreign firm, and will provide upon its request, relevant unclassified and nonproprietary P&A data. DSAA will advise the foreign firm of all renewals, modifications or extensions of such LOA prior to acceptance by the purchasing country.

11. Third Party Transfer Certification.

a. Department of State Authority. The Department of State, on behalf of the President, must consent to the transfer of defense articles or defense services originally provided by the U.S. under MAP, sold by the U.S. under the AECA, or purchased commercially from U.S. sources under an export license issued pursuant to the AECA, Section 38, from the recipient to anyone not an officer, employee, or agent of that recipient. The third country recipient country must provide appropriate security and retransfer assurances before the Department of State will consent to such transfers (see FAA, 505(a), AECA, Section 3(a)).

b. Congressional Notification.

(1) Legislative Requirement. Under the AECA, Section 3(d), the Speaker of the House of Representatives and Chairman of the Senate Foreign Relations Committee must be notified in advance of the date the Department of State consents to the transfer of certain defense articles or defense services originally provided by the U.S. under MAP, sold by the U.S. under the AECA, or purchased commercially from U.S. sources under the AECA, Section 38, from the recipient to anyone not an officer, employee, or agent of the recipient. These include:

(a) MDE Items. Any proposed transfer of MDE valued (in terms of its original acquisition cost) at \$14.0 million or more.

(b) Other. Any proposed transfer of any defense article or related training or defense service (in terms of its original acquisition cost) valued at \$50.0 million or more.

(2) Notification Timeframes.

(a) Transfers to Other Than NATO, NATO Member Countries, Japan, Australia, and New Zealand. For such transfers the Department of State must provide certification to the House and Senate at least 30 days before consenting to the transfer.

(b) Transfers to NATO, NATO Member Countries, Japan, Australia, or New Zealand. For such transfers the Department of State must

provide certification to the House and Senate at least 15 days before consenting to the transfer.

(3) Format. The certification to the Speaker of the House of Representatives and the Chairman of the Senate Foreign Relations Committee will contain the following information:

(a) The country or international organization proposing to make the transfer.

(b) A description of the defense article or related training or other defense service proposed to be transferred, including the original acquisition cost.

(c) The proposed recipient.

(d) The reasons for the proposed transfer.

(e) The date the proposed transfer will take place.

(4) Emergency Situations. Approval of a transfer may be provided immediately without the 30-day waiting period if the President states in the certification that an emergency exists.

(5) Exceptions. This reporting requirement does not apply to the following transfers:

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

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

(c) Transfers pursuant to arrangements among NATO members or between NATO and any of its member countries for cooperative cross-servicing;

(d) Transfers pursuant to arrangements among NATO members or between NATO and any of its member countries for lead-nation procurement (see paragraph (6) below).

(6) Lead-nation Procurement Exemption. In the category of transfers exempted from the reporting requirement of the AECA, Section 3(d), based on NATO lead-nation procurement, if the defense article or defense service to be transferred was originally purchased from the USG and that purchase had been the subject of a notification to the Congress under the AECA, Section 36(b), the proposed transfer is exempt from the reporting requirement of the AECA, Section 3(d), only if the Section 36(b) notification with respect to such lead-nation procurement had identified the transferee on whose behalf the lead-nation procurement was proposed. For Section 36(b) AECA proposed sales to NATO or to another NATO member country purchasing on behalf

of a third NATO party, information as to possible subsequent transfers shall be provided to DSAA in accordance with the formats contained in Chapter 7, Section IV.

12. Defense Requirement Survey Teams.

a. Purpose. The U.S. will use defense requirement surveys on a selected basis to further the security interests of the U.S. and to enhance the security of friends and allies. Since defense requirement surveys are often interpreted by the receiving government as an implied U.S. commitment to approve arms transfers and/or assist in their financing, such surveys should be initiated only after careful consideration of possible consequences. Except as may be specifically directed, the following guidelines will apply:

(1) A U.S. commitment to conduct a defense requirement survey will only be made after the ramifications of undertaking such a survey have been assessed in a thorough and coordinated manner by all concerned USG agencies.

(2) The process of reaching a decision to dispatch or not to dispatch a survey team will include an assessment of the economic impact, including funding limits of potential arms transfers, and other data beyond strictly military considerations but pertinent to the survey at hand (e.g., human rights factors). In the event of a decision to dispatch a survey team, this information will be reflected in the terms of reference provided the team.

(3) Current arms sales restraint policies, including regional arms control implications, will be considered during the process of determining whether or not to dispatch a survey team.

(4) Defense requirement survey teams will be led by the DoD, with the Department of State providing a deputy team chief of roughly comparable rank. Military service affiliation of the team shall be determined by the purpose of the survey. In the event a joint team is required, the team chief will be determined on the basis of the military service having predominant interest. DoD participation shall be limited to the minimum number required to gather effectively the technical information necessary to prepare the survey report. Teams will contain representatives from other agencies as necessary to ensure the success of the in-country information-gathering effort. The Secretary of State will have final authority to rule on the participation of the survey team by agencies other than the DoD; though it is expected that such decisions will normally be reached by consensus between State and Defense. To the maximum extent possible, the concerns of the other involved agencies will be considered in resolving team composition.

b. Financing. When the survey is determined to be dictated by U.S. Government interests rather than those of the foreign country, it may be financed by the U.S. with each agency represented on the team bearing a pro rata share of the survey costs. DSAA, on a case-by-case basis, will advise each DoD department or agency on the method of funding, whether by FMS case or by the U.S. Government agencies represented on the team.

c. Responsibilities. The appropriate regional office of the Assistant Secretary of Defense for International Security Affairs or International Security Policy is responsible for coordinating DoD activities and actions relating to defense requirement surveys including all required interface and coordination with the Department of State, Arms Control Disarmament Agency and other appropriate agencies of the U.S. Government. The DSAA and the OJCS shall be kept informed of all personnel details of survey teams. All actions shall be coordinated with the JCS and DSAA. The appropriate regional office will draft Terms of Reference for the teams and will obtain approval of the Department of State. General Terms of Reference are set forth at Table 6-I-2. A Survey Team Checklist, outlining the process of reviewing requests for survey teams through the preparation of the Report is also at Table 6-I-3.

13. Suspension of Individual Items. When the Department of State directs the suspension of the sale under FMS or on a direct commercial basis of a specific article, DSAA will notify the applicable DoD components of the suspension. Such suspension will also be considered to apply equally to components of the item as well as the specific end item.

a. Determination of Item Components. When suspension of an individual article is directed by the Department of State, DSAA will ask the applicable DoD component to conduct a review to identify components of the item.

b. Advice to Department of State. Upon receipt of the listing of components, DSAA will advise the Department of State, Bureau of Politico-Military Affairs of the components of the suspended item to enable them to notify the Office of Munitions Control (OMC). This will then enable OMC suspension of the components, as well as the end item identification to ensure that suspensions are complete.

c. Notice to DoD Components. DSAA will advise the appropriate DoD components and the affected foreign government of the suspension of the sale of end items, as well as applicable components.

TABLE 6-I-1
FOREIGN COUNTRIES AND INTERNATIONAL ORGANIZATIONS ELIGIBLE TO PURCHASE
DEFENSE ARTICLES AND DEFENSE SERVICES UNDER THE AUTHORITY OF THE AECA

<u>Africa</u>		<u>Near East and South Asia</u>	
Botswana	Malawi	Algeria	Nepal
Cameroon	Mauritius	(defense	Oman
Dahomey	Niger	services only)	Pakistan
Djibouti	Nigeria	Bahrain	Qatar
Equatorial Guinea	Rwanda	Bangladesh	Saudi Arabia
Gabon	Senegal	Egypt	Sri Lanka
Ghana	Somalia	India	(Ceylon)
Guinea	Sudan	Israel	Tunisia
Ivory Coast	Upper Volta	Jordan	United Arab
Kenya	Zaire	Kuwait	Emirates
Liberia	Zimbabwe*	Lebanon	Yemen Arab
Madagascar		Morocco	Republic
<u>Europe</u>		<u>Western Hemisphere</u>	
Austria	Malta	Antigua and	Guatemala
Belgium	Netherlands	Barbuda	Haiti
Denmark	Norway	Argentina	Honduras
Finland	Portugal	Bahamas	Jamaica
France	Spain	Barbados	Mexico
Germany	Sweden	Belize	Panama
(Fed Rep of)	Switzerland	Bolivia	Paraguay
Greece	Turkey	Brazil	Peru
Iceland	United Kingdom	Canada	St Lucia
Ireland	(Incl Crown	Chile	St Vincent &
Italy	Agents)	Colombia	the Grenadines
Luxembourg	Yugoslavia	Costa Rica	Suriname
		Dominica	Trinidad and
		Dominican	Tobago
		Republic	Uruguay
		Ecuador	Venezuela
		El Salvador	
<u>East Asia and Pacific</u>		<u>International Organizations</u>	
Australia	New Zealand	North Atlantic Treaty Organization	
Brunei	Papua	(NATO) and its agencies	
Burma	(New Guinea)	Organization of American States (OAS)	
Fiji	Philippines	International Commission of Control	
Indonesia	Singapore	and Supervision in Vietnam	
Japan	Taiwan	International Commission of Control	
Korea	Thailand	and Supervision in Laos	
Malaysia			

NOTE: Sales to certain countries may have been suspended for legal or policy reasons. Any questions relative to the eligibility of a foreign country for FMS, FMCS, or leases should be referred to DSAA Operations.

TABLE 6-I-1. Foreign Countries and International Organizations Eligible to Purchase Defense Articles and Defense Services under the Authority of the AECA.

TABLE 6-I-2

GENERAL TERMS OF REFERENCE
(FOR DEFENSE REQUIREMENT SURVEY TEAMS)

- A. Teams will report to the U.S. Ambassador, or in his absence, the charge d'affaires, upon arrival in country, and will serve under the overall supervision of the Ambassador. All formal consultations with the host country will be conducted subject to the concurrence of the U.S. Ambassador, with the participation of such Embassy staff as he may direct. Prior to departure the team will brief the Ambassador on its preliminary conclusions.
- B. The team recommendations should reflect the "total package" concept: end-item, ancillary equipment, training and logistics. Recommendations should not mirror-image U.S. force solutions. At least three levels of funding alternatives should be presented in the report.
- C. The team should evaluate the military manpower base, its absorptive capacity, the existing logistics and maintenance support capability, the capability of the country to prevent compromise of sensitive data and equipment, training requirements, and compatibility of recommended equipment with that currently in the host country inventory.
- D. The team will make no comment to host governments concerning possible availability of U.S. Government resources in any form.
- E. The team will not give host government any price and availability data, DoD lead times on equipment, or indicate any prospects for accelerated deliveries. The team, however, may provide general orders of magnitude information concerning cost and availability for illustrative purposes. Firm estimates can be provided only through normal channels and only in response to specific requests conveyed through the U.S. Embassy, not through the survey team.
- F. The team will not oblige the U.S. Government to the sale of any specific defense article or service.
- G. The team will not provide any kind of independent assessment or confirmation of the external threat as perceived by the host country. Release of classified information will be in accordance with the U.S. National Disclosure Policy.
- H. The team will not provide military advice concerning tactics, doctrine, basing, combat planning, or operations.
- I. The team will avoid any possible indication that USG would assist in construction of airfields, camps, or other military facilities.
- J. The team will make no commitment to follow-on technical discussions or further surveys.

TABLE 6-I-2. General Terms of Reference for Defense Requirement Survey Teams.

K. The team will not undertake to provide the host country with an interim report.

L. The team will debrief the appropriate Unified Commander on its preliminary findings prior to its return to Washington.

TABLE 6-1-2. (Continued)

TABLE 6-I-3

DEFENSE REQUIREMENT
SURVEY TEAM CHECKLIST

- A. Consideration of providing a Defense requirement survey is a result of a foreign government presenting the U.S. Government with a significant arms sale request, or requesting the U.S. Government to survey host country defensive capabilities and requirements. Also, the U.S. Government could, at its own initiative, propose a survey team.
- B. The normal response to the initial request for a survey shall be that the scope of the request requires review before a decision on the survey can be given. A comprehensive review is then initiated of current arms sales restraint policies, or regional arms control considerations, of the economic impact and the human rights implications of arms sales to the host country.
- C. State Department, DoD, and ACDA shall review the arms want list within the context of the President's policy on conventional arms transfers and other policy guidance, highlighting areas requiring policy decisions. The DoD will prepare a preliminary assessment of the availability of the requested equipment or services, as well as the requesting nation's requirement for and technical ability to absorb the items in question. State Department will review the FMS financing situation for the host country. Any statement regarding FMS financing beyond the current fiscal year's approved budget must receive Executive Office clearance by NSC and OMB. Future financing commitments can only be made in accordance with prevailing procedures.
- E. State Department and AID will estimate the extent of the ability of the host country to devote its economic resources to defense purchases without an unduly deleterious effect on the host country economy. Needs for additional information will be identified during this review.
- F. Simultaneously with the above review, the U.S. Embassy will be instructed by the Department of State to contact appropriate host country ministries to ascertain the extent to which the host country is willing to commit its own resources to military purposes over the next three-five years, noting that financial parameters are essential ingredients in a realistic survey effort.
- G. The Director of Central Intelligence will be requested to produce inter-agency threat assessment.
- H. Information gathered above is incorporated into an Action Memorandum to the Secretary of State, coordinated with ACDA, DoD, OMB, and NSC, to determine: (1) whether to send a survey team; and (2) the mission of the team. In the event a decision is made to send the team prior to completion of the information gathering process outlined above, as many of the above steps as are possible will nevertheless be completed prior to departure of the team. Affirmative decisions will be reported to the Congress by DoD/DSAA as required by the AECA, Section 26(b).

TABLE 6-I-3. Defense Requirement Survey Team Checklist.

I. If the decision is made to dispatch a survey team, Terms of Reference and team composition will be developed by the State Department and DoD, after coordination with ACDA and, if appropriate AID, and cleared by NSC and OMB. The U.S. Embassy will ensure that the host government understands and accepts the projected scope of the survey effort and ground rules. If a decision is made not to dispatch the survey team, the U.S. Embassy by direction of the Department of State will convey this decision to the host government, with explanatory rationale.

J. Pre-departure briefings for survey team will take place in Washington, to include:

1. Scope and mission of survey. (DoD/State)
2. Political situation in host country. (State)
3. State of host country economy. (State/AID)
4. Threat assessment, and armed forces of host country. (CIA/DIA)
5. Congressional or legal considerations. (State/DoD)
6. Arms control considerations. (State/DoD)
7. Conduct in-country. (State)

K. In-country gathering of information. Conduct of the survey will be in accordance with the approved Terms of Reference.

L. Within one week of return to Washington, a preliminary briefing by the team chief will be given for relevant State Department, DoD, ACDA, AID, NSC, OMB, and CIA/DIA personnel, with particular attention to highlighting issues requiring high level policy review.

M. Within 30 days of the return of the team to CONUS, the team will draft the report and make the draft available for review.

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

O. Presentation of the approved report to the host country, and to the Congress, if requested, pursuant to the AECA, Section 26(c).

TABLE 6-1-3. (Continued)

SECTION II - CONTRACTOR PREFERENCE FOR DIRECT COMMERCIAL SALES
--

A. PURPOSE. This section identifies for Department of Defense (DoD) Components, U.S. industry, and foreign countries the DoD policies and procedures which are applied for consideration of contractor requests to sell defense articles through direct sales rather than on a government-to-government basis through Foreign Military Sales (FMS). The provisions included herein: define direct sales preference; provide procedures and applicable factors for designation of defense articles for direct sales preference; and summarize actions required by DoD components when an FMS request is received for an article previously designated for direct sales preference.

B. APPLICABILITY. Nothing in this section prohibits or restrains U.S. contractors from undertaking marketing efforts, entering into negotiations, or signing direct sales contracts with foreign purchasers. Such activities are controlled by munitions licensing procedures under the cognizance of the Department of State. The policy and procedures in this section are to be applied only to those instances when the DoD actually receives a request from a foreign country to purchase a specific article via FMS.

C. POLICY. The policy considerations which are the basis for the procedural guidance in the remainder of this section are:

1. Legislation. Under the Arms Export Control Act, U.S. national security objectives are the primary reason for FMS. Thus any defense article or defense service can be considered for sale under FMS to eligible foreign countries and international organizations. The procedure for considering and recognizing contractor preference for direct sales is not required by legislation, but is a process by which DoD attempts to accommodate U.S. industry preferences.

2. U.S. Government Approval of Direct Sales. An agreement by the DoD to notify a country of direct sales preference, under the provisions of this chapter, for a specific item of defense equipment does not constitute a commitment by the U.S. Government that a munitions license will be issued for a specific sale or that the use of U.S. Government owned plant and production equipment will be authorized. Likewise, disapproval of a contractor request for direct sales preference does not prevent the request and ultimate approval of a munitions license for a specific sale or approval of a contractor request to use U.S. Government owned plant and production equipment.

3. DoD Preference. DoD generally has no preference as to whether a foreign country satisfies its requirements for U.S. origin defense articles through FMS or on a direct commercial basis. The prohibition of direct commercial sale of specific items normally will be conveyed via DoD comments on contractor requests for advisory opinions or munitions licenses. DoD inability or unwillingness to designate an item for direct sales preference should not be construed to reflect DoD preference for sale of an item via FMS.

4. Concurrent FMS and Direct Negotiations. DoD components should not, except under unusual circumstances where such action is specifically approved

by DSAA, engage in comparison studies requested by a foreign government of an FMS offer versus a direct commercial sale.

5. Initiation of Direct Sales Preference Considerations. To be eligible for these procedures, the U.S. manufacturer must notify DSAA of its preference to sell a defense article on a direct commercial basis rather than via FMS. The procedures outlined herein apply only when such notification is received by DSAA and a foreign country subsequently submits a request for an FMS offer for an approved direct sales preference item.

6. Extent of DoD Commitment. The process outlined in this section is a best efforts commitment by the DoD to comply with U.S. industry preferences. Failure on the part of a DoD component to comply with these procedures will not be construed as invalidating any resultant FMS transaction.

7. Contractor Communications Concerning Specific Sales. Contractors are free to communicate with DSAA and DoD components about specific sales or negotiations. DoD will honor contractor preferences in such instances to the extent possible, taking into consideration the circumstances involved, as well as potential effects on foreign policy and national security objectives.

D. RESPONSIBILITIES.

1. DSAA Responsibility. DSAA is responsible for determining whether, within the context of this section, an article is to be designated for direct sales preference. Nothing in this section will be construed as precluding DoD from making any specific sale, even of an item which previously has been designated for direct sale preference, which is approved on a case-by-case basis by the Director, DSAA.

2. DoD Component Recommendation. The DoD component processing the foreign country or international organization request is responsible for providing a recommendation to the DSAA based upon the factors and criteria in paragraphs E and F below.

E. GUIDELINES. In determining whether the DoD will grant preference to direct commercial sales of specific defense articles and services, the following guidelines will be used:

1. Items Normally Excluded from Direct Sale Preference. In the absence of special circumstances, the following will be sold through FMS procedures if requested by the foreign purchaser and will not be considered for direct sale preference designation:

- a. Classified articles.
- b. Items provided under Cooperative Logistics Supply Support Arrangements (CLSSA) and similar non-CLSSA follow-on support sales arrangements.
- c. Surplus personal property, including MAP disposable property.
- d. DoD long supply stocks, when, in the judgment of the DoD component concerned, reduction of such stocks is desirable.

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

f. All ammunition rounds above 40mm in caliber.

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

h. All defense articles which contain as components Government Furnished Equipment (GFE) which were manufactured in a Government-Owned, Government-Operated (GOGO) facility (except as may be authorized for sale to U.S. firms under the provisions of DoDD 4175.1).

i. Any defense article normally procured by the DoD component which the U.S. producer requests be sold through FMS channels, in the absence of a known exclusive commercial licensing arrangement covering the territory in which the purchasing government is located.

j. Any defense article not normally procured or type-classified by a DoD component, when FMS is requested by a foreign government or international organization and the U.S. producer agrees, in the absence of a known exclusive commercial licensing arrangement covering the territory in which the purchasing government is located.

k. Those defense articles which could, if provided through commercial channels, adversely affect deliveries to a DoD component or FMS customers under existing contracts.

l. Any article required in conjunction with a major system sale.

m. Defense services, unless the service requires such unique technical knowledge and skills that it can only be provided by one U.S. contractor.

n. Other defense articles not directly tied to end-item support, but which are required for troop support and governed by a military specification.

2. Two or More Producers. In order to avoid any connotation of favoritism toward one producer, and to assure that other manufacturers are not omitted from consideration, the article will normally not be designated for direct sale preference if there are two or more producers who are known to be qualified and currently capable of producing the article.

3. Other Considerations. Prior to notification to the foreign purchaser of the direct sale preference for the article or service, the following must be considered:

a. Whether the purchasing country has the necessary technical and administrative capability to make a prudent purchase of the article directly from the U.S. commercial source. A known previous commercial procurement of

the same or similar article or service could be one form of evidence of this capability. A subjective assessment may be required for this evaluation.

b. Whether there is a specific government-to-government agreement approved by the Director, DSAA, or higher authority, covering such a sale or a special exemption to the direct sale preference approved by the Director, DSAA.

4. Exceptions. Both the Governments of Thailand and the Federal Republic of Germany (FRG) have requested and been granted an exception to purchase, via FMS, articles and services designated for direct sales preference.

F. PROCEDURES FOR PROCESSING INDUSTRY REQUESTS FOR DIRECT SALE PREFERENCE DESIGNATION.

1. Commercial Source Responsibility. It is the responsibility of the U.S. manufacturer to inform the DSAA Operations Directorate (DSAA-OPS), that it prefers to sell significant combat equipment (SCE) items it manufactures or services it provides on a direct commercial basis; that it is the sole U.S. manufacturer or supplier of the articles or services; and that it prefers that these articles or services not be sold via FMS. Such notification should include sufficient information to enable the DSAA to evaluate the request and, at a minimum, provide the following: specific article designation/nomenclature, military model number and national stock number (NSN) (if applicable), most recent contract with DoD (including date and number), and the cognizant MILDEP/DoD component for that contract.

2. DoD Component Responsibility. Upon receipt of a notification of direct sale preference, DSAA will query the DoD components for comments on the request. The DoD components will be asked to advise within 30 days whether the firm is the only known or possible U.S. source for the article or service and to consider other factors pertinent to the DSAA evaluation of the commercial source notification. Such factors could include:

- a. Previous contract history with that firm;
- b. Advice as to whether the firm is considered to be the sole source for the article;
- c. Information regarding other qualified commercial sources currently capable of producing the article or service;
- d. Information as to whether the article or service has previously been approved for direct sale preference;
- e. Information as to whether stocks of the article in question are in long supply;
- f. Confirmation that the item in question is in fact considered to be significant combat equipment (SCE) on the United States Munitions List; and
- g. Confirmation that the item in question is in fact solely manufactured without government furnished equipment (GFE).

3. DSAA Determination. Based on the request of the U.S. manufacturer and the information provided by the cognizant DoD component, a determination will be made by DSAA regarding whether the article or service is to be designated for direct sale preference. The DoD component will be provided an information copy of the response to the U.S. manufacturer and appropriate instructions regarding processing of requests for articles or services which have been approved for direct sale preference.

4. Semi-Annual Summary. DSAA will provide to each DoD component a semi-annual summary listing of contractor direct sale preference notifications processed. This summary listing will identify articles which DSAA considers to be eligible for direct sale preference and the applicable commercial firms. DoD components will maintain this listing on file to assist in evaluating foreign country and international organization requests for the article or service. Direct sale preference designations will normally be valid for a period not to exceed three years. Reconfirmation that the article still qualifies for this designation based on the criteria in this chapter will be accomplished prior to reinstating any previously designated article or service. Normally, the responsibility to request such a review and continued direct sale preference designation rests with either the U.S. manufacturer of the article or the U.S. contractor providing the service.

G. PROCEDURES FOR PROCESSING REQUESTS FOR DIRECT SALE PREFERENCE.

1. DoD Component Responsibility. The DoD component concerned, upon receipt of a request for FMS P&R, P&A, or a Letter of Offer and Acceptance (LOA), will screen the request against the summary listing of articles or services eligible for direct sales preference and the criteria in paragraph E above to determine if the article or service requested is considered for direct sale preference. If it is so determined, the DoD component will promptly inform the foreign purchaser of such direct sale preference and of DoD policy regarding the sale by DoD of such article or service. Such notification will normally be provided to the foreign purchaser within three weeks of receipt of the request to preclude any inference that the U.S. Government is prepared to sell the articles or services via FMS. (Text of letter or message to purchaser is at paragraph G.2.a. below.) The letter or message will be coordinated with DSAA-OPS. In the event the DoD component considers that there are important factors justifying an exception to policy in a specific case, the matter shall be referred to the DSAA-OPS for decision, together with the component's recommendation and reasons therefor. Referral to DSAA of matters requiring a decision will normally be made within three weeks of receipt of the request from the foreign purchaser.

2. Response to Requests.

a. Format. When it has been determined that a purchaser should be notified that the article or service requested is eligible for direct sale preference, a letter or message to the foreign purchaser will be prepared which states:

(Indicate commercial firm and address) has advised the DoD that it has the capability of providing the (indicate article or service) which you have requested to purchase via FMS and prefers to market it on a direct commercial basis. If a commercial transaction is

undertaken, please note that the U.S. Government makes no representation regarding the commercial firm involved, or the item or service in question regardless of the designation or nomenclature applied by the commercial firm and regardless of the service the commercial firm states it can provide. Should you still desire an FMS transaction, please advise DoD of the specific reasons why you do not wish to pursue a commercial purchase.

b. Previous Commercial History. The DoD component concerned may be aware of a previous commercial purchase or of a request by the foreign country or international organization for price and availability data from a U.S. commercial source. If so, appropriate reference to the prior purchase or current commercial negotiation should be inserted in the format set out in paragraph G.2.a., above.

c. Coordination. All transactions or correspondence between the DoD component and foreign countries or international organizations or commercial contractors relating to direct sale preference must be coordinated with DSAA-OPS.

H. NOTIFICATION OF SIGNIFICANT COMMERCIAL SALES ACTIVITY. In implementing these procedures each DoD component involved in processing purchase requests will, to the extent such activities are known, keep DSAA-OPS, the DoD component, and the SAOs or other appropriate in-country DoD representatives informed of significant commercial sales activities.

I. DOD P&A VERSUS A COMMERCIAL PROPOSAL.

1. General. Foreign governments may request LOAs after having solicited bids from U.S. contractors. LOAs should not be offered to a foreign government until:

a. The foreign government confirms that commercial negotiations have stopped and the country provides rationale for continuing with FMS.

b. DSAA and/or DoD components have established the U.S. contractor preferences regarding issuance of an LOA.

c. DSAA has determined, based on the combination of information received from the foreign government and U.S. contractor, whether to satisfy the requirement under FMS.

2. Withdrawal of LOAs. There are cases when a foreign government or international organization has requested and received LOAs and subsequently solicited bids from private industry for the same supplies and services. Such action by the foreign government does not automatically require DoD withdrawal of the LOA. However, DoD components should query the foreign government as to its intentions and express a preference for withdrawing the LOA in light of the situation of commercial quotations. U.S. contractor requests for withdrawal of LOAs should be referred to DSAA-OPS for resolution.

3. Direct Sale Preference for Individual Commercial Proposals. In the event that a request for direct sale preference designation is received by the DSAA which does not qualify for inclusion in the listing of items eligible for

direct sale preference consideration, but does identify negotiations with one or more foreign countries, consideration will be given to direct sale preference for the individual transaction in question. The U.S. commercial source must include sufficient supporting information to show that a specific request for a price quotation was received in writing from a foreign country. Such informal notifications will be listed as an appendix to the listing of direct sale preference items, but will not be considered as designating items eligible for direct sale preference consideration. These items will remain in the appendix for a period of one year. (See paragraph F.4., above.)

CHAPTER SEVEN

PREPARATION AND PROCESSING OF FOREIGN MILITARY SALES CASES

SECTION I - GENERAL INFORMATION, FOREIGN MILITARY SALES AGREEMENTS
--

A. PURPOSE. The purpose of this section is to provide background, definitions and policy which apply to Foreign Military Sales Agreements.

B. BACKGROUND/DEFINITIONS.

1. Types of Requests. Depending upon the nature of the requirement, foreign countries or international organizations may request preliminary data or an FMS agreement for the purchase of defense articles or services.

a. Planning and Review (P&R) Data. Planning and Review (P&R) data is rough order of magnitude price and availability data to be used by a foreign country or international organization solely for preliminary review and planning purposes for evaluation of the possible purchase of a defense article or service. P&R data should not be considered to be valid for use in either programming budget requests or preparation of a Letter of Offer and Acceptance (LOA - DD Form 1513). DoD components should ensure that the P&R information provided is sufficiently accurate to serve the planning purposes of a foreign country or international organization. Contract expiration dates should be verified and the foreign country or international organization then advised of data limitations. The DoD components provide P&R data to the requesting foreign country or international organization normally within 45 days after receipt of an approved request. The release of major defense equipment (MDE) or significant combat equipment (SCE) items must be approved by DSAA (approval is required prior to providing P&R data for MDE/SCE items). P&R data will not be provided on a DD Form 1513.

b. Price and Availability (P&A) Data. Price and Availability (P&A) is data which should be detailed to the degree that the information could be transferred without further modification to an LOA. In the event that the P&A information is being provided separately from an LOA, coordination with DSAA is required under the same guidelines as apply for the submission of actual LOA. An information copy of P&A data provided to all foreign countries and international organizations will be furnished the DSAA, Operations Directorate. The DoD components will provide P&A data to the requesting foreign country or international organization within 60 days after receipt of an approved request. P&A data will not be provided on an LOA unless the requestor desires an FMS LOA.

c. Letter of Offer and Acceptance (LOA). The DD 1513 LOA is the document authorized to be used by the U.S. Government to offer to sell defense articles and defense services to a foreign country or international organization. The LOA lists the items and/or services, estimated costs, the terms and conditions of the sale, and requires the signature of the representative of the foreign country or international organization to indicate acceptance.

d. Letter of Intent (LOI). There are two types of LOIs. The DD Form 2012 is used to finance procurement of long lead time items prior to the issuance of an LOA. The DD Form 2012-1 is used to finance procurement of long lead time items during the period between issuance of an LOA and acceptance by the purchasing country.

2. Categories of Items and Services.

a. Defense Articles and Defense Services. Categories of defense articles and services are identified in the International Traffic In Arms Regulations (ITAR), Part 121, "Arms, Ammunition and Implements of War." Items thus identified constitute the United States Munitions List (Reference Chapter 2, Table 2-III-1, this manual). The import and export of such items is under the control of the Office of Munitions Control, Bureau of Politico-Military Affairs of the Department of State. The munitions list is not all inclusive nor are FMS limited solely to those items.

(1) Significant Combat Equipment. Articles in those defense articles and services on the U.S. Munitions List which are preceded by an asterisk are referred to as "Significant Combat Equipment (SCE)."

(2) Major Defense Equipment (MDE). A U.S. defense article is considered to be an item of major defense equipment when it is identified as Significant Combat Equipment on the U.S. Munitions List and when the U.S. Government has incurred either a nonrecurring research and development cost for the item of more than \$50 million or the item has had a total production cost of more than \$200 million. These dollar thresholds encompass all expenditures to date, including both U.S. military services and security assistance requirements. Each DoD component is responsible for identification of MDE items under its cognizance, and for notification of MDE items to the DSAA. DoD components will notify the DSAA of applicable MDE items by providing information cited in Figure 7-I-1. Once identified as Major Defense Equipment, the item is then recorded on the Major Defense Equipment List (MDEL), which designates equipment for special scrutiny when considered for sale to foreign governments either through foreign military sales or commercial sales channels. See Table 7-I-1 for the current MDEL.

3. Standard Foreign Military Sales (FMS) Cases. Standard FMS cases are divided into Defined Order Cases, Blanket Order Cases, and Cooperative Logistics Supply Support Arrangements (CLSSAs). These cases are used to provide major weapon systems, training, design and construction services, and related defense articles and services on a government-to-government basis from the U.S. Government.

a. Defined Order Cases. A Defined Order case is one in which the items, services or training to be provided are stated explicitly on the Letter of Offer and Acceptance (DD Form 1513).

(1) A defined order case normally requires a complete price and availability study.

(2) The following types of materiel and services are normally provided through Defined Order cases:

- (a) System/Package Sales including major items and weapon systems and any related requirements to activate and operate the item or system for an initial period of time,
- (b) Munitions, ammunition and other explosives,
- (c) Transportation services,
- (d) Aircraft Ferry,
- (e) Cartridge Activated Devices/Propellant Activated Devices (CAD/PAD), and
- (f) Technical Data Packages (TDP).

b. Blanket Order Cases. Blanket Order FMS cases represent an agreement between a foreign country or international organization and the U.S. Government for a category of materiel or services (normally identifiable to one or more end items) with no definitive listing of items or quantities.

(1) Price & Availability information for Blanket Order FMS cases is not required because the purchaser normally estimates requirements and requests an appropriate case value.

(2) The customer's materiel requirements will normally be filled from procurement rather than from DoD stocks.

(3) Blanket Order cases are established to facilitate and simplify procedures for foreign purchasers.

(4) The ordering period of a Blanket Order case will normally be 12 months and will not exceed 24 months.

(5) Blanket Order cases reduce administrative lead time since requirements are submitted directly to the cognizant Military Department International Logistics Control Office (or control point) or appropriate Defense Agency.

(6) Although the materiel and services described below may be provided under Defined Order cases, these items and services lend themselves to Blanket Order FMS case processing:

(a) Spare and Repair Parts. Consumable or reparable items which become part of a higher assembly during period of use. Items are normally those listed in Allowance Part Lists, Initial Spares Support Lists, Initial Outfitting Lists, and the Provisioning Master Data Record. The case line items will identify the end item, weapon system or category of article or services for which spare or parts will be provided.

(b) Publications. The LOA for forms, catalogs, manuals, stock lists, engineering specifications, reports, books, maps, etc., required to order, maintain and support defense items and services must identify the weapon system or end item for which release of technical information is authorized. Production technical data will not be provided on a blanket order case.

(c) Support Equipment. Repair parts, assemblies, components, special tools, test equipment, supplies and/or materiel recommended and/or allocated for supply and maintenance support of a weapon or end item.

(d) Minor Modifications/Alterations Performed at U.S. Installations. Changes to an existing configuration as authorized by the DoD component concerned. The level of services must be specified in the case.

(e) Technical Assistance Services. Services in the form of technical advice or performance of actions which require the expertise of a specialist. Technical assistance services include such processes as: determining the economy and feasibility of repair; estimating the level and nature of repair to be accomplished; analyzing feasibility to update the configuration of items; determining the range and depth of spare parts needed to sustain repair at various levels; establishing failure rates and analyzing reported failure data to make adjustments. Examples are: Engineering or Technical development; Site Survey Teams; installation and checkout of major items; systems evaluation; study groups to develop such essentials as engineering requirement plans; systems integration and training programs; Program Activation Teams; and Technical Assistance Teams.

(f) Training. Formal (classroom) or informal (on the job (OJT)) instruction of foreign students by DoD components, contractors (including instruction at civilian institutions), or by correspondence courses, technical, educational, or informational publications and media of all kinds. Some examples are: established DoD management, language, technical, maintenance or supply subjects/courses. OJT is generally structured to suit individual purchaser requirements related to some form of experience which the student seeks. Contractor training is used to supplement or replace training which may not be available in the U.S. Government at the time the training is required; i.e., flight training at contractor's facilities. Correspondence courses cover the range of courses being offered by each of the military departments.

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

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

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

- (a) Classified materiel (except Air Force).
- (b) Classified publications (Navy only).
- (c) Explosive ordnance items.

(d) Major Defense Equipment (MDE) (see Table 7-I-1) and initial logistics support which is normally ordered for concurrent delivery with such items.

(e) Significant Combat Equipment (SCE).

(f) Lumber and other type commercial materiel.

(g) Nonstandard items except for medical supplies/drugs (Army only).

(h) Obsolete items (except Air Force).

(i) Technical Data Packages (TDPs).

(j) Non-MDE excess defense articles (except DLA).

c. Cooperative Logistics Supply Support Arrangements (CLSSAs).

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

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

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

NOTE: DoD Instruction 2000.8 prescribes the policies and criteria for establishing CLSSAs. Further details regarding CLSSAs may be found in Chapter 8, this manual.

C. PROCEDURES.

1. Letter of Request. An eligible foreign country or international organization which desires P&R data, P&A data or an LOA from the U.S. Government conveys that desire to the U.S. Government in a Letter of Request (LOR). Although no specific format is required for an LOR, the requestor must assure that the request is complete as indicated below:

(1) The LOR must specify what is desired -- P&R data, P&A data or an LOA.

(2) The LOR must contain the name and address of the originator and a traceable reference number (e.g., letter serial number).

(3) The articles and services requested in an LOR must be sufficiently detailed to be understood clearly and provide a firm basis for estimates by the DoD component.

(4) When LORs are received which do not meet the requirements of paragraphs (1) through (3) above, the DoD component initially receiving the request shall notify the requestor of the deficiency and hold action on the request until the information is received.

b. Channels of Submission of LOR. The Department of State has statutory responsibility for approving all requests for Foreign Military Sales to eligible countries and international organizations. To aid in the approval process, all requests for P&R, P&A, or an LOA are divided into one of two categories: "Significant Combat Equipment" as defined in the ITAR and "All Other Foreign Military Sales." The Department of State has established the following procedures for the submission of requests in each category.

(1) Significant Combat Equipment. Requests to purchase SCE, i.e., any item in an asterisked category on the U.S. Munitions List which originate in country should be transmitted by the U.S. Embassy (rather than by the SAO or similar military element of the Embassy) and should be addressed for joint action to Bureau of Politico-Military Affairs, Department of State and SECDEF/DSAA with information copies to the appropriate DoD component, Unified Command. Requests to purchase SCE which originate with purchaser country representatives in the United States should also be jointly addressed to the Bureau of Politico-Military Affairs (PM), Department of State and the SECDEF/DSAA. The following must be addressed in transmission of the request:

(a) The reason the nation desires the articles or services.

(b) How the item would affect the recipient's force structure and how it would affect the recipient's capability to contribute to mutual defense or security goals.

(c) The anticipated reactions of neighboring nations.

(d) The ability of the purchaser to operate, maintain, and support the article. Training required either in-country or in the U.S. and the possible impact of any in-country U.S. presence that might be required as a result of providing the article.

(e) The source of financing and the economic impact of the proposed acquisition.

(f) Relevant human rights considerations that might bear on the proposed transfer.

(g) Whether the U.S. Government should approve transfer of the article and reasons therefor.

(2) All Other Foreign Military Sales (NON-SCE). Requests for Foreign Military Sales, other than SCE which originate in-country should be transmitted either through the customer country's representative in the U.S., by the Embassy, or the DoD element of the U.S. country team directly to the cognizant DoD component, with an information copy to SecState-PM and SECDEF/DSAA. Requests originated by foreign representatives in the U.S. should be

sent directly to the cognizant DoD component with an information copy to the Bureau of Politico-Military Affairs, Department of State and the DSAA.

(3) Out-of-Channel Requests. Should a DoD component receive a request from a foreign country or international organization to purchase SCE, the request should be retransmitted to SecState-PM and SECDEF/DSAA for action. Should a DoD component receive a request for a Foreign Military Sale other than SCE with no indication that an information copy was provided to SecState-PM or SECDEF/DSAA, the DoD component should take immediate action to retransmit the request to SecState-PM and SECDEF/DSAA for information. Should a DoD component receive a request for other than SCE for which it is not the cognizant DoD component, the receiving component will redirect the request to the cognizant DoD component with an information copy to SecState-PM and the DSAA.

2. Responses to Letters of Request.

a. General. Depending upon the nature of the foreign country or international organization's requirements, there are two categories of preliminary data which may be requested: planning and review (P&R) data or price and availability (P&A) data. See paragraph B.1. above for a description of P&R and P&A and paragraph C.1.b. above for the channels of submission of requirements for data.

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

c. Format for P&R Data. Contract expiration dates should be verified and the foreign country or international organization advised of data limitations and such contract expiration dates. The DoD components should provide P&R data to the requesting foreign country or international organization within 45 days after receipt of an approved request. Unless the release of Major Defense Equipment (MDE) or Significant Combat Equipment (SCE) items has been approved by the DSAA previously, such release approval is required prior to providing P&R data for MDE/SCE items. P&R data will not be used to develop an LOA. The following format must be used in responding to a request for Planning and Review (P&R) data, e.g., list the:

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

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

- (3) Estimated dollar value of training, publications, etc.
- (4) Estimated accessorial charges.
- (5) Source of the data (e.g., last contract award, stock price, contractor quote).
- (6) Estimated availability of the articles/services.
- (7) Key assumptions used in developing the data. For example:
 - (a) Standard DoD Component factors were used in developing the ancillary equipment necessary to support the quantity of items requested.
 - (b) Training and publications cost estimates are based on criteria used by the DoD Component.
- (8) Key factors which will effect the above planning data. For example:
 - (a) Current contract for this item expires on (indicate date) and an LOA must be accepted by (indicate date) so that options can be added to the current contract. If an LOA is not accepted by the indicated date, the price will rise substantially and new data should be requested.
 - (b) Production line is due to phase out by (indicate date). Start-up costs would have to be applied if an LOA is not accepted by (indicate date).
 - (c) Materiel has a shelf-life of (indicate date).
- (9) Expiration date: _____ After this date, if the article/service is still under review, revised data should be requested.
- (10) Validity: The above information is not valid for purposes of preparing an LOA nor should it be used for budget submissions. It is planning information for review purposes only, to assist in your government's determination of the feasibility of requesting an LOA.
- (11) The DD Form 1513 will not be used to provide P&R data.

d. Format for P&A Data. P&A data will be prepared along the same guidelines as an LOA. In the event that the P&A information is being provided separately from an LOA, coordination with DSAA is required under the same guidelines as apply for the submission of actual LOA. An information copy of P&A data provided to all foreign countries and international organizations will be furnished the DSAA, Operations Directorate. The DoD components will provide P&A data to the requesting foreign country or international organization within 60 days after receipt of an approved request. P&A data will not be provided on an LOA unless the requestor desires an FMS LOA. P&A data should include the following statement:

- Expiration data: _____ After this date, if the article/service is still under review, revised data should be requested.

e. P&R and P&A Estimates are not Commitments. All responses for P&R and P&A data will include the following note: "The provisions of the foregoing P&R (or P&A) data does not constitute an agreement between the U.S. Government and the Government of (insert the appropriate foreign country), nor a U.S. Government commitment to provide the articles or services for which these estimates are provided."

f. Agents Fees or Commissions. Any P&R or P&A quotation which contains agents fees or commissions will be coordinated with the Management Division of the DSAA Operations Directorate before dispatch.

g. DD Form 1513 - Letter of Offer and Acceptance (LOA).

(1) Purpose. The DD Form 1513 -- Letter of Offer and Acceptance (LOA) will be used for all foreign military sales of defense articles and services (including training) and sales of design and construction services by all DoD components. Annex A of the LOA contains the General Conditions which are an official part of every offer issued.

(2) Periods of Effectiveness. The LOA will itemize the defense articles and services offered, and when executed becomes an official tender by the U.S. Government. An accepted LOA is effective until all articles offered are delivered and all services completed. LOAs for blanket order FMS cases, training cases or cases covering the provision of a continuing service (e.g., contractor administrative services or engine or component improvement programs), may provide for up to a two year's duration, provided the total value of the case does not exceed \$5 million. Exceptions to this effective period and dollar limitation require the approval of the DSAA.

(3) Acceptance. Signing of the LOA by the designated foreign official, together with applicable funding constitutes the agreement of the foreign government or international organization to the offer and constitutes a contractual commitment between the U.S. and foreign government or international organization.

h. Response to Requests Which Involve Less Than Economic Order Quantity (EOQ). When a request is received for P&R, P&A or an LOA which cannot be supplied from stock and cannot be immediately obtained from normal procurement because it represents less than an Economic Order Quantity (EOQ), the response to such requests should provide the following information to the country or international organization:

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

(2) Whether a U.S. Government procurement is planned for the near future, the anticipated price of such procurement and the anticipated delay in supply the item if the requirement were held pending such procurement in conjunction with U.S. Government procurement. All such responses to a

foreign country or international organization must be coordinated with DSAA Operations.

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

(1) Denial of requests within established policy (e.g., training courses closed to all foreign nationals; information not cleared for release; training for support equipment not in the purchaser's inventory).

(2) Notification of class cancellations for previously approved quotas.

(3) Quota requests which cannot be accommodated within desired timeframe.

(4) Senior officer courses where annual foreign participation is limited and restricted to those invited by chiefs of services.

3. Coordination of Requests for P&R, P&A, or an LOA.

(1) The Joint Chiefs of Staff and the USDR&E must be advised by the DSAA utilizing the format at Figure 7-I-2 of all new requests for P&R, P&A, or an LOA which meet the following criteria:

(a) All requests for Major Defense Equipment as defined in paragraph B.2.a.(2) above.

(b) All Requests for Coproduction or Licensing Agreements.

(2) All requests received directly by the DoD Component, which meet the criteria above must be referred to the DSAA for review with the JCS and USDR&E. This referral to the DSAA can be done simultaneously with the implementation of action by the DoD components to obtain the information requested, but in no case should response be provided to the requestor without the prior approval of the DSAA.

NOTE: All requests for information, no matter how informal the request, e.g., oral, letter, message, etc., (other than P&A requests intended to lead to the preparation of an LOA) are considered to be P&R requests and require the same channels of submission as outlined in paragraph C.1.b. above.

4. Letter of Intent (LOI) (DD Forms 2012, 2012-1, 2012-2).

(1) Types of LOI. There are two Formats for LOIs: The DD Form 2012, used to finance procurement of long lead time items prior to the issuance of an LOA; and the DD Form 2012-1, used to finance procurement of long lead time items during the period between issuance of an LOA and acceptance by the purchasing country or international organizations.

(2) Limitation of Cost or Funds. As both forms contemplate a specified dollar limitation upon the liability of the purchaser for the procurement of long lead time items, in order to comply with the requirements of the Arms Export Control Act, it is necessary that all cost-reimbursement contracts awarded to implement a LOI (procurement as well as research and development) include a Limitation of Cost or Funds contract clause (see DAR 7-203.3(a), 7-402.2 and 7-702.11). That clause may be deleted by contract amendment after the purchaser's acceptance of the LOA.

(3) Approval of the DSAA. 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. In the event that a DoD component 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 DoD component concerned shall, prior to transmitting a proposed LOI to the purchasing country, or international organization, promptly forward its recommendations to the Director, DSAA, for a decision. If an exception is made by the Director, DSAA, a modified version of the DD Form 2012 or 2012-1 will be provided to the DoD component by the DSAA on a case-by-case basis.

(4) Amendment to the LOI. 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.

(5) Sample Formats. Refer to Figures 7-I-3, 7-I-4 and 7-I-5.

RECOUPMENT OF NONRECURRING COSTS OF MAJOR DEFENSE EQUIPMENT											DATE PREPARED		
											AS OF DATE		
SECTION A													
WEAPON SYSTEM OR COMPONENT	NONRECURRING COSTS (\$ THOUSANDS)			PRODUCTION QUANTITY						RECOMMENDED PRO RATA UNIT CHARGE			PREVIOUS UNIT CHARGE
	NOTE	PRODUCTION	TOTAL	ARMY	NAVY	AIR FORCE	NAVY	DIRECT SALE	TOTAL	NOTE/PRODUCTION/TOTAL			
SECTION B													
				PRODUCTION QUANTITIES									
				ACTUAL		PROJECT ON		TOTAL					
				DIRECT SALE									
				FWD									
				TOTALS									
										Completion of Section C on reverse is required.			

FIGURE 7-1-1. Recoupment of Nonrecurring Costs on Sales of Major Defense Equipment (MDE).

SECTION C		
QUANTITY PROJECTION BREAKOUT		
MAP		
COUNTRY/ INT'L ORGN	PROJECTED QUANTITY	EXPLANATION FOR PROJECTIONS
TOTAL MAP		
DIRECT SALES		
TOTAL DIRECT SALES		
FMS		
TOTAL FMS		
TOTALS		

FIGURE 7-1-1. (Continued)

FIGURE 7-I-2

MEMORANDUM FOR THE: CHAIRMAN, JOINT CHIEFS OF STAFF
 UNDER SECRETARY OF DEFENSE, RESEARCH AND ENGINEERING

SUBJECT: Security Assistance Request for Major Defense Equipment (MDE) -
 (Insert Country or International Organization)

(* The attached request from (Insert Country or International Organization) for (Insert Identification of Articles)** which is identified on the Major Defense Equipment List in the Security Assistance Management Manual (SAMM), has been received by this Agency.

(* (Insert additional information, if required).

(* If you have any views or recommendations regarding this request, please advise DSAA by (Normally 15 days from date of this memo).

DIRECTOR/DEPUTY DIRECTOR, DSAA

Attachment
 a/s

Copy Furnished:

DUSD/RESEARCH & ENGINEERING (IP&T)
 OJCS, DIRECTOR, J-5
 DSAD/ISP (IETSP)
 Applicable Security Assistance Organization in country
 Applicable DoD component

* Normally, memos will be classified Confidential.

** This requirement applies to any request for MDE items received from a foreign country or international organization, e.g., P&A, P&R, LOA, Coproduction, License Production, or any other request which may lead to a U.S. Government commitment to provide the article or related technical information to the requesting country or international organization.

FIGURE 7-I-2. Memo -- Subject: SA Request for MDE.

FIGURE 7-I-3
United States Department of Defense Letter of Intent
(DD Form 2012)

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

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 Arms Export Control Act (AECA) 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 Annex A 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.8, B.9, and C on Annex A 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 any time 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 MAR 79

EDITION OF 1 FEB 76 IS OBSOLETE

FIGURE 7-I-3. United States Department of Defense Letter of Intent
(DD Form 2012).

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 any time 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 7-1-3. (Continued)

FIGURE 7-I-4

United States Department of Defense Letter of Intent
(DD Form 2012-1)

UNITED STATES DEPARTMENT OF DEFENSE LETTER OF INTENT	PURCHASER (Name and address)
---	------------------------------

(Purchaser's Reference)

(Our Identity)

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 Arms Export Control Act (AECA) 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 Annex A 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.8, B.9, and C on Annex A 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 any time 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
MAR 75

EDITION OF 1 FEB 75 IS OBSOLETE

FIGURE 7-I-4. United States Department of Defense Letter of Intent
(DD Form 2012-1).

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 any time 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 7-1-4. (Continued)

FIGURE 7-I-5

United States Department of Defense Letter of Intent
(DD Form 2012-2)

**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 7-I-5. United States Department of Defense Letter of Intent
(DD Form 2012-2).

TABLE 7-I-1

MAJOR DEFENSE EQUIPMENT LIST

	DSAA Approved Pro Rata Nonrecurring Cost (NRC) Recoupment Charge \$	Date NRC Charge Approved
<u>CATEGORY I - FIREARMS</u>		
Rifle, 5.56mm M-16 Series (A)	-- no charge --	
<u>CATEGORY II - ARTILLERY AND PROJECTILES</u>		
Gun, 20mm (AF)	(a)	
Gun, GAU-8, 30mm (AF)	27,881.00	22 Jun 81
Gun Pod, GPU-5/A, 30mm (AF)	60,239.00	11 Aug 82
<u>CATEGORY III - AMMUNITION</u>		
Cartridge, 20mm (A)	(a)	
Cartridge, 30mm (GAU8) (AF)	.50	
Cartridge, 40mm, HE (only) (A)	(a)	
Cartridge, 60mm, HE (only) (A)	(a)	
Cartridge, 81mm, HE (M301)(only) (A)	.04	7 May 81
Cartridge, 105mm, (APFSDS-T) M735 (A)	68.00	
Cartridge, 105mm, (M456) (A)	3.59	7 Mar 81
Cartridge, 4.2", HE (A)	(a)	
Cartridge, 4.2", ILLUM (M445) (A)	4.03	20 Jan 82
Projectile, 5"/38 CAL (N)	(a)	
Projectile, 5"/54 CAL (N)	(a)	
Projectile, 155mm, (M107) (A)	3.22	21 May 79
Projectile, 155mm, (M483/A1) (A)	2.20	2 Mar 82
Projectile, 155mm, (HE RAP) (M549) (A)	13.76	5 Feb 81
Projectile, 155mm, (CLGP) (M-712) (A)	4,152.00	17 Sep 81
Projectile, 155mm, HE, ADAM (M692) (A)	434.00	23 Nov 82
Projectile, 155mm, HE, ADAM (M731) (A)	228.00	23 Nov 82
Projectile, 155mm, HE, RAAMS (M718) (A)	229.00	23 Nov 82
Projectile, 155mm, HE, RAAMS (M741) (A)	99.00	23 Nov 82
Projectile, 175mm, HE (M437) (A)	2.33	26 Mar 80
Projectile, 8", HE (M106) (A)	.04	21 May 79

TABLE 7-I-1. Major Defense Equipment List

DSAA Approved Pro Rata Nonrecurring Cost (NRC) Recoupment Charge \$	Date NRC Charge Approved
--	--------------------------------

Projectile, 8", HE, ICM (M509) (A)	11.20	21 May 79
Projectile, 8", HE (M650) (A)	83.04	21 May 79

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

ASROC, Antisubmarine Rocket (N)	(a)	
Bomb, Anti-Armor Cluster Munition CBU-90 (AF)	3,351.00	
Bomb, Combined Effects Bomblet, CBU 87 (AF, N)	(a)	
Bomb, Cluster, TMD/Gator Mines, CBU 89 (N, AF)	(a)	
Bomb, MK-20, Cluster Bomb, Rockeye (N)	117.39	25 Mar 83
Bomb, MK-82, 500#, General Purpose (N)	3.29	25 Mar 83
Bomb, MK-83, 1,000#, General Purpose (N)	10.40	25 Mar 83
Bomb, MK-84, 2,000#, General Purpose (N)	12.80	25 Mar 83
Bomb, M-117, 750#, General Purpose (AF)	(a)	
Bomb, Guided Walleye (N)	(a)	
Fuel Air Explosive Weapon, FAE II (N)	(a)	
Gun Mount, 5", 54 MK-45 (N)	(a)	
Gun Mount, 76mm, Gun, MK-75 (N)	(a)	
Launcher, Harpoon (N)	80,562.00	
Launcher, TOW (A)	3,029.00	16 Sep 77
Launcher, MK-13 (N)	78,125.00	17 Nov 78
Launcher, PATRIOT (A)	271,268.00	18 Nov 78
Launcher, Roland (A)	324,828.00	24 Sep 80
Launcher, MLRS (A)	132,400.00	
Light, Antitank Weapon, 66mm, LAW M72 Series (A)	1.32	
Missile, Advanced Medium Range, Air-to-Air (AF, N)	(a)	
Missile, AIM-4, A-G Falcon (AF)	3,321.00	12 Mar 82
Missile, AIM-7 (Skyflash portion) (N)	820.30	7 May 81
Missile, AIM-7, Sparrow C/D/E (N)	2,733.00	
Missile, AIM-7F/M, Sparrow (N, AF)	7,646.00	2 Jun 82
Missile, AIM-9/J/P/N (AF) (Motor - 200.00)	333.00	12 Mar 82
Missile, AIM-9L (N, AF)	2,604.00	18 May 78
Missile, AIM-9H (N)	3,457.00	
Missile, AIM-9M (N)	6,368.00	25 Mar 83
Missile, AIM-54 PHOENIX (N) (Front End - 35,019) (Aft End - 36,276)	71,296.00	
Missile, AGM-45, Shrike (N, AF)	4,890.00	11 Aug 78
Missile, AGM-65A/B, Maverick (AF)	3,722.00	3 Feb 81
Missile, AGM-65D (AF)	3,811.00	

TABLE 7-1-1. (Continued)

	DSAA Approved Pro Rata Nonrecurring Cost (NRC) Recoupment Charge \$	Date NRC Charge Approved
Missile, AGM-65E (N)	(a)	
Missile, AGM-88 Harm (N)	21,248.00	20 Apr 82
Missile, Chaparral Series (A)	5,445.00	10 Nov 79
Missile, Dragon, HEAT and Practice Missiles (A)	378.00	24 Mar 80
Missile, Harpoon RGM-84 (N)	44,083.00	
Missile, I-Hawk Series (A)	7,053.00	12 Nov 80
Missile, Lance (A)	76,205.00	21 May 82
Missile, Nike Hercules (A)	(a)	
Missile, Patriot MIM-104 (A)	82,836.00	18 Nov 82
Missile, Pershing Series (A)	128,378.00	
Missile, Redeye (A)	(a)	
Missile, Roland (A)	4,422.00	24 Sep 80
Missile, RIM-7M SEASPARROW (N)	4,894.00	
Missile, Standard ARM (N)	(a)	
Missile, Standard ER RIM-67A (N)	(a)	
Missile, Standard MR RIM-66A (N)	(a)	
Missile, Stinger (A)	5,400.00	28 Jul 79
Missile, Tomahawk (N)	(a)	
Missile, TOW HEAT and Practice Missiles (A)	293.00	16 Sep 77
Missile, I-TOW (A)	487.00	3 Nov 81
Missile, M-65 Subsystem, Airborne TOW (A)	13,162.00	28 Sep 79
Rocket, 2.75" Series (A, N, AF)	.87	26 May 80
Rocket, MLRS (A)	667.00	
Torpedo, MK-46 MOD 2 (N)	8,993.00	
Torpedo, MK-46, NEARTIP Kit	3,795.00	26 Jun 80
Torpedo, MK-46 MOD 5 NEARTIP Configured	9,308.00	
Torpedo, MK-48 (N)	86,255.00	21 Jul 77
Torpedo, MK-48 ADCAP Kit (N)	103,322.00	25 Nov 80

CATEGORY V - PROPELLANTS, EXPLOSIVES AND INCENDIARY AGENTS

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

CATEGORY VI - VESSELS OF WAR AND SPECIAL NAVAL EQUIPMENT

CC - Guided Missile Cruiser (N)	(a)
DD-963 (N)	(a)

TABLE 7-I-1. (Continued)

	DSAA Approved Pro Rata Nonrecurring Cost (NRC) Recoupment Charge \$	Date NRC Charge Approved
--	--	--------------------------------

DD - Destroyer (N)	(a)	
DDG - Guided Missile Destroyer (N)	(a)	
FFG - Guided Missile Frigate (N)	3,591,379.00	18 Oct 78
LPD - Amphibious Transport Dock (N)	(b)	
LSD - Dock Landing Ship (N)	(b)	
LST - Tank Landing Ship (Newport Class)(N)	(b)	
LKA - Amphibious Cargo Ship (N)	(b)	
LPA - General Purpose Amphibious Assault Ship (N)	(b)	
MSO - Minesweeper, Ocean, Nonmagnetic (N)	(b)	
PHM - Patrol Combatant Missile, Hydrofoil (N)	(a)	
SS - Submarine, Conventionally Powered (N)	(b)	

CATEGORY VII - TANKS AND MILITARY VEHICLES

Armored Reconnaissance

Airborne Assault Vehicle, M-551 (A)	(a)	
Carrier, Armored Personnel, M-113 Series (A)	688.00	11 Sep 78
Carrier, Command Post, M-577 Series (A)	688.00	11 Sep 78
Carrier, Cargo, M-548 Series (A)	688.00	11 Sep 78
Gun, Self-propelled, 175mm, M-107 (A)	40,258.00	26 Mar 80
Howitzer, Self-propelled, 8", M-110 (A)	14,371.00	26 May 80
Howitzer, Self-propelled, 8", M-110A1 (A)	16,975.00	26 Mar 80
Howitzer, Self-propelled, 8", M-110A2 (A)	21,069.00	26 Mar 80
Howitzer, Self-propelled, 155mm, M-109 Series (A)	5,636.00	26 Mar 80
Howitzer, Med, Towed, 155mm, M-198 (A)	80,876.00	21 May 79
Mechanized Infantry Combat Vehicle, M-723 (A)	(a)	
Tank, M-48A1 (A)	1,479.00	
Tank, M-48A3 (A)	5,521.00	
Tank, M-48A5 (A)	12,849.00	
Tank, M-60A1 (A)	14,083.00	3 Mar 80
Tank, M-60A3 w/TTS (A)	31,427.00	3 Mar 80
Tank, M-60A3 w/o TTS (A)	21,939.00	3 Mar 80
Tank, M-1 (A)	166,120.00	13 Nov 81
Tank, M-1A1 (A)	207,840.00	13 Nov 81
Tank Engine, AVDS-1790 (A)	2,066.00	3 Mar 80
Vehicle, Infantry Fighting (M2) (A) (w/o 25mm Cannon)	74,715.00	25 Jun 82
Vehicle, Infantry Fighting (M2) (A) (with 25mm Cannon)	79,392.00	25 Jun 82
Vehicle, Infantry Fighting (M3) (A) (with 25mm Cannon)	73,678.00	25 Jun 82

TABLE 7-I-1. (Continued)

	DSAA Approved Pro Rata Nonrecurring Cost (NRC) Recoupment Charge \$	Date NRC Charge Approved
Vehicle, Infantry Fighting (M3) (A) (w/o 25mm Cannon)	78,355.00	25 Jun 82
Vehicle, Recovery, M-88 Series (A)	15,089.00	13 Feb 80
Vehicle, LVT7/LVTA1 Series (N)	91,426.00	20 Apr 82
Vulcan Air Defense System, M-163 and M-167 Series (A)	29,439.00	26 Mar 80

CATEGORY VIII - AIRCRAFT, SPACECRAFT AND ASSOCIATED EQUIPMENT

A-4A (N)	15,165.00	20 Oct 83
A-4B (N)	12,864.00	20 Oct 83
A-4C (N)	15,523.00	20 Oct 83
A-4E (N)	27,929.00	20 Oct 83
A-4F (N)	32,226.00	20 Oct 83
A-6 (N)	(a)	
A-7 (N) (w/o FLIR)	243,881.00	8 Apr 81
A-10 (AF) Airframe	388,786.00	12 Mar 82
A-37 (AF)	19,651.00	
AH-1S (A)	150,856.00	7 Mar 81
AH-1J/T (N)	(a)	
AH-64 (A) (after 1 Jan 84)	1,045,566.00	
AV-8B (w/o U.K. Assessment) (N)	867,373.00	26 Jun 81
C-5A (AF)	12,661,728.00	12 Mar 82
C-130 (AF)	(a)	
C-141A/B (AF)	892,254.00	12 Mar 82
CH-47 (A) (A, B, & C) (including Engine T-55-L-11A)	100,000.00	
CH-53E/MH-53E (N) (less Engine)	1,023,079.00	12 May 83
E-2C (N)	2,625,904.00	18 May 78
E-3A, U.S./NATO Standard Configuration (AF)	33,021,000.00	26 Oct 81
(Total U.S. NRC pro rata \$27.43M; Total NATO NRC pro rata \$5.59M)		
EA-6 (N)	(a)	
F-4A (N)	129,712.00	20 Oct 83
F-4B (N)	70,450.00	20 Oct 83
F-4J (N)	122,089.00	20 Oct 83
F-4E (N) (w/engine)	159,408.00	20 Oct 83
F-4G Wild Weasel (AF) (MOD only)	667,241.00	12 Mar 82
F-5A (AF)	40,000.00	1 Nov 71
F-5E	68,000.00	1 Nov 71
F-5F	207,000.00	25 Nov 75
F-8 (N)	56,859.00	12 May 81

TABLE 7-I-1. (Continued)

	DSAA Approved Pro Rata Nonrecurring Cost (NRC) Recoupment Charge \$	Date NRC Charge Approved
F-14 (N)	1,600,000.00	29 Nov 76
F-15 (AF)	1,600,000.00	29 Nov 76
F-16 (AF) (less EPG pro rata NRC \$85,000.00)	640,000.00	4 Jun 80
F-16/79 (U.S. Charge) (AF)	456,934.00	1 May 81
F-18 (N) (includes 2 engines each aircraft)	877,690.00	5 Aug 79
F-100 (AF)	(a)	
F-101B/F (AF)	(a)	
F-102 (AF)	(a)	
F-104A/B (AF)	(a)	
F-104C/D (AF)	(a)	
F-105B/D/F (AF)	(a)	
F-106A/B (AF)	(a)	
F-111A/C/D/E/F (AF)	(a)	
H-3E (N)	(a)	
H-46 (N)	(a)	
H-53 (S-65) (N)	166,029.00	27 Feb 79
KC-10 (AF)	1,176,667.00	12 May 82
KC-135A (AF)	217,034.00	12 Mar 82
OV-1 (A)	199,590.00	
OV-10 (N, AF)	41,930.00	9 Jun 78
P-3A/B (N)	382,750.00	
P-3C (N)	592,219.00	3 Jan 78
RF-4B (N)	104,566.00	20 Oct 83
RF-4C (AF)	(a)	
S-2 (N)	85,449.00	27 Aug 81
S-3 (N)	3,502,643.00	26 Jun 81
SH-2D/F (LAMPS, MARK I) (N)	(a)	
SH-60B (LAMPS, MARK III) Airframe w/o engine (see GE-401 engines for additional charges) (N)	859,636.00	15 Oct 82
SH-60B Minimum Avionics Suite (N)	366,236.00	15 Oct 82
SH-60B Mission Avionics Suite (N)	1,063,400.00	15 Oct 82
SH-60B Ship Electronics (N)	1,131,227.00	15 Oct 82
T-2 (N)	39,968.00	10 Jun 78
TA-4F (N)	28,110.00	20 Oct 83
T-33 (AF)	2,857.00	12 Mar 82
T-37 (AF)	19,651.00	
T-38A (AF)	80,972.00	12 Mar 82
UH-1H (A)	4,501.00	1 May 81
UH-1N (N, AF)	(a)	
UH-60A (A) (including 2 T-700 Engines) (Airframe only - \$169,692.00)	187,272.00	3 Oct 81

TABLE 7-I-1. (Continued)

DSAA Approved Pro Rata Nonrecurring Cost (NRC) Recoupment Charge \$	Date NRC Charge Approved
--	--------------------------------

Engines

GE-401 (N) (for SH-60B) (\$78,039.00 & \$8,790.00)	86,829.00	15 Oct 82
F-100 (AF)	221,705.00	12 Mar 82
(if sold with other than F-15/16 aircraft)		
PW 1120 (70% of F-100) (AF)	155,194.00	20 Oct 83
F-101 (A)	(a)	
F-101X (AF)	(a)	
F-107 (N)	(a)	
F-401 (N)	(a)	
F-404 (N)	53,654.00	
J-47 (AF)	2,168.00	12 Mar 82
J-52P-6A-66 (AF)	7,270.00	2 Sep 83
J-52P-8A (AF)	30,658.00	2 Sep 83
J-52P-408 (AF)	33,106.00	2 Sep 83
J-57P-6B (AF)	4,600.00	2 Sep 83
J-57P-10 (AF)	4,120.00	2 Sep 83
J-60P-3/3A (AF)	2,520.00	2 Sep 83
J-75 (AF)	28,999.00	12 Mar 82
J-79-6E-8/10 (AF)	6,400.00	8 Sep 83
J-85 (AF)	17,901.00	23 Mar 83
T-33-P-100 (AF)	(a)	
T-53 (N)	1,542.00	
T-55 (A)	6,400.00	
T-56 (N)	13,313.00	12 May 83
T-58 (N)	(a)	
T-64 (N,AF)	38,578.00	12 May 83
T-700 (A, N) (GE-700-2 each per UH-60A)	19,647.00	12 Oct 83
T-700-GE-401 (N) (additive to basic T-700 Charge)	78,039.00	15 Oct 83
TF-30 (N, AF)	43,866.00	20 Jun 79
TF-34 (N, AF)	20,705.00	12 May 82
TF-39 (AF)	441,707.00	12 Mar 82
TF-41 (N, AF)	(a)	

CATEGORY IX - MILITARY TRAINING EQUIPMENT

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

TABLE 7-I-1. (Continued)

DSAA Approved Pro Rata Nonrecurring Cost (NRC) Recoupment Charge \$	Date NRC Charge Approved
--	--------------------------------

CATEGORY X - PROTECTIVE PERSONNEL EQUIPMENT

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

CATEGORY XI - MILITARY AND SPACE ELECTRONICS

AN/SQR-18A (N)	267,069.00	
AN/SQR-19 (N)	1,349,593.00	29 Mar 82
AN/SQS-56 (N)	(a)	
AN/TCC-39 (A)	(a)	
ECM, ALQ-119 (AF)	6,138.00	9 Dec 75
ECM, ALQ-131 (AF) w/receiver \$26.970 w/o receiver	24,108.00	28 Sep 79
Engagement Control System (ECS), PATRIOT, AN/MSQ-104 (A)	548,311.00	15 Nov 82
Joint Tactical Information Distribution System, JTIDS (AF)	50,828.00	30 Oct 82
NAVSTAR Global Positioning System (GPS) (AF) (this is the User Charge which includes approximately \$1,000 NRC charge) (In FY 79 dollars to be adjusted annually)	3,800.00	
Radio, AN/ARA-54 (A)	(a)	
Radio, AN/VRC-12 Series (12, 43 through 49) (A)	70.00	
Versatile Avionics Shop Test (VAST), AN/USM-247(V) (N)	(a)	

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

Computer, Fire Control, MK1A (N)	(a)	
Close in Weapon Systems, CIWS, PHALANX (N) (per gun mount)	287,842.00	28 Oct 78
Director, Fire Control, MK51-2 (N)	(a)	
Fire Control System, MK-74, SM-1 MR Missile (N)	(a)	

TABLE 7-I-1. (Continued)

SECTION II - PREPARATION AND PROCESSING OF FOREIGN MILITARY SALES AGREEMENTS
--

A. PURPOSE. The purpose of this section is to provide specific instructions for responding to approved foreign country or international organization requests for a firm FMS offer from the DoD. It also prescribes normal processing times and allowable timeframes between release and expiration of the offers.

B. POLICY.

1. DD Form 1513 - Letter of Offer and Acceptance (LOA).

a. The DD Form 1513, LOA, will be used for all foreign military sales of defense articles and services (including training) by the Military Departments and Defense Agencies. (See Figure 7-II-1.)

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 DD 1513 contains "General Conditions" which is an official part of every offer issued. (See Figure 7-II-2.)

e. In all FMS cases involving major systems/end items, the LOA will include all complementing/supporting materiel and services as opposed to negotiating separate cases for each of these items/services. Exceptions to this requirement must have the prior approval of DSAA/Operations.

f. 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 7-II-3.)

g. 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 DD 1513-C continuation sheet with notes) are an integral part thereof. 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.

h. 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.)

i. See Table 7-II-1 for detailed instructions on the filling in of the blocks on the DD Form 1513 - Offer and Acceptance.

C. PROCEDURES.

1. The DoD Component should proceed with the development of the LOA when tasked by DSAA in the case of a request for the purchase of Significant Combat Equipment (SCE) or upon receipt of a LOR from a FMS customer or Security Assistance Organization (SAO) for other defense articles or services (Non-SCE).

2. The letter of request must be validated to insure the potential customer is an eligible FMS recipient, that the article or service sought may be sold and that the request was received through proper channels. Approval channels for LORs are included in Chapter 7, Section I, paragraph C.1.b.

3. DoD components must formally acknowledge receipt of approved LORs within five days.

4. Data cards for valid LORs must be submitted to DSAA for input into the 1200 system within ten calendar days of receipt of the request. Further information concerning the DSAA 1200 system requirements can be found in Chapter 15, this Manual.

5. The DoD component is responsible for inserting the appropriate Military Articles and Services List (MASL) line data for each line item on each LOA. Should there not be any applicable line in the MASL, it is the responsibility of the DoD component preparing the LOA to establish a line in accordance with the procedures outlined in Appendix E, this Manual. The LOA will not be processed and will be returned to the preparing component if line items are not in the MASL or if they contain incorrect MASL data.

a. Identification of End Items. The LOA will contain a separate line item for each generic item that is measured in quantities; e.g., AH-1 Helicopters, F-15 Aircraft, 155mm Ammunition, Harpoon Missiles.

b. Identification of Dollar Items. The LOA will group generically into a single line item dollar-denominated lines such as spare parts and training, to the extent that common generic codes apply. For example, a series of tool kits with identical National Stock Number and generic codes should be aggregated under a single line in the LOA.

c. Use of Sub-Case Identifier Systems. Sub-cases may be used as separate line items to the extent that they are compatible with the MASL breakout and reporting by generic code identification. End items which are identified by separate generic codes shall not be commingled with dollar-denominated items with a different generic code.

6. DoD components will process LOAs which meet the thresholds for reporting to the Congress in accordance with Section IV of this chapter.

7. Maximum processing time between the receipt of a request for a LOA and its submission or Amendment thereto to DSAA for coordination and/or countersignature is sixty (60) days. Earlier response will be made whenever possible.

8. DD Form 1513 - Information Conveyed.

a. General. The LOA, when signed, is an official agreement between the United States and the purchasing country or international organization regarding terms and conditions pertaining to furnishing certain goods or services. As such, the DD Form 1513 and its enclosures must provide sufficient detailed information so as to make clear the obligations of the United States and the Purchaser. The type and amount of information which must be conveyed will vary depending on the nature of the sale. However, at least some information which is supplemental to the preprinted "General Conditions" of Annex A of the DD Form 1513 must be provided for each sale. The normal method of accomplishing this is in the form of explanatory "Notes" which are cross-referenced to the line item information included on the face of the DD Form 1513. Inclusion of this information as a complete package within the LOA, rather than orally or by separate correspondence, reduces misunderstandings regarding FMS Case commitments.

b. Supplemental Information and Coordination for LOAs.

(1) Checklist. Table 7-II-7 provides a summary of supplementary information which must either be addressed or considered when the LOA is developed. The chart indicates that information must be provided to purchasers in the form of Notes or Supplemental Terms and Conditions, depending upon the nature of the articles 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". In addition, the Checklist shown in Table 7-II-8 may be used for the coordination of selected LOAs.

(2) Transportation Instructions.

(a) Related Chapters. Refer to Chapter 8, Section IV, this Manual, for detailed transportation information and Chapter 5 for export licensing and customs clearance requirements.

(b) Understanding Between the U.S. Government and the Purchaser of Method of Shipment. There must be clear understanding between the U.S. Government and the purchaser as to where and how the materiel purchased 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, or by the use of codes prescribed in DoD Directive 4140.17-M). However, supplementary instructions are required to enable purchasers to fill out Blocks (33) and (34) properly. DoD 5105.38-D (MAPAD) identifies transaction instructions furnished by the Defense Logistics Agency (DLA) to meet this need; it should be used by all DoD components as a guide.

(c) Method of Transportation. It is DoD policy that to the extent possible, FMS recipients should be self-sufficient in transportation of their materiel. The normal method of movement of FMS materiel is by commercial carrier to the freight forwarder designated by the purchaser. Exceptions to the basic DoD FMS self-sufficiency policy should be noted on the DD Form 1513 on a case-by-case basis and approved by DSAA with concurrence of

ASD/MRA&L. Normally, firearms, explosives, lethal chemicals, other hazardous materiel and occasionally, classified materiel are moved within the DoD Defense Transportation System (DTS). Air cargo that exceeds commercial capability is also delivered through DTS. Any other exceptions must be specifically approved by the 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 LOA. 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 would justify the commitment of DoD transportation assets. Upon approval, the extent of authorization must be clearly delineated in the supplementary conditions in the LOA. This would include identification, by specific item, when certain items in the LOA are to be shipped via the purchaser's freight forwarders.

(d) Articles Returned to U.S. Facilities. The transportation of materiel to U.S. facilities for repair and return is normally the responsibility of the FMS purchaser. Use of the DTS for such materiel will be authorized only in exceptional situations. The factors, criteria, and approval channels summarized in paragraph 8.b.(2)(c) above for authorizing the use of the DTS also apply to such authorizations for the repair and return of foreign country owned materiel. Table 7-II-2 provides instructions for completing the transportation related blocks of the LOA for repair and return FMS cases. It is the responsibility of the cognizant DoD component to assure that the LOA for the repair and return of materiel is complete and provides all information required by the purchaser. A complete CONUS address for return of each item or category of items must be identified in the LOA.

(e) Aircraft Transportation. In the interests of public safety, the following policy is established for the materiel condition of U.S. aircraft prior to delivery. The FMS purchaser should advise whether aircraft will be delivered by commercial ferry service (arranged by the customer), DoD ferry, or surface transportation. Sales agreements will contain the stipulation that delivery will be made only under one of the following conditions:

1. Flights Delivery/Ferrying. In the event flight delivery of the aircraft is desired by the purchaser, the aircraft must be placed in safe operating condition consistent with established standards of the military service of origin or Federal Aviation Administration (FAA). Required maintenance may be done through negotiation with the service of origin or a commercial FAA certified facility, and all costs will be borne by the purchaser. Aircraft will be released for flight only after an inspection by the service or origin has determined that the established military service standards have been met except where the purchaser elects to have maintenance performed in an FAA certified facility, in which case release will be accomplished by an FAA or service of origin inspection, as appropriate. See Tables 7-II-3 and 7-II-4 for additional terms and conditions for aircraft ferrying. These terms and conditions are provided for illustration and may be amplified to comply with specific sale requirements.

2. Surface Transportation. Aircraft not to be restored to the criteria in paragraph 8.b.(2)(e) above will be sold with the understanding that they will be delivered to destination by surface transportation only.

3. Additional Terms and Conditions. Additional terms and conditions for transportation and services which may apply in certain cases are at Table 7-II-5.

(3) Delivery Schedule of Items. Block (18) of the DD Form 1513 provides the appropriate leadtime from the date of LOA acceptance 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.

(4) Qualifications Regarding Price and Availability Data. There must be as clear an understanding as possible of the limitations of the validity of data included in the LOA; much of the general conditions 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 LOA.

(a) Any deviations or substitutions to quantities or equipment which was included in the foreign country or international organization request for LOA, with explanation for the deviation or substitution.

(b) The last date of validity of either price or availability data included in the LOA, 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 U.S. Government (e.g., the selection of the equipment for U.S. forces).

(5) 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:

- (a) The number of personnel who will perform the task.
- (b) Planned date of arrival in-country.
- (c) In-country destination and "home station."
- (d) Extent of in-country travel required to perform the mission.
- (e) Planned duration of stay in-country, and planned departure date.

(6) Agreements Regarding Status or Facilities for U.S. Government or Contractor Personnel While in the Host Country.

(a) General. The LOA 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 military department concerned should be consulted to provide the salient agreements which protect that status of U.S. personnel in a given country.

(b) Sample Terms and Conditions. Table 7-II-6 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. 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.

(c) Statement of Facilities, Services, or Personnel to be Provided by the Purchasing Country. Table 7-II-6 also provides examples of certain actions which must 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 U.S. Government and the purchasing nation be clearly and completely delineated as a part of the LOA or its attachments.

(7) Memorandum of Understanding or Statement of Work. Major FMS undertakings may call for a Memoranda of Understanding (MOU), or detailed Statements of Work (SOW), before they can be undertaken by the U.S. Government. Such documents should be made an integral part of the LOA by reference on the DD Form 1513 and, where appropriate, should be attached to thereto.

(8) Schedules of Personnel Training.

(a) Schedules Included in DD Form 1513. LOAs which call for training of foreign personnel, should include firm scheduling of personnel into specific training courses. When this is not feasible, LOAs should set forth training plans and schedules in general terms, and should include information required to arrange for definitization of specific training requirements at a later date.

(b) Purchasing Nation's Responsibilities. LOAs must specify purchasing nation's responsibilities such as providing pay and allowances, housing, qualified students, and any required supervision thereof.

(c) Blanket Order Cases. Blanket Order LOAs for training will include "Notes" to explain scope of coverage, methods for definitizing and requesting specific courses, and duration of applicability of the case. Such cases may be written for up to two years duration, provided the total value of the case does not exceed \$5 million, unless an exception is approved by the DSAA.

(9) Logistics Information.

(a) Notes to DD 1513. The sale of weapons systems normally requires the establishment of understandings between the U.S. Government and the purchaser regarding logistics arrangements and support. This subject must be addressed in the "Notes" to the LOA to delineate U.S. Government responsibilities, specify the type of equipment being provided, identify

subsequent actions which must be taken by both the U.S. Government and the purchaser, and occasionally to advise the purchaser of the nature of procurement action which will be taken.

(b) Configuration. LOAs will specify the configuration of equipment being sold, but will furnish detailed equipment specifications only if required. Variations from standard U.S. Government 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 U.S. Government.

(c) Logistics Conferences or Site Surveys. LOAs will include the requirement for, and scheduling of logistics conferences or site surveys for the purpose of definitizing procurements of spare parts and support equipment, when applicable.

(d) Concurrent Spare/Repair Parts. The DoD components authorized to make offers will assure that at least a one-year supply of "in-country" concurrent (initial) spare/repair parts, through fourth echelon requirements at U.S. peace-time usage rates, shall be included with equipment being offered. Such spare and repair parts packages should be identified by category and total value rather than by item. Normally, pricing of individual repair parts is not done.

(e) Spare Parts Support Availability. For offers of MDE items, the purchaser will be advised of the estimated period that U.S. Government spare and repair parts support will be available, providing that a termination of such support can be identified.

(f) Sole Source Procurement. If the purchaser has specifically requested that procurement of a particular item is to be provided from a sole source, the designation will be addressed in the "Notes" to the LOA. (See Chapter 8, Section II, paragraph B, for Sole Source Procurement Provisions.)

(g) U.S. Government Intent for Maintenance Support Plans. Any U.S. Government intent to develop logistics or maintenance support plans will be specified in detail.

(h) Basis for Logistics Support Cost Estimates. The basis upon which logistics support cost estimates are made will be specified. These should include the period of support of initial spares and repair parts package, operational deployment of equipment, level of maintenance to be accomplished by the purchaser, and number of maintenance sites.

(i) Critical Long Lead Items. Insofar as possible, the LOA 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 logistics support of the weapons system by its scheduled delivery date.

(10) Financial Information. (Also refer to Section III, this chapter.)

(a) Financial Annexes.

1. Purpose. The Financial Annexes specify the purchaser's projected payment dates and amounts, and describe the interface of the payment schedule with the FMS billing system. Through the use of such annexes any misunderstandings are eliminated as to when payments are to be made to the U.S. Government. Annexes also provide budgetary planning data for the purchaser. Budgetary planning, like all planning, has an inherent element of uncertainty; however, the data provided by the annexes reduces the level of uncertainty.

2. Payment Schedule Requirement. Each financial annex for LOAs financed under "Terms of Sale" of dependable undertakings or FMS credit will include a payment schedule. This payment schedule will:

a. Include specific calendar dates when each payment is anticipated.

b. Include specific amounts due on each calendar date. These amounts will be equal in total to the amount reflected in the estimated total cost block (26) of the LOA for the case involved.

(11) Condition of Equipment.

(a) Condition Must be Specified. The LOA must include information which makes clear the condition of any equipment furnished from U.S. Government inventories; the purchaser must not be surprised or disappointed if receiving equipment is in less than "like new" condition. Any known limitations in condition must be specified in the LOA, using codes set forth in Annex A of the DD Form 1513.

(b) "As-Is, Where-Is" Materiel.

1. Inspection. It is highly recommended that a purchaser inspect, in advance of receipt of a LOA, major items and quantities of excess equipment being sold in "as-is, where-is" condition. It also is recommended for the U.S. Government to obtain written acceptance of the condition of the equipment as a result of this inspection. Any such acceptance should be noted in the LOA.

2. Present Condition. The condition of equipment sold "as-is, where-is" should be identified by Condition Codes (e.g., R-4), and the LOA should include a short note of what Condition Codes indicate.

3. Repair Costs. The LOA must specify that the cost of any repair/rehabilitation of excess items is not included in the "as-is, where-is" price.

(12) Identification of Equipment to be Supported. LOAs for all requisition cases (whether a Cooperative Logistics Supply Support Arrangement (CLSSA), FMSO II or blanket order) must specifically identify the major items of equipment being supported by the case.

(13) Description of Services to be Provided. There must be a clear and comprehensive understanding of the extent and limitations of the obligation undertaken by the U.S. Government 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 U.S. Government reservations or qualifications as to success of the project.

(14) Single Selling Price. It is DoD policy to provide a single unit price for articles offered under FMS. It is not normal FMS practice to provide a detailed description of the components of cost included in estimated prices for line items on LOAs. There may be instances where the provisions of such information is desirable to clarify the service to be provided. For example, 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. Furnishing any cost breakouts beyond a single unit price requires the DSAA approval.

(15) Royalties and Non-Recurring Cost (NRC) Recoupment Charges. FMS cases will not normally be established for the sole purpose of collecting either royalties or pro rata nonrecurring cost recovery charges. FMS cases that sell a Technical Data Package (TDP) must include an obligation for the purchaser to pay the U.S. Government a royalty charge to be made per unit of production which may be fixed subsequently by a DD Form 1513-1. However, pro rata nonrecurring cost recoupment charges assessed for articles sold under FMS will be included in the unit price of the end item being sold and will not be shown separately. Due to inclusion of sensitive U.S. technical production information, data regarding U.S. Government cost pool and production quantities used to determine NRC recoupment charges will not be released to foreign governments, international organizations, or domestic requesters.

(16) Responsibility for Initiation of Requisitions.

(a) Identification of Responsibility. There must be clear understanding between the U.S. Government and the purchaser as to which party will initiate requisition actions required for spare parts and similar type support.

(b) Instructions for Purchaser. The LOA 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.

(c) Repair and Return. The LOA will also contain sufficient disposition instructions for articles (owned by the purchaser) being returned by the purchaser to the CONUS for maintenance and repair services. To the extent possible, purchasers will be encouraged to provide estimated repair schedules for inclusion in the LOA.

(17) Indemnification and Assumption of Risk.

(a) Indemnity Clauses.

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 MILDEP concerned when it appears that special circumstances of individual purchases require an expansion of indemnity clauses.

2. If additional indemnity clauses are required for transportation, Tables 7-II-3 through 7-II-5 provide the pertinent clauses which should be used.

(b) Ammunition Sales. When a sale of ammunition is requested, DoD components should include the following note on the LOA:

NOTE: The U.S. Government is a self-insurer, and in this connection your attention is invited to Conditions A-1 and A-2 of Annex A to this Offer and Acceptance. DoD shall employ the same inspection procedures for this ammunition as would be used in the procurement of this type of ammunition for itself. Lot production of ammunition, however, carries risks associated with the ammunition's resultant performance. This risk is assumed by the U.S. Government in procurement for its own use, and this risk is also assumed by the purchaser in procurement for its use under this Offer and Acceptance. Accordingly, financial restitution will not be made for claims made on SF 364 Report of Discrepancy (ROD) (see Condition B-6 of Annex A) for ammunition deficiencies unless such claims involve damage due to U.S. Government actions with respect to compliance with applicable inspection criteria and procedures, or U.S. Government actions with respect to packing, crating, handling, or transportation, or unless the U.S. Government can obtain equal restitution from its contractor.

(18) Absence of Specific Information.

(a) Requirement for Special Notes. LOAs are sometimes prepared either at purchaser request or in U.S. Government interest, before specific details to provide all information covered in the foregoing paragraphs are known. In such cases, "Notes" to LOAs will include general coverage of this information and an estimate of when specific information on these topics can be provided to the purchase.

(b) Follow-on Communication. The LOA should include information sufficient to establish follow-on channels of communication between the purchaser and the U.S. Government component responsible for implementing the FMS case.

(19) Patent Rights. In the event that an individual, commercial entity or foreign country should assert ownership of a foreign patent on an item intended for sale or being sold under FMS, and there are reasonable grounds for the belief that a purchasing country or international organization may be subjected to a possible claim for foreign patent infringement, the DoD components in coordination with the DSAA, are authorized to make such a sale, provided a note is added to the LOA for the FMS case advising the purchaser of the existing allegation of a foreign patent right. The note should read substantially as follows: "(Name of individual, commercial entity or foreign country, and address,) has alleged rights in certain components of the (Name of FMS item) offered herein. In this connection, the Purchaser's particular attention is invited to Conditions A.3 and C.1 on Annex A to the DD Form 1513."

(20) Security Assurances. The following should be included as a note in all LOAs:

In addition to the assurances contained in Annex A, Paragraph B.9 of this Offer and Acceptance, the Purchaser certifies that it will maintain the security of any classified material/information (to include articles, plans, designs, specifications and technical data) described in this Offer and Acceptance commensurate with existing security agreements between the U.S. Government (USG), and the purchaser. If such security agreements do not exist, the purchaser certifies that: (a) classified United States Government material/information furnished under this Offer and Acceptance will be afforded a degree of security protection at least equal to that afforded it by the U.S. Government; (b) such classified material/information will not be provided to anyone not an officer, employee, or agent of the purchaser, except as specified in this Offer and Acceptance, without the approval of the USG; (c) the material/information will be used only for the purpose specified in this Offer and Acceptance; (d) the purchaser will promptly and fully inform the USG of any compromise, or possible compromise, of U.S. classified material/information furnished pursuant to this Offer and Acceptance; and (e) classified material/information will be provided only to those individuals having an adequate security clearance and a specific need to know in order to carry out the LOA program. The purchaser further certifies that if the U.S. classified material/information is to be furnished to its contractor pursuant to said Offer and Acceptance: (a) such material/information will be exchanged through official government channels; (b) the specified contractor has been granted a facility security clearance by the purchaser at a level at least equal to the classification level of the U.S. information involved; (c) all contractor personnel requiring access to such material/information have been cleared to the appropriate level by the purchaser; and (d) the purchaser will assume responsibility for administering security measures for the protection of such material/information while it is in the possession of its contractor. Additionally, if a commercial transportation agent or freight forwarder is to be used for shipment, the purchaser certifies that such transportation agent or freight forwarder has been security cleared at the appropriate level for handling of classified material.

c. Documents to be Included with DD Form 1513.(1) Financial Analysis.

(a) Purpose. The purpose of an analysis is to permit all approval echelons a review for completeness and accuracy of financial data. The Financial Analysis will accompany the Letter of Offer or amendment throughout the coordination cycle but will not be submitted to the prospective purchaser. The DSAA Comptroller will provide a copy of the Financial Analysis and LOA to the Security Assistance Accounting Center (SAAC) after counter-signature.

(b) Requirement. All LOAs and proposed amendments for the sale of end-items or services must be accompanied by a Financial Analysis for each line item which contains one or more of the following:

1. Pricing based on supply from excess or non-excess stocks, when no replacement is required.
2. Nonrecurring RDT&E and/or production costs.
3. Asset use charges (including contractor rental payments for U.S. Government-owned plant and production equipment).
4. A total value of \$14.0 million or more.

(c) Exceptions. A Financial Analysis is not required for the following:

1. Individual line items of \$50,000 or less.
2. Line items where the only applicable cost factor from paragraph c.(1)(a) above is the 1.0 percent asset use charge applicable to issues from stocks.
3. The Financial Analysis is not required for training, services, or secondary/stock fund items.

(d) Data Required. The following information will be included:

1. Case designator, line item and complete descriptive data relative to the item or service.
2. Source of the article. Examples are:
 - a. Excess inventory.
 - b. Inventory (without replacement).
 - c. Inventory (replacement with same item).
 - d. Inventory (replacement with improved item).

- e. Production.
- 3. Source of price estimates. Examples are:
 - a. Prime contractor quote.
 - b. Prime and Government Furnished Equipment (GFE) contractor quotes.
 - c. Standard Price.
 - d. DoD component estimate without contractor participation, ^{1/}, based on recent sale or similar experience, or in accordance with DoD Instruction 7290.3M.
- 4. 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 DoD component certification of reasonableness in accordance with DAR 1-505 and DAR 6-1305.2 must be attached. If the fee cannot be or has not been certified as reasonable, the DoD component notification or proposed notification to the foreign country or international organization should also be attached for information or coordination. See Chapter 8, Section II, paragraph C, this Manual, for further guidance.
 - 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 DoD 7290.3-M.
 - e. Asset use charge as described in DoD 7290.3-M.
 - 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.

^{1/} In this connection, notice should be taken of Section 6-1303.1 of the Defense Acquisition Regulation (DAR) concerning the participation of the procuring contracting officer in the preparation of P&A Data and that the provisions of this section are complied with.

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.

5. Sources of data used to make any of the above adjustments and their application to the case.

6. A comparison of LOA prices with budgeted or on-going DoD component procurement prices, e.g., the Selected Acquisition Report (SAR).

7. Source for Schedule of Payments.

8. A comparison of LOA prices with all other LOAs prices for the same item within the previous twelve months. This comparison should not be limited to sales within the same region.

(e) Format. Figure 7-II-4 is a suggested format for use in presenting required Financial Analysis data. The format may be modified to meet the needs of the individual DoD components. 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.

(2) Termination Liability Data to be Included with Selected Letters of Offer.

(a) Offers of \$7 Million or More. LOAs and Acceptance (DD Form 1513) and amendments thereof with a value of seven million dollars or more will be accompanied by a termination liability worksheet as part of the required financial analysis when the LOA is submitted to the DSAA for counter-signature. The purpose of this worksheet is to provide the Director, DSAA with information concerning the implementing agency's determination of and plan for the collection of an appropriate amount of funds to cover the liability that would accrue to the U.S. Government should the sales agreement be terminated prior to normal completion. This worksheet is for internal management purposes and normally will not be furnished to the purchaser of the defense article or service.

(b) Information to be Included. The following information will be included on the worksheet:

1. Deposit Date. Normally quarterly, in accordance with the schedule of payments.

2. Total Payment. Amount required to be deposited for both disbursements and reserves.

3. Estimated Disbursements. Anticipated payments to contractors or suppliers during the period covered by the scheduled payment (i.e., the next 3 months after payment date).

4. Contractor Holdback. Amount earned by contractors or suppliers during the period but held back to ensure future performance.

5. Termination Reserve. Amount required to cover liability should the contract be terminated during the period.

6. Remarks/Computations. Appropriate comments concerning the methodology by which the data was determined.

(c) Format for Use. Figure 7-II-5 presents a format for use in presenting this termination liability reserve information. Entries for each date should show both the quarterly transactions and the cumulative totals.

(d) Exclusions. These instructions do not apply to any cases for CLSSA (FMSO I and II), spare parts requisitions, training, and other equipment or services to be provided from Department of Defense inventories, or those programs for which termination liability prepayment requirements have been waived by the Secretary of Defense.

(3) Nonrecurring Cost (NRC) Recoupment Summary. A data sheet in the format of Figure 7-II-6 will be included with all LOAs to identify whether NRC Recoupment Charges are included in the LOA. DSAA will review this information and forward a copy to SAAC for info and retention.

9. Review and Coordination of LOAs.

a. DoD Component Coordination. All LOAs should indicate a coordination by the comptroller and legal counsel of the appropriate DoD component.

b. DSAA Operations Directorate Coordination Function. The Operations Directorate (DSAA/OPS) is the point of entry in the OSD for coordination of FMS actions (P&R, P&A, LOAs, Amendments, Notices, and Letters of Intent), when DSAA coordination is required before countersignature. The Operations Directorate is also responsible for obtaining coordination of appropriate OSD staff elements, as well as obtaining coordination from the DSAA Comptroller. This coordination is separate from the countersignatures required for all LOAs, amendments and applicable notifications. Countersignature does not constitute DSAA/Operations coordination.

(1) Significant Combat Equipment (SCE), and Articles or Services of a Critical or Special Nature. DoD components will submit Letters of Offer for SCE and for those articles or services of a critical or special nature, to the Operations Directorate, DSAA, for approval prior to submission to the Comptroller, DSAA, for countersignature and onward processing to the purchaser.

(2) Additional DD 1513's Which Require DSAA Approval. Additional LOAs which require Operations Directorate, DSAA, coordination are those:

- (a) for \$10 million or more, and all amendments which increase the value of a case by \$50,000 or more.
- (b) for which the terms of payment are FMS credit or MAP funds.
- (c) for items containing a nonrecurring cost surcharge as an element of cost of the items when the surcharge requires the approval of the DSAA as prescribed in DoD Directive 2140.2.
- (d) for items or services which are not standard in the DoD inventory or for which new development effort is included as an element to be procured.
- (e) involving the sale of Technical Data Packages or similar technical data.
- (f) including agent's fees.
- (g) quoting firm prices for articles being supplied from DoD stocks.
- (h) for initial introduction of MDE/SCE items into a country or region.
- (i) any LOA, amendment or modification which provides for the sale of SDAF assets.

10. Countersignature.

a. Processing. After any required Operations Directorate, DSAA, approval of the LOA has been obtained, (and, in the case of Section 36(b) actions, the Congressional review period is completed), DoD components should forward to the DSAA-Comptroller, FMS Control Division, the original plus two copies (three copies if it is a credit or MAP funded case) of the signed LOA for countersignature prior to release to the purchasing country. The DSAA-Comptroller and the SAAC will take action to process and record appropriate extracts of data from the DD Form 1513 into the DSAA FMS Data Base. Countersignature and DSAA Operations Directorate coordination are separate and distinct requirements. Countersignature does not constitute DSAA coordination or DSAA concurrence with all aspects of the LOA.

b. Return to Preparing DoD Component. Subsequent to processing, the DSAA Comptroller will: countersign the LOA and return the original copy of the LOA to the preparing DoD component for further processing to the prospective purchaser; forward a copy to the SAAC with the termination liability worksheet and financial analysis, if applicable; and retain a copy in order to enter the appropriate information into the automated data processing system.

11. Incomplete Documentation. FMS transactions submitted for DSAA Operations Directorate coordination or countersignature which do not include the proper documentation will be returned to the appropriate DoD component without coordination. If the urgency of the situation requires processing without waiting for the required documents, the matter should be referred to the Director or Deputy Director, Operations Directorate, DSAA.

12. DD Form 1513 - Duration of Offer.

a. Expiration Date on Offer - Standard. Each Letter of Offer (DD Form 1513) will include the date upon which the offer expires. DoD policy is

to allow the purchaser no more than sixty (60) days between the date of issue of the Offer or Amendment and its expiration date. When the Letter of Offer is forwarded to the DSAA, for coordination and/or countersignature, the date of the Offer (Block 7) should be completed along with the signature and typed the name and title of the DoD component authorized representative. Additionally, Block 8 of the Offer should contain an expiration date of 85 days after the date placed in Block 7 of the Offer. This 85 day period permits a 60 day review period for the country and a 25 day period for the administrative processing required for countersignature and for DoD component issuance of the LOA or Amendment to the purchaser.

b. Expiration Date on Offer - Exception. If a shorter expiration period is required because of (1) the validity of contractor quotes comprising the P&A information included on the Offer or Amendment, or (2) the time sensitivity of any information included in the Offer, then the shorter expiration period should appear on the LOA, and a note placed on the Letter of Offer which explains why the expiration period is less than 60 days. Offer expiration dates in excess of 85 days require the DSAA approval.

13. Acceptance of Offer. The purchaser should complete the acceptance portion of the DD Form 1513. The form should be signed, dated, and the copies forwarded to the MILDEP and three copies to the Security Assistance Accounting Center (SAAC) along with any required initial deposit before the expiration date listed on the offer.

a. Requests for Extension. Requests by the purchasers for extensions to expiration dates will be honored only after a full review by the preparing agency to insure that all data included in the Offer remains valid. The foreign country or international organization should be advised of the new expiration date via message from the preparing DoD component along with authorization to make a pen and ink change to the expiration date listed on the LOA or amendment. The SAAC and the DSAA should be provided an information copy of the message. All concerned should be advised of the consequence of extensions. Normally, the greater the period of time between offer and acceptance the greater the likelihood of decreased accuracy of the P&A data contained in the LOA.

b. Implementing Agency (IA) Notification of Acceptance. Upon the receipt of each accepted LOA, the initiating MILDEP will provide a copy to the DSAA FMS Control Division.

c. SAO Notification of Acceptance or Rejection. Each Security Assistance Organization (SAO) will immediately advise the DSAA-Comptroller, the SAAC, and the MILDEP issuing the LOA by priority message when each LOA has been accepted or rejected by the foreign country or international organization. In those instances when the LOAs are processed by the foreign country or international organization not served by SAOs, the LOA will have an annotation requiring the signature authority to immediately notify the DSAA-Comptroller, the SAAC, and the appropriate issuing organization by message when the LOA is accepted by an authorized representative of the purchaser. Each message must contain the date of acceptance. Within five calendar days of acceptance or rejection of the offer, the DSAA, the SAAC, and the issuing organization must be notified. If such notice is not received within ten

calendar days after the expiration date, the LOA, even though accepted, will be automatically cancelled.

d. Requests for Revisions of LOAs. All requests for revisions (prior to acceptance) to the LOA which result in increases to the FMS case value or increases in scope must be submitted to the DSAA-Comptroller (ATTN: FMS Control Division) for approval.

e. Pen and Ink Changes - DD Forms 1513 and 1513-1. "Pen and Ink" changes are modifications to a DD Form 1513 or DD Form 1513-1 authorized by the issuing DoD components prior to acceptance of the document. "Pen and Ink" changes should be avoided to the maximum extent. The change may be at the request of the purchaser or initiative of the issuing DoD component. The issuing agency must authorize the pen and ink change by message or letter to the purchaser with a copy to SAAC. If the change authorizes any revision of unit or total costs, the DSAA-Comptroller, FMS Control Division must concur and be furnished a copy of the authorization. Extensive changes should be made by issuance of a new DD Form 1513 or a DD Form 1513-1 rather than by a pen and ink change.

f. Receipt and Recording of Acceptance. When the LOA is accepted, distribution will be made in accordance with the instructions contained in the LOA. In addition, the applicable MILDEP is responsible for furnishing a signed copy to DSAA/Comptroller (ATTN: Data Management Division).

14. Addresses of Military Department Central Activities Responsible for FMS Transactions.

- a. Army: Department of the Army
U.S. Army Security Assistance Center
5001 Eisenhower Avenue
Alexandria VA 22333
- b. Navy: Department of the Navy
Chief of Naval Operations (OP-63)
Washington DC 20350
- c. Air Force: Department of the Air Force
Director of Military Assistance
and Sales (AF/PRI)
Headquarters, U.S. Air Force
Washington DC 20330

FIGURE 7-II-1

United States Department of Defense
Offer and Acceptance (DD Form 1513)

UNITED STATES DEPARTMENT OF DEFENSE OFFER AND ACCEPTANCE				(1) PURCHASER (Name and Address) (Zip Code)				
(2) PURCHASER'S REFERENCE		(3) CASE IDENTIFIER						
OFFER								
<p>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, the Offer and Acceptance.</p>								
(4) Signature (US Dept./Agency Authorized Representative)				(8) CounterSignature (Officer of the Comptroller, DCAA) (Date)				
(5) Typed Name and Title				(9) Typed Name and Title				
(6) ADDRESS				(11) DCAA ACCOUNTING ACTIVITY				
(7) DATE								
(8) THIS OFFER EXPIRES:								
<p>NOTE: This offer must be accepted not later than the date shown in block 8. Within five (5) days of its acceptance, you must notify the Officer of the Comptroller, DCAA, Oklahoma. This Offer is conditional and retention of initial deposit by offeror pending disposition instructions shall not be deemed a waiver of such conditions. It is your responsibility to check for any amendments to this offer by purchase.</p>								
FORM OF NO 110	ITEM DESCRIPTION (including item number if appropriate) 120	QUANTITY 130	UNIT OF MEAS 140	ESTIMATED		ARMY UNIT AND SYMBOLS 150	OFFER BY LEASE CODE 160	IN VENTORY TAGS CODE 170
				UNIT COST 180	TOTAL COST 190			
(21) ESTIMATED COST				0				
(22) ESTIMATED PACKING, CRATING, AND HANDLING COST				0				
(23) ESTIMATED GENERAL ADMINISTRATIVE COSTS				0				
(24) ESTIMATED CHARGES FOR SUPPLY SUPPORT ARRANGEMENT				0				
(25) OTHER ESTIMATED COSTS (Specify)				0				
(26) ESTIMATED TOTAL COSTS				0				
(27) TERMS				(28) AMOUNT OF INITIAL DEPOSIT - 0				
ACCEPTANCE								
(29) I am a duly authorized representative of the Government of _____ and upon behalf of _____ and Government, accept this offer under the terms and conditions contained herein (30) the _____ day of _____ 19 _____				(33) MARK FOR CODE _____				
(31) SIGNATURE				(34) FREIGHT FORWARDER CODE _____				
				(35) PROCURING AGENCY _____				
(32) TYPED NAME AND TITLE				(36) DESIGNATED PAYING OFFICE _____				
				(37) ADDRESS OF DESIGNATED PAYING OFFICE _____				

FIGURE 7-II-1. United States Department of Defense Offer and Acceptance (DD Form 1513).

FIGURE 7-II-2 General Conditions

GENERAL CONDITIONS

Annex A

A. THE GOVERNMENT OF THE UNITED STATES:

1. Agree 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 the Letter of Offer and Acceptance reflects acceptance of such designation by the DOD, the Purchaser understands that selection of the contractor source to fill the 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 entirely responsible for negotiating the terms and conditions of all contracts necessary to fulfill the requirements in the Letter of Offer.

2. Admits 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. Shall, unless the conditions in otherwise specified herein (e.g., "As is"), repair or replace or no extra cost defense articles supplied from DOD stocks which are damaged or found to be defective in respect of material or workmanship, where 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 3.6. 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 ensure, 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 of manufactured by or for Purchaser outside the United States of items supplied hereunder.

4. Agree 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 furnished from stocks, the title normally will be at the U.S. 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 at reimbursable expense 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. National Transportation System.

5. Admits 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 of 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 the Offer and Acceptance at any time prior to the delivery of defense articles or performance of services (including testing). 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 the Offer and Acceptance, and are not required to cover overruns on other open Offers and Acceptances of the Purchaser.

8. Admits that personnel performing defense services provided under this Offer and Acceptance will not perform any duties of a combative 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. Admits that in the assignment or employment of United States personnel for the performance of the Offer and Acceptance, the USG will not take into account race, religion, national origin or sex.

10. Admits that, notwithstanding Purchaser's agreement to pay interest on any net amount by which Purchaser may be in arrears on payments to be provided for a 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 on payments. Accordingly, failure by the Purchaser to make timely payments in the amounts due may result in delays in contract performance by DODU 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 or 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. Shall, if "Terms" specify "cash with acceptance", forward with this Offer and Acceptance a check or wire transfer in the full amount shown on the estimated total cost, and agree 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.

4. Agrees if "Terms" specify 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 places such deliveries or incurs such expenses on behalf of the Purchaser.

5. 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 cancellations of the 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, or the use 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.

6. 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.

7. Agrees, if "Terms" specify payments 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 arrears of the amount funded by the Credit Agreement.

8. 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 of any questioned billed items by subsequent submission of required discrepancy reports in accordance with paragraph B.6. below.

9. 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 USG. 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.

- Annex A
3. Shall designate the Procuring Agency and responsible Pricing 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/Incident 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 clearance, 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 unloading, uncrating 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 308 shall be used in submitting claims to the USG for overage, shortage, damage, duplicate billing, claim deficiency, improper identification or misclassification and shall be submitted by Purchaser promptly. Claims of \$100.00 or less will not be reported for overage, shortage, or damage. 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 accept the Offer and Acceptance with respect to any or all of the items listed in the 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 acceptance under this paragraph.
 8. Shall, except as may otherwise be mutually agreed in writing, on the items sold hereunder only:
 - a. For the purposes specified in the Mutual Defense Assistance Agreement, if any, between the USG and the Purchaser;
 - b. 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
 - c. For internal security, against 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 articles (including any plans, specifications or information) furnished under this Offer and Acceptance to anyone not an officer, employee or agent of the Purchaser (including subcontractors and agents), and shall not use or permit them to be used for purposes other than those authorized by U.S. laws, 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 all 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 non-profit 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: (1) injury to or death of personnel of Purchaser or third parties; (2) damage to or destruction of (A) property of the USG 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 (3) patent infringement.
2. Subject to any express, special contractual warranties obtained for the Purchaser in accordance with A.3. 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: (1) Purchaser's property (including the items procured pursuant to this Offer and Acceptance, before or after passage of title to Purchaser) and (2) property of the USG 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 items 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, or as set forth herein, unless thereupon properly signed by the security assistance accounting officer designated herein, accompanied by such initial deposit or other payment as may be required by the terms herein. In addition, Purchaser will concurrently return those copies properly signed in 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, in the case may be, may require revision or rejection 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 the 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 number appearing in the "ITEM OR REF. NO." column may not correspond with reference used in Purchaser's original request. However, the number, together with the item identifier shown should always be used as a reference in future correspondence.
2. Availability leadtime quoted is the maximum number of months required to complete delivery of the items in accordance with the terms of delivery after receipt of acceptance of the Offer pursuant to Article D. of the Conditions, and the conclusion of appropriate financial arrangements. Planned deliveries are shown by quantity and leadtime for each increment, where applicable. Items for which delivery leadtime is not shown are noted in columns headed "Item Description" as items to be included in the applicable item prior to shipment.
3. The planned source of supply for each item is expressed in the following codes:

S	(*)	Source Stock
P	(*)	Procurement
B	(*)	Buyback/Reorder/Manufacture
X	(*)	Stock and procurement, e.g., mixed repair parts
E	(*)	"Miscellaneous" repair items in long supply of stocks

 *Availability is stated in months.
4. Condition of the defense articles shown in the "AVAILABILITY AND REMARKS" column is expressed in the following codes:

A1	-	Items to be provided in existing condition without repair, restoration or rehabilitation which may be required. (Quantity indicated in item description.)
M	-	Articles of mixed condition (new, overhauled, and rehabilitated) may be substituted when needed. Example: repair parts, ammunition, tool, etc. quantities, etc. tool sets and shop sets.
B	-	Serviceable defense articles.
O	-	Unserviceable or non-standard item in an "AS IS" condition for which repair parts support may not be available from USG.
S	-	Substitute. Suitable substitutions may be shipped for unserviceable defense articles unless otherwise advised by the Purchaser.
U	-	Overhauled or rehabilitated defense articles possessing original appearance equal or in particular, including all identification Marking and Engineering Change Orders as applied to such defense articles unless noted but defense articles should not be considered as having had total replacement of main parts and/or assemblies. Only parts and components not meeting US Armed Forces accessibility standards and standards will have been required; 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 purchase of US equipment.
MC	-	The offer does not constitute a commitment to provide US training.
SC	-	US training concurrently being addressed in separate Offer and Acceptance.
NS	-	The US training is requested in support of the purchase.
6. For meaning of delivery codes, see Military Assistance Program Address Directory (MAPAD).
7. The use of Offer/Incident Codes "Y" and "Z" will incur a storage fee of .125% per month for shipment delays in excess of 15 days.

FIGURE 7-II-2. (Continued)

FIGURE 7-II-3
 United States Department of Defense
 Continuation Sheet

UNITED STATES DEPARTMENT OF DEFENSE CONTINUATION SHEET FOR DD FORMS 1513, 1513-1 AND 1513-2				CASE IDENTIFIER				
ITEM OR REF. NO.	ITEM DESCRIPTION <i>(Including Stock Number if applicable)</i>	QUANTITY	UNIT OF ISSUE	ESTIMATED		AVAILA- BILITY AND REMARKS	OFFER RE- LEASE CODE	DE LIVERY TERM CODE
				UNIT COST	TOTAL COST			

DD FORM 1513c
1 MAR 79

PREVIOUS EDITIONS MAY BE USED UNTIL EXHAUSTED. PAGE OF PAGES

FIGURE 7-II-3. United States Department of Defense Continuation Sheet.

FIGURE 7-II-4

FINANCIAL ANALYSIS WORKSHEET

CC _____
 Case _____
 System _____
 Case Line _____

Date Prepared _____

PRICING TECHNIQUE

A. NSN _____

B. QTY _____

C. Source of Item (Check One):

1. _____ Excess Inventory
2. _____ Inventory (without replacement)
3. _____ Inventory (replacement with same item)
4. _____ Inventory (replacement with improved item)
5. _____ Production
6. _____ Other

D. Source of Price (Check One):

1. _____ Prime Contractor
2. _____ Price and GFE Contractor
3. _____ Standard Price
4. _____ Major Subordinate Command Estimate
5. _____ Other (explain)

E. Source Unit Price _____

F. Adjusted Price (explain source and computations in Remarks)

1. _____ Agent's Fees or Commissions
2. _____ Nonrecurring Costs (RDT&E)
3. _____ Nonrecurring Costs (production)
4. _____ Replacement Costs
5. _____ Adjusted for Inflation
6. _____ Asset Use Charge
7. _____ Contractor Rental Payments for USG-Owned Plant and
Production Equipment
8. _____ Unfunded Costs
9. _____ Recurring Support Costs _____ Contract _____ Government
10. _____ First Destination Transportation
11. _____ Other (explain)
12. _____ Total Adjustment

 FIGURE 7-II-4. Financial Analysis Worksheet.

G. Adjusted Unit Price _____

H. Source for Schedule of Payments

1. _____ Prime Contractor
2. _____ Prime and GFE Contractor
3. _____ Major Subordinate Command Estimate
4. _____ Other (explain)

I. Comparison with other cases (12 months)

CC	CASE	UNIT PRICE	RATIONALE FOR EVALUATION*
(1)			
(2)			

J. Remarks (use continuation sheets, as necessary)

* If different from above adjusted unit price.

FIGURE 7-11-4. (Continued)

FIGURE 7-II-5

TERMINATION LIABILITY WORKSHEET

Case Identification: _____ Date: _____
 (Agency, Country, Case Designator)

<u>Deposit Date</u>	<u>Total Payment</u>	<u>Estimated Disbursements</u>	<u>Contractor Holdback</u>	<u>Termination Reserve</u>	<u>Remarks/ Computations</u>
-------------------------	--------------------------	------------------------------------	--------------------------------	--------------------------------	----------------------------------

NOTE: Entries for each date should show both the quarterly transactions and the cumulative totals.

FIGURE 7-II-5. Termination Liability Worksheet.

FIGURE 7-II-6

NONRECURRING COST RECOUPMENT CHARGES SUMMARY

FMS CASE _____

NRC CHARGES INCLUDED: YES _____ NO _____

IF NO,

REASON CHARGES NOT INCLUDED (CHECK APPLICABLE BLOCK):

- 1. NOT APPLICABLE TO ANY LINE ITEM..... _____
- 2. CHARGES WAIVER (OR REDUCED) BY DSAA
(IDENTIFY SOURCE OF WAIVER NOTIFICATION)..... _____

IF YES, NRC CHARGES BY LINE/SUB-LINE ITEM:

<u>LINE/SUB-LINE ITEM</u>	<u>IDENTIFY MDE/NON-MDE</u>	<u>PRO RATA CHARGE</u>	<u>QUANTITY</u>	<u>TOTAL INCLUDED</u>
-------------------------------	---------------------------------	----------------------------	-----------------	---------------------------

SIGNATURE OF MILDEP
CASE MANAGER
(OFFICE/TELEPHONE/DATE)

FIGURE 7-II-6. NONRECURRING COST RECOUPMENT CHARGES SUMMARY.

FIGURE 7-II-7

SUPPLEMENTARY INFORMATION FOR LETTERS OF OFFER

SUPPLEMENTARY INFORMATION	Weapons Systems Package Sale	Communications System Package Sale	Component Lot/Component Assembly	End Item	SSA Stock Level Code	Regulation Code (incl. SSA Reg.)	Defined Source Parts or Supplies (incl. assemblies)	Exclude "W-1's, W-2's, W-3's"	Modifications	Publications, Charts, Film	Training	Maintenance and Overhaul	Contractual Services (ETS)	Military Services Overseas, e.g., TAFT	Military Services in COMUS (incl. subject management officials)	Aircraft Flight Delivery	Transportation Services (incl. INC & MSTs)	ROYAL Services	Technical Data Package	Problems Mfg. or Assembly Costs	Non-Standard Military Equipment
Mode and Destination of Shipments	X	X	X	X		X	X	X	X	X		X	A/R			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
Agreements to Safeguard Status of U.S. Government 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			
Schedule of Personnel Training	A/R	A/R	A/R								X		A/R	A/R							A/R
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 Regulations	X	X	X	X		X	X		A/R	A/R		X									A/R
Payment Schedule	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
Administrative Change in Event of Cancellation	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X

FIGURE 7-II-7. Supplementary Information for Letters of Offer.

FIGURE 7-II-8

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 U.S. Government or contractor personnel in-country			
Statement of facilities, services, or personnel to be provided by purchaser			
Separate Memorandum of Understanding or detailed Statement of Work			
Schedule of Personnel Training			
Logistical Information			
Explanation of condition of equipment			
Identification of equipment supportable under case			
Description of Services to be provided			
Description of components of pricing			
Responsibility for initiation of requisitions			
Indemnification and assumption of risk			
Payment schedules			
Financial analysis			

REMARKS:

 FIGURE 7-II-8. Offer and Acceptance Preparation Worksheet.

TABLE 7-II-1

INSTRUCTIONS FOR PREPARING THE UNITED STATES DEPARTMENT OF DEFENSE
OFFER AND ACCEPTANCE (DD FORM 1513)A. BLOCK (1) PURCHASER

1. 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).

2. For an international organization, enter the title of the organization along with the appropriate office and address.

B. 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.

C. BLOCK (3) CASE IDENTIFIER. Enter the appropriate country or organization code, implementing agency code and case designator (e.g., UK-P-DLG).

D. 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 the DSAA Comptroller for the required countersignature.

E. BLOCK (5) TYPED NAME AND TITLE. Type or stamp the name and title of the U.S. representative who signed Block (4).

F. BLOCK (6) ADDRESS. Enter the name of the issuing organization along with the address (e.g., DA, DACS-SA, Pentagon, Wash., D.C. 20150).

G. BLOCK (7) DATE. Enter the day, month and the year that the LOA is submitted to DSAA for countersignature.

H. BLOCK (8) THIS OFFER EXPIRES. Enter the appropriate expiration date, normally 85 days from the date in Block (7).

I. BLOCK (9) COUNTERSIGNATURE. The authorized representative within the DSAA Comptroller for Countersignature of the LOA should sign in this block. Signature will not occur unless all the necessary information is contained on the DD Form 1513.

J. BLOCK (10) TYPED NAME AND TITLE. Type the name and title of the DSAA Comptroller authorized representative for countersignature who signed Block (9).

K. BLOCK (11) DSAA ACCOUNTING ACTIVITY. The following address should be placed in this block. AFAFC-SAAC, Lowry AFB, Denver, Colorado 80279.

TABLE 7-II-1. Instructions for Preparing DD Form 1513.

- L. 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 the DD Form 1513. This attachment will include descriptive information on the generic items procured.
- M. BLOCK (13) ITEM DESCRIPTION. Insert the Generic Code and MASL line data for each item. In addition the National Stock Number (NSN) and/or part number, as appropriate, and a complete description of the material/services should be entered. For cases involving major systems/end items all complying/supporting materiel and services should be described.
- N. BLOCKS (14 THROUGH 17). Quantity, unit of issue, unit cost, and total cost are self-explanatory. Enter information or N/A, as appropriate.
- O. 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 appropriate.
- P. BLOCK (19) AND (20). Offer Release Code and Delivery Term Code -- See instructions contained in Table 7-II-2 of this section.
- Q. BLOCK (21) ESTIMATED COST. Enter estimated material/services costs in whole dollars. These costs should not include any administrative or accessorial charges.
- R. BLOCK (22) ESTIMATED PACKING, CRATING, AND HANDLING COST. Enter the value in whole dollars based on the prescribed percentages as set forth in DoD 7290.3-M, 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.
- S. BLOCK (23) ESTIMATED GENERAL ADMINISTRATIVE COSTS. Enter in whole dollars -- based on the percentage set forth in DoD 7290.3-M. Do not show the percentage rate used in determining the cost contained in this block.
- T. BLOCK (24) ESTIMATED CHARGES FOR SUPPLY SUPPORT ARRANGEMENT. Enter the value in whole dollars based on the percentage set forth in DoD 7290.3-M. Do not show the percentage rate used in determining the cost contained in this block.
- U. 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 and specify line items. If a percentage is used, do not show the percentage rate used in determining the cost contained in this block.
- V. BLOCK (26) ESTIMATED TOTAL COSTS. Enter the costs in whole dollars (total of Blocks (21) through (25)).

TABLE 7-II-1. (Continued)

W. BLOCK (27) TERMS. Enter appropriate terms of sale in accordance with the guidance contained in Chapter 7, Section III, paragraph G. If an initial deposit is required, this fact should be so stated and the amount of the initial deposit entered in Block 28. In all cases where DoD direct or guaranteed credit are used insert the credit loan agreement number and its date.

X. 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.

Y. BLOCKS (29) THROUGH (37). Leave blank. These blocks should be filled in by the authorized representative of the purchasing government.

NOTE THE FOLLOWING INFORMATION
BEFORE SUBMISSION OF THIS NOTICE FOR COUNTERSIGNATURE

1. The DSAA-OPS is the point of entry in OSD for the MILDEPs and Defense Agencies to use in coordinating FMS cases. The DSAA/OPS is also responsible for obtaining the coordination of appropriate OSD staff elements. (See Chapter 7, Section II, paragraph C.9., for those LOAs and amendments which require DSAA coordination.)

2. Submit for countersignature to the FMS Control Division, DSAA/Compt all DD Forms 1513 in original and 2 copies (one extra copy for credit cases).

3. Attach a Financial Annex to all DD Forms 1513 except FMSO I cases.

4. Before notifying the customer of a change to cost or scope prior to acceptance, obtain approval from DSAA/OPS.

5. Attach a termination liability worksheet for each case of \$7 million or more and those which meet any other of the criterion in Chapter 7, Section II, paragraph C.8.c.(2).

6. Attach a financial analysis worksheet for each line item (end-items or services) with a total cost of \$7 million or more in accordance with Chapter 7, Section II, paragraph C.8.c.(1).

7. All DD Forms 1513 must be listed in the Letter of Request (LOR) system for at least seven (7) days prior to countersignature.

8. Letters of Offer reported under the Arms Export Control Act (AECA), Section 36(b) will include below Block 11 the identifying DSAA Transmittal Number used in the Statutory Congressional Notification (e.g., 83-15).

9. The name and telephone number of the MILDEP action officer responsible for the preparation of the DD Form 1513 should appear at the bottom of all copies submitted to the DSAA for countersignature, excluding the original.

TABLE 7-II-1. (Continued)

TABLE 7-II-2

TRANSPORTATION INSTRUCTIONS, DD FORM 1513

A. SALE OF MATERIEL

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:

a. Block (19) Offer Release Code. Enter one of the following codes opposite each materiel line item, as applicable:

<u>Code</u>	<u>Explanation</u>
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"> - 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 Military Assistance Program Address Directory (MAPAD) must contain the CC Code and addresses for each type of address required, i.e., parcel post, freight, documentation. - Shipments are to be made to an assembly point or staging area as indicated by clear test 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.

TABLE 7-II-2. Transportation Instructions, DD Form 1513.

b. Block (20) Delivery Term Code (for other than repair and return procedures). Enter one of the following codes opposite each materiel line item, as applicable:

<u>Code</u>	<u>Explanation</u>
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 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).

c. Block (33) MARK FOR Code. Enter the MARK FOR Code from the Military Assistance Program Address Directory (MAPAD) (DoD 5105.38-D), that identifies the organization in-country which is to receive the materiel. This address will be added to the SHIP TO address on all freight containers. The MARK FOR Code will appear on all materiel forwarded by parcel post/small parcel delivery service. As a minimum, it should consist of the port of discharge name and designator (water or air); street, city, and state/province address of organization; country name; and country service name.

(1) If Delivery Term Codes (DTC) 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.

B. REPAIR AND RETURN OF FOREIGN COUNTRY OWNED MATERIEL

1. The offer and acceptance document (DD Form 1513) will be annotated in Blocks 19, 20, 33 and 34, to reflect the appropriate Code as determined below:

a. Block (19) Offer Release Code. The appropriate Code from paragraph A.1.a. above should be entered opposite each materiel line item. This Code provides instructions for the return shipment to the customer.

TABLE 7-II-2. (Continued)

b. Block (20) Delivery Term Code (for repair and return procedures. Enter one of the following Codes opposite each materiel line item as applicable:

<u>Code</u>	<u>Explanation</u>
A	U.S./DoD is responsible for transportation from a designated overseas port of embarkation (POE) to a CONUS destination, and return to a designated overseas port of debarkation (POD). Customer country is responsible for overseas inland transportation of materiel to/from the overseas POE/POD and overseas port handling.
B	U.S./DoD is responsible for transportation from a designated overseas port of embarkation (POE) to a CONUS destination, return to a CONUS port of embarkation and CONUS port handling. Customer country is responsible for overseas inland transportation to the overseas POE, overseas port loading, and overocean transportation from the CONUS POE to ultimate destination.
C	U.S./DoD is responsible for CONUS port unloading of country arranged carrier, transportation to and from a designated CONUS destination and CONUS port loading of country arranged carrier. Customer country is responsible for movement of materiel to and from the CONUS POE/POD.
D	U.S./DoD is responsible for CONUS port unloading of country arranged carrier, transportation to a CONUS destination and return to an overseas designated POD. Customer country is responsible for overocean transportation to a CONUS POD, overseas port unloading and overseas inland transportation to ultimate destination of returned materiel.
E	Customer country is responsible for all transportation from overseas point of origin to CONUS activity and return to an overseas destination.
F	U.S./DoD is responsible for transportation from an overseas inland location to an overseas POE, overseas port handling, overseas transportation to a CONUS POD, CONUS port handling, inland transportation to be a designated CONUS destination, and return to an overseas destination.
G	U.S./DoD is responsible for overseas port handling through an overseas POE, overseas transportation to a CONUS POD, CONUS port handling, inland transportation to a CONUS destination, and return to an overseas port of debarkation and overseas port handling. Customer country is responsible for overseas inland transportation to and from the overseas port.

TABLE 7-II-2. (Continued)

- H Customer country is responsible for all transportation from overseas point of origin to CONUS activity. U.S./DoD is responsible for return transportation from CONUS activity to CONUS POE. Customer country is responsible for return CONUS port handling and all transportation to overseas destination.
- J Customer country is responsible for all transportation from overseas point of origin to CONUS activity. U.S./DoD is responsible for all transportation from CONUS activity to overseas destination.

(1) The LOA will provide a complete CONUS address for each item identified for repair and return. The customer must assure this complete address is clearly identified on all containers and documentation when materiel is returned.

c. Block (33). Enter the "MARK FOR" Code from MAPAD, that identifies the organization in the customer country which is to receive the materiel after repair by the U.S. This address will be added by the U.S. installation to the "SHIP TO" address on all freight containers. The "MARK FOR" Code will appear on all materiel forwarded by parcel/small parcel delivery service. As a minimum, it should consist 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.

d. Block (34). See Section C, below.

C. The following applies to LOAs for both the sale of materiel and repair and return of customer owned items:

1. All data necessary to personnel at the port of exit or entry, port of discharge, in-country or U.S. custom authorities, and overseas or CONUS inland carriers to route materiel after receipt at port of exit or entry 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. Addresses should not be punctuated and should be properly blocked.

2. If the "MARK FOR" addresses are not published in MAPAD, 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.)

3. 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.

TABLE 7-II-2. (Continued)

4. 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.

5. When the Offer and Acceptance document (DD Form 1513) contain 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 Forwarder 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.

TABLE 7-II-2. (Continued)

TABLE 7-II-3

ADDITIONAL TERMS AND CONDITIONS
AIRCRAFT

- A. The U.S. Government will provide for movement of aircraft to point of delivery specified on the reverse of the DD Form 1513.
- B. In order to carry out the purpose of this agreement, the U.S. Government will accept title to the aircraft from the contractor, and title to the aircraft will remain with the U.S. Government until arrival at the point of delivery, at which time title passes to the purchaser.
- C. The aircraft will be marked with appropriate U.S. Government markings. The purchaser is liable for the cost of placing such markings on the aircraft and is responsible for removing such markings upon passage of title to the purchaser.
- D. The U.S. Government will not be subject to or held liable for any import fees, duties, or other charges levied by the purchaser.
- E. Date of delivery to destination will be contingent upon the receipt of necessary overflight and other clearances.
- F. The purchaser is liable for all enroute costs including, but not limited to, any maintenance required to insure that the aircraft are in a safe condition, in accordance with current U.S. Government regulations, prior to flight.
- G. It is agreed that there will normally be no U.S. Government/purchaser split crews. If split crews are used, the aircraft commander must be an officer of the U.S. Government 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.

TABLE 7-II-4

ADDITIONAL CONDITIONS
AIRCRAFT FERRYING (PURCHASER-OWNED)

- A. The U.S. Government will provide for movement of aircraft to point of delivery specified on the reverse of the DD Form 1513.
- B. In order to carry out the purpose of this agreement, the purchaser grants the U.S. Government possession of the aircraft. The title to the aircraft will remain with the purchaser.
- C. The aircraft will be marked with appropriate U.S. Government markings. The purchaser is liable for the cost of placing such markings on the aircraft and is responsible for removing such markings.
- D. The U.S. Government will not be subject to or held liable for any import fees, duties, or other charges levied by the purchaser.
- E. Date of delivery to destination will be contingent upon the receipt of necessary overflight and other clearances.
- F. The purchaser is liable for all enroute costs, including but not limited to, any maintenance required to insure that the aircraft are in a safe condition, in accordance with current U.S. Government regulations, prior to flight.
- G. It is agreed that there will normally be no U.S. Government/purchaser split crews. If split crews are used, the aircraft commander must be an officer of the U.S. Government 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.

TABLE 7-II-4. Additional Conditions -- Aircraft Ferrying (Purchaser-Owned).

TABLE 7-II-5

ADDITIONAL TERMS AND CONDITIONS
TRANSPORTATION AND SERVICES

- A. U.S. Government agrees to provide transportation services for the items identified on the case of this Letter of Offer to the Point of Delivery. Purchasers property will be transported at the Purchaser's risk.
- B. Purchaser will accept U.S. Government delivery listings as the basis for billing and proof of shipment.
- C. Purchaser will accept responsibility for clearance of materiel through its customs at the point of debarkation, and for movement of the materiel from its port of debarkation to the ultimate in-country destination.
- D. Purchaser will appoint a duly authorized official to accept and sign for materiel at the port of debarkation, and submit outturn message and report.
- E. Purchaser will absorb losses of materiel the U.S. Government does not in fact recover from an independent carrier or handler, including where the U.S. Government is self-insured.
- F. Purchaser will self-insure such shipments, or obtain commercial insurance without any right of subrogation of any claim against the United States.
- G. The U.S. Government 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.

TABLE 7-II-5. Additional Terms and Conditions -- Transportation and Services.

TABLE 7-II-6

ADDITIONAL TERMS AND CONDITIONS
SAFEGUARDS FOR CONTRACTOR PERSONNEL

A. PASSPORTS, VISAS, LICENSES, AND PERMITS

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

2. To ensure the effective and timely performance of this contract, the Government of (country) (GO) ^{1/}, will, within the framework of the laws of GO , ensure the timely issuance of work visas, multiple entry visas, exit visas, work permits, vehicle operator permits, residence permits, in-country travel permits, and any other appropriate licenses or permits as may be required of the Contractor, and its subcontractors, or their personnel and dependents. The Contractor and his subcontractors shall be responsible for the sponsorship of their employees and their dependents and shall process said permits directly with the appropriate GO agency.

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

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

B. ACCESS

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

^{1/} e.g., Government of Turkey (GOT)

C. EXPORT OF DATA

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

D. CURRENCY REVALUATION

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

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

3. (country) currency required by the Contractor for non-United States expenditures in the performance of this Program will be purchased by the Contractor from the GO .

E. TAXES, DUTIES AND CHARGES FOR DOING BUSINESS

1. It is agreed that the contract implementing this LOA will include the clause entitled "Taxes, Duties, and Charges for Doing Business (1977 JAN)" set forth in DAR Section 7-103.10(d).

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

a. All property, materiel, equipment, household furniture, appliances and supplies imported into (country) by the Contractor or its subcontractors exclusively for use in support of the Contractor and its personnel and consigned and marked, as required or approved by the U.S. Government shall be exempt from import and export duties, taxes, licenses, excises, imposts, and any other identifiable charges. Duty-free import of major appliances for personnel support shall be limited to one (1) each: stove, refrigerator, freezer, washing machine, clothes dryer, and two (2) each televisions per family, plus a reasonable number of spare and replacement major appliances for use as maintenance requirements dictate. Any of the foregoing which does not become a part of the completed work or otherwise consumed, may at the Contractor's discretion, be removed from (country) or disposed of in (country) free of any restrictions or claims which may

TABLE 7-II-6. (Continued)

arise by reasons of such removal or disposal, except that any applicable custom duty, tax or charges will be paid in the event of sale or disposal in (country) to a purchaser other than an agency of the GO ___ or other person entitled to duty-free importation. The Contractor shall maintain any inventory control and accounting system adequate to reflect the usage and disposition of all Contractor-owned property which has entered (country) duty-free under this contract.

b. The GO ___, its agencies, and political subdivisions shall levy no taxes or fees (including taxes on individual or corporate income or property, customs or import duties and other taxes on employee personal household goods, supplies and personal effects imported into (country) for personal use) on the Contractor, its subcontractors, the employees of either and the dependents of such employees. Duty-free entry of employee/dependent personal household goods, supplies or personal effects shall be limited to (1) the shipment of personal household goods, supplies and personal effects identified by (company) as the employees' initial shipment; (2) the personal household goods, supplies and personal effects shipped or carried by an employee or his dependents when returning from leave or duty outside (country) to the extent such items are allowed duty-free entry under the GO ___ customs laws in effect on 1 June 1977; and (3) the shipment of an additional 100 pounds per family member of personal household goods, supplies and personal effects identified by (company) as the employees' employment extension shipment. Duty-free import of major appliances for personnel support is limited to those items described above and imported in the name of the Contractor. In their individual capacity, contractor employees are not authorized duty-free import of major appliances or automobiles. Furthermore, this tax exclusion does not apply to the GO ___ taxes levied on the purchase of personal household goods, supplies or personal effects or automobiles in the country of (country) by the employees of the Contractor or employees of its subcontractors. This paragraph does not apply to (country) employees of the Contractor or (country) subcontractors or their employees.

3. If, notwithstanding the above agreements, taxes, duties, or similar charges are imposed by the GO ___ under the excepted circumstances described above, costs thereby incurred by the Contractor shall serve to increase the contract price and will be reimbursed to the Contractor at cost, including applicable overhead and G&A, but excluding profit, out of funds which will be provided the GO ___ under this LOA.

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

F. LIMITATION OF CONTRACTOR LIABILITY

1. The GO ___ agrees, with respect to the Contractor:

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

TABLE 7-11-6. (Continued)

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

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

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

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

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

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

G. SPECIAL CONTINGENCIES PROVISION

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

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

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

TABLE 7-II-6. (Continued)

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

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

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

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

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

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

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

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

TABLE 7-II-6. (Continued)

SECTION III - FINANCIAL PRINCIPLES AND PROCEDURES

A. PURPOSE. This section provides a general description of the financial principles and procedures which apply to FMS transactions. It is designed to provide an overview of FMS financing and the responsibilities of DoD components. Detailed guidance on the financial functions of pricing, preparation of billings, and accounting is included in DoD 7290.3-M, Foreign Military Sales Financial Management Manual.

B. RESPONSIBILITIES AND REQUIREMENTS.

1. The Assistant Secretary of Defense (Comptroller) [ASD(C)]. The ASD(C) establishes FMS financial policies. The Comptroller, DSAA, directs and supervises the financial implementation of the FMS program. Defense agencies carry out the policies established by the ASD(C) and implement procedures promulgated by DSAA. Specific division of responsibilities/authorities are set forth in the following instructions:

a. Responsibilities.

- (1) DoDD 5105.38, Defense Security Assistance Agency (DSAA).
- (2) DoDD 5132.3, DoD Policy and Responsibilities Relating to Security Assistance.
- (3) DoDD 5132.11, Security Assistance Accounting Center (SAAC).

b. Program Execution.

- (1) DoD 7290.3-M, FMS Financial Management Manual.
- (2) DoDD 2140.2, Recoupment of Nonrecurring Costs on Sales of USG Products and Technology.
- (3) DoDI 2140.4, Collecting and Reporting of Foreign Indebtedness within the Department of Defense.

2. Executive Agent for SAAC. The U.S. Air Force, as Executive Agent, is responsible for operating the Security Assistance Accounting Center, Denver, Colorado, 80279, which centrally performs FMS billing, cash collection, Trust Fund management, and administrative fee accounting for all DoD components.

3. Full Recovery of Costs. The Department of Defense performs three principal actions during the life cycle of a sale. First, DoD provides FMS purchasers with price and availability estimates and concludes sales agreements. Second, DoD renders financial billings for costs incurred and accounts for collections. Finally, DoD delivers the materiel or services. As explained earlier, the Arms Export Control Act (AECA) and predecessor legislation generally requires that DoD manage the FMS Program at no cost to the U.S. Government. Therefore, DoD financial policies and procedures for pricing defense materiel and services, administering FMS cases, reporting deliveries of materiel or services, and rendering FMS billings are designed to fulfill this legal requirement. While the DD Form 1513 makes it mandatory for the

purchaser to pay for the full value of FMS transactions regardless of terms of sale specified for individual cases, it is DoD policy to promptly advise purchasers of the need for substantive changes to agreement terms or estimates via either case amendment or modification, as applicable (see Chapter 8, this Manual). Misunderstanding by the purchaser of his financial commitment or of changes to that commitment inevitably results in criticism.

C. BASIC PRINCIPLES.

1. Recovery of Costs.

a. Payment to Cover All Costs. The DoD will conduct financial management of the FMS program at no cost to the U.S. Government, as required by the AECA, and insure prompt and complete accounting to the FMS purchaser. Achievement of this end requires a thorough understanding of the policy and procedures for pricing items or services furnished, preparation of FMS documents, reporting of delivery, performance or progress payments, and administering and closing FMS cases by all elements administering the program.

b. Payment in U.S. Dollars. In compliance with the AECA, Annex A of the DD Form 1513, contains provisions which make it mandatory for the FMS purchaser to pay in U.S. dollars for the full value of the transaction, regardless of the estimated costs, payment schedule, or terms of sale specified on the LOA.

2. Financial Administration of the FMS Program.

a. Trust Funds. A separate trust fund has been established to account for payments received from customers and disbursements against implemented FMS cases. This fund can be either cited directly on contracts for the procurement of defense articles/services for that customer, or can be used to reimburse MILDEP appropriations for deliveries from DoD stocks, or procurement. DoD policy for use of direct cite or reimbursable method of funding is set forth in DoD 7290.3-M.

b. The SAAC Responsibility. The SAAC has been established as the central DoD office for dispatching billings to, and receiving payments from FMS customers. This central office provides the customer with a single source to which payments can be made, and to which queries concerning these payments or other financial matters can be addressed.

c. Payments to Trust Funds. Cash payments deposited to the customer trust fund other than for initial deposits are based on requests for funds (FMS Billing Statement, DD Form 645) submitted by the SAAC. FMS customers are provided detailed information in support of billings for defense articles, defense services, design and construction, and related surcharges. SAAC is responsible for assurance that sufficient cash is available from the foreign government to cover costs already incurred (i.e., accrued expenditures) or to be incurred during the remainder of the current quarter, and to meet all potential charges to be incurred during the forthcoming 90 day period; e.g., contractor progress payments, contractor holdbacks, potential termination charges, deliveries from DoD inventories, etc. Therefore, billings will be the amount shown on the payment schedule (financial annex) attached to the DD Form 1513, or the quarterly forecast of the financial

requirements associated with the case, whichever is greater. The quarterly forecast will include accrued expenditures through the billing cutoff plus estimates of the costs to be incurred on behalf of the FMS customer through the calendar quarter following the quarter in which the bill will be mailed; i.e., a statement prepared in January (December cutoff with payment due March 15) will project financial requirements through June (see Figure 7-III-1). Accumulation of large unexpended balances in customer trust accounts for substantial periods must be avoided, except where related to contract hold-backs and other accrued or potential liabilities.

d. Excess Payments. Cash payments received for an individual FMS case may be in excess of the final charges. With customer approval, these funds can be retained in the customer's account and applied against other FMS cases. Upon customer demand, however, these overpayments will be refunded at the time the FMS case is closed provided there are no collection delinquencies for other FMS cases for that customer.

D. PRICING OF FMS TRANSACTIONS.

1. General. Defense policy outlined in DoD 7290.3-M, June 1981, establishes the pricing criteria for FMS of defense articles and defense services furnished to eligible foreign countries and international organizations. In compliance with the AECA, DoD pricing and financial procedures will provide for the charging of all DoD direct and indirect costs, including applicable surcharges. The P&R, P&A, or LOA will provide estimated price and availability data, and/or firm data, as indicated below.

2. Articles from Defense Stocks.

a. Authority. Section 21 of the AECA authorizes the sale of defense articles from stock to eligible foreign countries or international organizations. Pricing of defense articles from DoD stocks will be handled according to DoD 7290.3-M, Section 702.

b. Pricing Principles. Standard prices will be used when nonexcess materiel is to be sold, and no inventory replacement is required. For the sale of principal or major items a test is required to determine if a requirement for inventory replacement is created as a result of the sale. When an article is supplied from inventory with replacement required, the FMS selling price will be the best estimate available at the time of drop from inventory. When no replacement is required, the price will be based on the most recent actual procurement cost of the "series" and "model" being sold, and will consider any modifications or improvements, as well as desirability or utility due to age or condition.

c. Quotation of Firm Prices. DoD components will quote firm prices when offering principal or major items from DoD stocks as provided in DoD 7290.3-M, Section 702. All LOAs offering principal or major items from DoD stocks will be coordinated with the DSAA Operations Directorate. In the exceptional instances where a MILDEP recommends that firm prices not be quoted, the rationale will be identified during the coordination process.

3. Articles from Procurement.

a. Authority. Section 22 of the AECA authorizes the sale of defense articles from procurement to eligible foreign governments and international organizations. Pricing of defense articles from procurement will be in accordance with DoD 7290.3-M, Section 703 and will include full DoD contract costs and authorized surcharges.

b. Purchaser Obligations and Contracting Principles. The purchaser is obligated to pay all costs incurred by the U.S. Government as well as any damages or costs that may accrue from the purchaser's cancellation of the contract. In general, defense articles shall be priced on the same basis as the cost principles used in pricing defense contracts for items for DoD use. However, recognition shall be given to reasonable and allocable contractor costs which are justified in connection with a particular sale (see Defense Acquisition Regulation, 6-1304.3).

c. Use of Estimated Prices. To assure that all costs are covered in the DoD pricing, quotations on defense articles and defense services will be cited as estimated prices, with final adjustments to be established after delivery of items from production or the rendering of services. The DD Form 1513 will indicate that prices for articles and services from procurement are estimated prices.

4. Authorized Surcharges. Prices of defense articles and services sold to eligible foreign countries and international organizations will include the following surcharges when applicable:

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

(1) Packing, Crating and Handling. Packing, crating, and handling (PC&H) costs are costs incurred for labor, materiel, or services in preparing the materiel for shipment from the storage or distribution point.

(2) Transportation. Transportation charges include inland (second destination) and ocean transportation costs representing shipments by land, sea, air, inland and coastal waterways, vessel or air, and including parcel post via surface or air. (NOTE: There are exceptions to charging second destination transportation costs, i.e., CLSSA.)

(3) Port Loading and Unloading. These are costs for labor, materiel or services at ports of embarkation or debarkation.

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

(5) Staging. These costs are for aggregation or prepositioning of materiel in U.S. facilities within the CONUS.

b. Administrative Charges.

(1) Scope. An administrative charge shall be added to all FMS cases to recover DoD expenses related to the administration of the FMS transactions in accordance with Section 21(e)(1)(A) of the AECA. (Normally, the charge will be three percent, however, in certain instances a five percent charge will apply.) See DoD 7290.3-M, Section 705, for the appropriate administrative charges which must be included in FMS cases. If the LOA contains both standard and non-standard items, they must be cited as separate line items on the LOA.

(2) Cancellations. In the event that the FMS purchaser cancels an entire FMS case (LOA or Amendment) at any time prior to the delivery of all articles and services involved, the following guidance applies:

(a) Guidance Regarding Cancellation of FMS LOAs.

- Standard Defined Order Cases. On standard defined order FMS cases the administrative charge will be three percent of the actual value at case closure or one percent of the implemented program value, whichever is greater.

- Non-Standard Defined Order Cases. On FMS cases which provide for non-standard procurement, the administrative charge will be five percent of the actual value at closure or one percent of the implemented program value, whichever is greater.

- Blanket Order and CLSSAs. On Blanket Order FMS cases or FMSO II cases, the administrative charge will be three percent of the delivered value at case closure. For FMSO I transactions the applicable charge is five percent.

(b) LOA Notes Regarding Cancellation Charges. A note should be placed on LOAs and amendments which indicates to the FMS purchaser the appropriate administrative charge which would be assessed should the entire LOA or amendment be cancelled.

(c) Approval to Assess a Cancellation Charge. The DSAA Comptroller and Operations must approve the assessment of the one percent cancellation charge on applicable FMS cases. DSAA countersignature of a DD Form 1513-2 decreasing the dollar value of a cancelled FMS case does not constitute this approval. When case closure certificates are submitted to the DSAA for review, the following information is required:

- A copy of the FMS case, including all amendments or modifications.

- Either a copy of correspondence pertaining to the cancellation or a written explanation as to the reason why the case was cancelled. The explanation should identify whether the items on the LOA were placed on contract by the MILDEP and whether the DoD incurred any "out-of-pocket" costs in implementing or cancelling the LOA.

Note: Administrative cancellation charge does not apply to cases closed with zero deliveries/expenditures. SAAC is authorized to automatically close these cases without applying an administrative fee.

- The name and telephone number contact of an individual cognizant of the case to whom inquiries could be directed.

(3) Annual Administrative Budgets. DoD components incurring costs in support of FMS programs will prepare annual budgets for related administrative expenses in accordance with Chapter 13, Section I, this Manual.

c. Review of Accessorial and Administrative Rates. Rates for accessorial and administrative costs are subject to review at least every two years. Requests for exceptions to the pricing policies prescribed herein, in the case of unresolved disputes, or deviations from any price or service charge when it can be shown that such deviation is in the best interests of the U.S. Government shall be submitted through the Director, DSAA, to the Assistant Secretary of Defense (Comptroller) for resolution or approval. Such requests will contain the basis or justification and supporting data for the exceptions. See additional guidance in DoD 7290.3-M, paragraph 71801.

d. Nonrecurring Cost (NRC) Recoupment Charges.

(1) Background. Section 21 of the AECA requires that, in selling defense articles to foreign governments and international organizations, an appropriate charge be made for a proportionate amount of any nonrecurring cost of research, development, test and evaluation (RDT&E), and production of major defense equipment (MDE).

(2) DoD Component Responsibility. As a matter of DoD policy the military components are responsible for determining recoupment charges for all items of defense equipment having a total nonrecurring development and production cost of \$5 million or more. DoD components must use actual, not program, cost data and may use estimates where the development of more precise data is not possible; however, in the latter case, it must be demonstrated that a reasonable approach was used and prior approval of alternative costing methods must be obtained from the OSD Comptroller (Accounting Policy), with DSAA concurrence. The costs to be applied against the foregoing threshold levels shall normally be determined based upon the system roll-away, sail-away or fly-away cost of the end item, and assessments for product sales shall be made on the basis of end item sales. In the event an end-item contains one or more components which individually meet these thresholds, recoupment will be made on both end item and component sales. Nonrecurring RDT&E costs are those costs funded by an RDT&E appropriation to develop or improve the product or technology. This includes costs of any engineering change proposal (ECP) initiated prior to the date of the contract with the customer, as well as projections of such costs, to the extent additional effort applicable to the sale model or technology is necessary or planned. It does not include costs funded by either procurement or operations and maintenance appropriations to improve the product or for costs of publications. The costs of such improvements are recurring costs and will be recovered in accordance with DoD 7290.3-M. Nonrecurring production costs are those one-time costs incurred in support of previous production of the model specified and those costs specifically incurred in support of the total projected production run from which delivery is to be made which would normally be expenses against a production run. These nonrecurring costs include such costs as preproduction, special tooling, special test equipment, production engineering, product improvement, destructive testing, and pilot model production, testing, and evaluation. They do

not include costs of government property or facilities for which rental or asset use charges will be assessed. "Special" nonrecurring RDT&E production costs are those incurred at the request of, or for the benefit of, the customer in developing a special feature or unique requirement. These "special" costs must be paid by the customer as incurred. The objective of applying these recoupment charges is to ensure that a purchasing customer pays a fair price for the value of DoD "sunk" investment costs. The pro rata recoupment charge is to be included in the FMS or direct commercial sales price of the product or technology unless reduced or waived as outlined in paragraph (8) below.

(3) DSAA Approval. Prior to applying pro rata nonrecurring cost recoupment charges to sales of items on the MDEL, components will insure that the proposed pro rata charge has been approved by the Director, DSAA. Approval will be requested only for MDE items, and for which there has not been an approved nonrecurring cost pro rata charge established since 5 January 1977.

(4) Format. Requests for approval of pro rata charges for each MDE item will be submitted on the format shown in Chapter 7, Section I, Figure 7-I-1. U.S. Government nonrecurring RDT&E and U.S. Government nonrecurring production costs will be shown separately. The total of these two entries, i.e., the total U.S. Government nonrecurring investment in the item, will be prorated against past and projected production quantities for U.S. Government, FMS, MAP, and direct commercial sales. Actual past and projected production quantities will be depicted and a country breakout for FMS/MAP and direct commercial sales projections will be shown. Five Year Defense Program (FYDP) forecasts will normally be used to indicate the U.S. military service production quantities; however, for those items for which Selected Acquisition Reports (SARs) are required, the latest SAR data will be cited, as applicable.

(5) Pro Rata Charges Determined Before 5 Jan 1977. If the pro rata charge was determined prior to 5 January 1977, it will be reviewed to identify any significant changes. Changes requiring approval by the DSAA will be submitted to Director, DSAA, in the format of paragraph (4), above.

(6) Direct Commercial Sales. As a matter of policy, the DoD requires that, in the case of direct commercial sales of defense items to foreign countries and international organizations, the U.S. contractor must collect and pay to the cognizant MILDEP the appropriate nonrecurring cost recoupment charge for the items being sold. MILDEPs will insure that they have in place an operative system for assessment, monitoring, collection, and reporting of these recoupments in order to insure that all appropriate payments are in fact made to the DoD. This system will provide for the following actions to be taken:

(a) Applicable Items. The development of complete lists of non-MDE and MDE items under the cognizance of the MILDEP which require assessment of a nonrecurring cost recoupment charge in accordance with DoDD 2140.2 and a reference to the contracts in which the recoupment clause applicable to the items is or was contained.

(b) Cross-Reference of Export License Requests. The cross-referencing of all export license requests processed by the MILDEP

against these lists to determine whether the commercial sale is required to have a nonrecurring cost recoupment charge assessment.

(c) Editing Munitions Control Export Licenses. The Munitions Control Export Licenses will be annotated to indicate the amount of nonrecurring cost recoupment charge which the contractor is required to reimburse to the U.S. Government, and indicate the office in the MILDEP to which the payment is to be made. It is emphasized that this process should in no way delay the expeditious handling of Munitions Control Export Licenses. In the event that appropriate nonrecurring cost recoupment charges have not been determined for a particular item, the munitions control license should be annotated only to show that a charge may be required, and that the contractor is directed to contact the designated MILDEP administrative or procurement contracting officer to ascertain the specific recoupment charge. Recommendations for approval of an export license request may not be conditioned upon an agreement by the license applicant to pay such a charge to the United States Government in a case in which the MILDEP knows that the applicant does not have a current contractual obligation with the United States Government to make such payments.

(7) Reporting. Collections received both from FMS and commercial sales transactions will be reported in the DSAA(Q)1112 report required by DoDD 2140.2. This report will be submitted quarterly by each DoD component, to DSAA Operations Management, within 45 days of the end of each quarter.

(8) Reductions and Waivers.

(a) The pro rata recoupment charges may be reduced or waived for particular sales that would, if made, significantly advance U.S. interests in standardization with NATO, NATO member countries, Australia, Japan, or New Zealand. As used hereafter, the word "waiver" includes reductions. Waivers will be considered only where it is demonstrated clearly that a particular sale will significantly advance U.S. interests in standardization. The burden of such demonstration rests with the purchasing foreign government or international organization. Waivers will be considered only on a case-by-case basis taking into account the unique circumstances of the particular transaction. Waivers must be specific by law, and blanket waivers are not provided by either the broad "Defense Cooperation Agreements" or other general memoranda of understanding. Full waivers solely on the basis of standardization may be granted to eligible countries for which materiel Grant Aid, credit at concessional rates of interest, or credit with repayment forgiven has been approved for the current fiscal year.

(b) For all countries and organizations other than those specified in the preceding paragraph, there will be a presumption against granting a waiver unless additional or unusual benefits can be demonstrated. Such benefits must be clearly identifiable and generally attributable to a unique military, foreign policy, or economic advantage of the sale. A description of such benefits will be included in documentation relating to the case. Seldom, if ever, will nonrecurring cost charges be waived for programs involving offshore production of major components, unless such programs are subject to the AECA, Section 27.

(c) Authority to approve waivers is vested in the Secretary of Defense and delegated to the Director, DSAA. A waiver request will be considered by DoD only if it is initiated by the country or international organization involved, and forwarded to the Director, DSAA. The Director, DSAA is responsible for obtaining coordination of DoD activities concerned, and for submitting cases involving opposing views to the Secretary of Defense for decision.

(d) This policy applies to all sales, direct commercial as well as government-to-government (FMS), and regardless of whether the items involved are classified as "major defense equipment" or "non-MDE." It will not be construed, however, as nullifying or modifying in any way specific government-to-government agreements or specific memoranda of understanding for waiver of nonrecurring costs or asset use charges that were executed in writing and signed by all concerned prior to 1 January 1982.

e. Charges for Use of U.S. Government-owned Facilities, Plant and Production Equipment. Sale of defense articles to any foreign country or international organization shall include appropriate charges for any use of U.S. Government-owned facilities, plant and production equipment in connection with the production of the defense articles. Charges for use of U.S. Government-owned facilities, production and research property shall be assessed whether on an FMS or a direct commercial sale, where such U.S. Government owned property is being used in performance of services or manufacture of articles for foreign countries or international organizations.

(1) Asset Use Charges. Sales of defense articles which were produced in government-owned facilities or with government-owned plant and production equipment shall be priced to include an asset use charge, except where the production of the defense articles was subject to rental charges for use of DoD facilities, plant and production equipment. Asset use charges will be calculated in accordance with the provisions of DoD 7290.3M, Section 706.

(2) Rental Charges for Use of DoD Assets. Sales of defense articles which were produced in government-owned facilities or with government-owned industrial plant and production equipment, for which a rental is assessed in accordance with the provisions of DAR 13-406 and 7-702.12, will be priced to include the appropriate rental charge. When there is a provision for rental charges for use of U.S. facilities, plant, production or research property, in the DoD facilities contract, the rental charge will be assessed. The asset use charge applies only to FMS when there is no provision for rental charges. At no time will both a rental charge and an asset use charge be applied to the same defense articles on an FMS transaction.

(3) Use of U.S. Industrial Plant Equipment (IPE) for Work for Foreign Governments or International Organizations. Non-government use of U.S. Government-owned industrial plant equipment requires prior written approval of the contracting officer or Departmental level approval depending upon the percentage of usage, in accordance with the provisions of DAR 13-405.

(4) Use of U.S. Production and Research Property for Work for Foreign Countries or International Organizations. Non-government use of U.S. production and research property for foreign procurement requires the prior written approval of the MILDEP having cognizance of the property. Such

approval may be granted only if use will not interfere with U.S. requirements, and the work is in support of FMS or a direct commercial sale approved under the terms of the AECA. Either the asset use or applicable rental charges will be assessed.

(5) Waiver or Reduction of Asset Use/Rental Charges for Use of DoD Assets. Requests for waiver or reduction of asset use/rental charges will be considered for particular sales which would, if made, significantly advance U.S. Government interests in standardization with NATO, NATO member countries, Australia, New Zealand, or Japan. Waivers will be considered only where it is demonstrated clearly that a particular sale will significantly advance U.S. interests in standardization. The burden of such demonstration rests with the purchasing foreign country or international organization. Requests from foreign countries can be submitted directly to the Director, DSAA. In the event the request is provided by the country to the contractor, it should be submitted to the contracting officer who shall refer it through procurement channels to the Director, DSAA, ATTN: Operations Management Division, for consideration and decision. Contracting officers should consider and indicate any potential interference with U.S. requirements prior to forwarding a waiver request for the DSAA, and assure that the request identifies the total amount of charges involved.

f. Quality Assurance, Inspection, and Contract Audit Services.

(1) Refer to DoD 7290.3-M, paragraph 70305 for detailed guidance on recovering these charges.

(2) Quality assurance and inspection and contract audit defense services in connection with the placement or administration of any contract or subcontract for defense articles or defense services entered into after October 29, 1979, either directly or indirectly by a foreign country which is a member of NATO, or pursuant to an FMS case with such NATO country, may be provided without charge if such government provides such services in accordance with an agreement on a reciprocal basis, without charge, to the U.S. Government.

(3) These services may also be provided without charge in connection with the placement or administration of any contract or subcontract for defense articles or defense services pursuant to the NATO Infrastructure Program in accordance with an agreement under which the foreign governments participating in such programs provide such services, without charge, in connection with the similar contracts or subcontracts.

(4) Agreements for the provision of such services without charge will be implemented by the Director, DSAA under authority of AECA, Section 21(h) and Public Law 96-29 (NATO E3A).

(5) A listing of approval agreements is provided at Figure 7-III-2.

g. Termination Liability Reserve.

(1) MILDEPs implementing foreign military sales agreements are responsible for the determination of costs of potential contract termination

and for ensuring that this amount is collected in advance and held in reserve. These costs are the best estimate of the liability that would accrue to the U.S. Government should a particular sales case or agreement be terminated prior to its normal anticipated completion date. For many agreements, potential contract termination costs will change regularly as contracts are awarded, work progresses, purchaser payments are received, and deliveries are made; therefore, reserves will be adjusted accordingly.

(2) The Director, DSAA will be informed of actions taken to determine and collect termination reserves by the submission of Termination Liability Worksheets. These worksheets are required as part of the financial analysis forecasts for LOAs with a total value of seven million dollars or more and will be provided to the DSAA when LOAs are forwarded for countersignature. Further guidance on this requirement and a worksheet format can be found in Section II.

E. DIRECT CHARGES TO FMS CASES. Program management costs, although generally overhead in nature, are to be charged directly to FMS cases rather than to be reimbursed from the FMS administrative funds.

1. Criteria for Charging Such Costs. Those costs which are incurred solely in support of a single FMS program should be charged directly to FMS cases. A single FMS program is an FMS case, or multiple FMS cases, written to satisfy a country request for a major force improvement or for major management assistance from the DoD. Examples of previous programs which involved program management costs include the Saudi Arabian National Guard Modernization (Army), Saudi Naval Expansion Program (Navy), and Peace Hawk V (USAF). Appropriate program management costs include temporary duty (TDY), the expenditure of the equivalent of one or more man-year of effort solely in support of a single FMS program, and supplies or materials. The criteria for determining whether such costs are chargeable directly to an FMS case are:

(a) TDY and other incremental costs must be incurred solely for implementation of the single FMS program (i.e., for a single FMS case or multiple cases related to a single country purchase). TDY and similar FMS costs incurred for overall program management, even if such costs are incurred only for one single country (e.g., for an overall review of an entire FMS country program), are chargeable to FMS administrative funds.

(b) At least one man-year equivalent of effort must be devoted solely in support of implementing a single FMS program. The effort may consist of either "full time" man-years or the sum of "part time" man-years, providing the charge meets the criteria of this subparagraph and subparagraph e. below. Personnel effort will not be charged against case management lines unless it can be demonstrated that the DoD organization involved has either increased its staff as a direct result of the program implementation, or has made an organizational change directly related to the need to rearrange manpower effort in order to implement the program involved. Such costs are most likely to be incurred in CONUS program management/weapons systems management offices as a result of significant additional workload caused by consummation of a major systems sale. General manpower efforts in behalf of FMS, even if incurred for one specific FMS purchaser (e.g., FMS country desk

officers), or less than one man-year of effort in implementation of a single program are reimbursable from the FMS administrative fund. General manpower efforts and those of less than one man-year will not normally be a direct charge to the FMS case. Additional criteria for identifying case management costs are included in subparagraph e., below.

(c) All costs of services performed overseas in support of specific programs are chargeable directly to appropriate line items on FMS cases. Examples of such costs include weapons systems liaison officers, quality assurance teams, and special overseas assignment of personnel for program management and contract administration. In the latter instance, costs of contract administration will be directly charged to cases at actual costs.

(d) The cost of supplies, material, and equipment is properly chargeable directly to the FMS case if it can be demonstrated that the procurement of such items was made solely for the purpose of administering and implementing the FMS case involved.

(e) It is recognized that the functions performed under case management lines are administrative efforts similar to the general types which are chargeable against the FMS administrative fund. The distinction is that case management charges not only are identifiable to a single FMS program, but also are clearly "over and above" routine management actions which must be taken to implement any FMS case; e.g., costs incurred in preparing a Letter of Offer. The establishment of a case management line, particularly one which contemplates charging at least one man-year costs directly against a case, requires a management judgment that an exceptional degree of management effort is necessary to assure successful program implementation. This judgment is a unilateral one on the part of the U.S. Government: i.e., the prospective purchaser is informed that the FMS program cannot be implemented unless extraordinary management costs are incurred. Since the inclusion of the special charge carries a degree of foreign policy connotation, the services to be provided under case management lines must be clearly defined within the LOAs. Additionally, the Director of Security Assistance of the Military Department involved, or his designee, must approve the inclusion of a case management line in excess of \$100,000.

(f) As defined above, case management costs exclude those DoD costs incurred to perform specific management or other services as a direct result of a country request to perform such services. They also exclude services (e.g., engineering support) directly related to providing the end product which the case is designed to produce. These latter costs, while chargeable directly to a FMS case, are considered to be technical assistance rather than case management costs. For cases which include costs for both case management and for DoD services which are inherent to the purpose of the case, the estimated costs may be presented as single line item identifiable to the specific description of the services inherent to the case.

2. DD Form 1513 Presentation. Program management costs will be included in the LOA as a separate line item. Cost estimates will be based on an analysis of the effort required for program management from inception to completion. The line item should be entitled "Case Management Costs" (cite Generic Code L8A and NSN 018100 Case Management), and explanatory notes as to

such costs should be included in the LOA to the extent required to explain them to the purchaser.

3. Military Department Delivery Reporting. MILDEPs will report actual costs incurred to the SAAC as "Services Performed". Personnel costs, including costs of man-days of effort performed while on TDY, will be priced in accordance with instructions in DoDI 7290.3-M. The SAAC will submit billings to countries for such costs in accordance with normal FMS procedures.

[This space left blank intentionally.]

F. GOVERNMENT-PROVIDED ENGINEERING SERVICES.

1. Criteria for Charging Such Costs. Government-furnished engineering services may be specifically requested by the purchaser, or costs may be incurred to provide such services as a necessary part of the management of the production run of certain items of equipment being sold under FMS. Those services specifically requested by the purchaser will be offered on LOAs, reported and billed in the same manner as any other service sold under FMS. The criteria for determining whether government-furnished engineering services associated with equipment purchases should be charged directly to an FMS case are:

a. While the service may not be requested by the purchaser, the performance of the service is necessary for the production, configuration control, or reliability of the item or families of items being sold. The costs to be charged for such services will be the proportionate share of man-years needed for the FMS items being produced. As a general proposition, the costs will be derived by pro-rating total engineering costs by the ratio of items being produced for FMS purchasers to the total items being produced in the same time frame.

b. These DoD costs must be allocable to a specific program rather than be performed to benefit the FMS program in general. Virtually all man-years associated with FMS-related engineering tasks are allocable; however, it is recognized that some engineering man-years may be required for general FMS administration and, upon proper documentation that the cost of such man-years cannot be allocated to FMS case lines, they may be charged to the FMS administrative budget or fund.

c. As indicated in DoDI 7290.2-M, engineering costs are chargeable directly to an FMS case only if they are recurring in nature, and are related to a current production run in which FMS materiel is being produced. Non-recurring costs are recoverable via policies and procedures included in DoDD 2140.2.

2. DD Form 1513 Presentation. Estimated costs of providing engineering services associated with production of purchased items will be included in the estimated unit costs of the item being purchased. Thus, the LOA item price will include not only the estimated contract cost to produce it (including government-furnished material) but also the cost of services required to assure its purchaser production in the correct configuration. Such costs will also include the pro-rata share of government-furnished testing and evaluation services.

3. Military Department Delivery Reporting. Military Departments will include the appropriate pro-rata share of applicable government-furnished engineering service costs in the reported unit price of the purchased item. SAAC will submit billings to countries at the full unit price reported by the Military Department.

G. ASSET USE CHARGES FOR ITEMS PROVIDED FROM INVENTORY.

1. Criteria for Charging Such Costs. DoDI 7290.3-M, requires an asset use charge of 1% to be applied to the materiel base price for articles sold from DoD inventories.

2. DD Form 1513 Presentation. Whenever it is practicable to estimate the value of materiel to be furnished from DoD inventories, the amount of the estimated asset use charge will be included in Block 25 of the LOA. The following note will be included in all LOAs which include requirements which possibly could result in shipments from DoD inventories:

"An amount of 1% will be added to the price of items provided from DoD inventories, so as to cover costs incurred for use of U.S. Government facilities."

3. Military Department Delivery Reporting. The MILDEPs will report inventory item shipments to SAAC at stock list price or replacement price as applicable. The MILDEPs will not include the value of the asset use charge in such delivery reports. At case closure a certificate will be submitted from the MILDEP to SAAC exclusive of the asset use charge. SAAC will assure the 1% asset use charge is reflected in the final case value.

4. SAAC Billing and Reminbursement Procedures. SAAC will process reported deliveries of items from inventories (based on delivery source code) so as to add a surcharge of 1% to the value of the reported inventory shipments. Delivery documentation forwarded to purchasers as a part of billing data will reflect the charge separately, in the same general manner used for assessment of PCH&T charges. SAAC will take actions required to assure that proceeds received from the asset use charge are properly credited to Miscellaneous Receipts of the Treasury.

5. Applicability. These provisions do not apply to the application of rental charges made under the provisions of the DAR for items provided from procurement initiated to meet FMS customer requirements or to asset use charges for DoD services including training. DAR rental charges for items furnished from procurement will vary depending on the degree of use of DoD facilities and are included in contractor billings. Applicable asset use charges for items manufactured or assembled in government-owned and operated facilities will be included by the MILDEP in the unit cost of the item being produced. Asset use charges for FMS training are to be included in the tuition rates billed to purchasers. Asset use charges of DoD services are to be included as part of the cost of performing the service.

H. REPLACEMENT PRICE FOR SECONDARY ITEMS.

1. Criteria for Charging Such Costs. The stock list price of procurement funded secondary items furnished from inventory will be increased by a surcharge published by the ASD(C). The surcharge will be included in the item's price and covers the increased costs, anticipated due to inflation, of replacing the item from procurement sources. The inflation factor will not be arbitrarily applied to the price of major items sold from inventories.

Replacement prices for major items will be computed in accordance with DoDI 7290.3-M.

2. DD Form 1513 Presentation. Most such items will be provided against "dollar lines" form blanket order FMS cases, etc. The dollar values offered in LOA should be in sufficient amounts to cover appropriate replacement pricing for secondary items.

3. Military Department Delivery Reporting. MILDEP Delivery reports will reflect the item selling price as a single price combining stock list price plus the ASD(C) published surcharge amount. SAAC will submit billings to countries in the price reported by the MILDEPs.

4. Applicability. This instruction does not apply to stock fund pricing, but only to central procurement secondary items provided from DoD inventories. As indicated in DoD 7290.3-M, all CLSSA (FMSO II) shipments will be priced at standard price.

I. FINANCIAL ADMINISTRATION OF FMS CREDIT PROGRAM.

1. The FMS credit appropriation and loans guaranteed by DoD provide two sources of initial funding of FMS or direct commercial sales. Annual requirements are defended before Congress by OSD/DSAA. The appropriation is administered by DSAA. Customer payments of principal and interest on the amounts loaned are based upon the terms of individual credit agreements. Specific detail on FMS credit management is included in Chapter 9.

J. PREPARATION AND IMPLEMENTATION OF DD FORM 1513, LETTERS OF OFFER AND ACCEPTANCE (LOAs). MILDEPs and other implementing agencies are responsible for preparing LOAs and for establishing estimated price and availability of defense articles, defense services, and design and construction services offered for sale thereon; developing payment schedules; preparing and providing any required accompanying data, e.g., Financial Analysis, Termination Liability Worksheets, etc.; and initiating and processing such amendments or modifications as may be appropriate. Implementing agencies are responsible for negotiating terms of sale for cash sales, in accordance with policy guidance provided by DSAA. They are responsible for establishing management systems necessary to insure prompt implementation of FMS agreements upon receipt of obligational authority from the SAAC, including those systems required to finance, account, and report accomplishment for each individual case. Copies of all LOAs, amendments thereto and certain modifications will be provided to the Comptroller, DSAA, for countersignature prior to submission to the country. This requirement, however, does not satisfy other requirements regarding coordination with the DSAA Operations or Plans Directorates.

K. TERMS OF SALE AND TYPE OF ASSISTANCE CODES (REFER ALSO TO TABLE 7-III-1).

1. General.

a. Applicable Sections of AECA. An LOA for a sale of defense articles, defense services, or design and construction services may involve one or more of the following sections of the AECA.

- Section 21. Sale from DoD stocks (includes defense articles and services of DoD personnel except those services provided under Section 29).
- Section 22. Sale from DoD procurement (includes defense articles and services of DoD contractor personnel except those services provided under Section 29.).
- Section 23. DoD direct credit extended to a purchaser to finance a sale from DoD stocks or DoD procurement.
- Section 24. DoD guaranteed credit extended to a purchaser to finance a sale from DoD stocks or DoD procurement,
- Section 29. Sale of design and construction services from DoD stocks or procurement.

b. Use of Terms of Sale on LOAs. Terms of Sale indicate when payments are required and whether the agreement is to be financed on a cash or FMS credit (loan) basis. The implementing agency enters the appropriate Terms of Sale as specified by paragraph 3. below in the "Terms" block (27) of the LOA. If an LOA involves more than one of these terms, the implementing agency will cite on the LOA all of the applicable terms and (except for FMSO I, and Cash with Acceptance) insert the following: "Payment will be in accordance with the provisions of the Financial Annex subject to paragraph B.3.f. of Annex A."

c. Use of Type of Assistance Codes on LOAs. The implementing agency will cite Type of Assistance codes, as specified in paragraph 4. below, in the "Availability and Remarks" block (18) of the LOA for each line item in the case.

2. Initial Deposits (Refer also to Table 7-III-1).

a. Determining Initial Deposit. The terms of sale and projected date of delivery or performance of services determine the requirement for initial deposit. If delivery of the defense article or service is within 90 days of an LOA acceptance, the purchaser must pay the full amount with acceptance or as demanded by DoD in advance of performance. Cash with acceptance is required when total performance is anticipated shortly after acceptance and before a billing for incremental deposits can be rendered and collected. Most sales of defense articles, defense services, and design and construction services require an initial deposit and incremental payments by the purchaser. Historically, such sales were referred to as "dependable undertaking." By law, however, only sales from procurement sources (Section 22 or Section 29 of the AECA) are dependable undertakings -- sales from DoD stocks require terms of sale of either "Cash with Acceptance" or "Cash prior to Delivery."

b. Payment of Initial Deposits. To accept an LOA, the purchaser may be required to make an initial deposit equal to a portion or all of the estimated value of the FMS agreement. The amount of the initial deposit will be as specified on the LOA and computed in accordance with paragraph c. below, except for FMSO I Agreements. DoD 7290.3-M provides special guidance for computing initial deposits for FMSO I. Where an initial deposit is required,

the purchaser is responsible for forwarding payment to SAAC by check or wire transfer at the time of and as an integral part of accepting the DD Form 1513. In the absence of such payment, there is no binding agreement that can be implemented. If the purchaser has excess funds in his FMS Trust Fund Holding Account, he may request use of these funds to pay initial deposit requirements. For that portion of the value of the FMS agreement for which the purchaser need not make an initial deposit, the SAAC will bill the purchaser as required. For those purchasers not authorized direct arrangements for dependable undertaking (see Table 7-III-2), terms of sale on a cash sale from procurement will be "Cash with Acceptance," unless DSAA has provided approval for other financing terms.

c. Computation of Initial Deposit. Except for FMSO I, the implementing agency will compute the initial deposit as follows: The initial deposit must be sufficient to cover the potential charges to be incurred (e.g., contractor progress payments, contractor holdbacks, potential termination charges, deliveries from DoD inventories, etc.) from the expiration date of the offer set forth in the LOA through the day immediately preceding the calendar quarter to which the first bill applies. New FMS agreements can enter the billing system at the SAAC during a particular calendar quarter through the tenth day of the last month of that quarter. A bill is issued as of the close of business of that quarter with payment due 75 days later. The bill covers all costs incurred as of the date of the bill plus anticipated costs through the quarter following the payment due date. Therefore, if the agency anticipates that an LOA will be accepted by the purchaser and will be received by SAAC before the tenth day of the last month of the quarter, the implementing agency should require an initial deposit to cover only the estimated payments due through the end of the first full calendar quarter following the acceptance of the agreement. To illustrate, a new agreement with an expiration date of between 11 September through 10 December would first appear on the billing statement as of 31 December. The 31 December statement would request payment on 15 March for costs estimated to be incurred during the period 1 April through 30 June. Therefore, the initial deposit should cover only the estimated payments due from date of acceptance through 31 March. However, if the SAAC does not receive a new agreement until 11 December, the agreement would first appear on the billing statement as of 31 March. This 31 March statement would request payment on 15 June for costs estimated to be incurred during the period 1 July - 30 September. In this case, the initial deposit should cover all estimated payments due from date of acceptance through 30 June. The payment schedule set forth in a Financial Annex will be based on the foregoing and reflect the date that payment is due. Other than initial deposits, payment due dates are 15 March, 15 June, 15 September, and 15 December. An example is as follows:

Offer Expiration Date: 15 December
Initial Deposit: Costs to be incurred
 from date of acceptance through 30 June
First Forecast Quarter in Payment Schedule:
 1 July thru 30 September
"As of Date" of Billing: 31 March
Approximate Mailing of Billing: 15 April
Payment Due: 15 June

(1) Detail guidance for determining initial deposits and preparation of payment schedules is given in DoD 7290.3-M, Section 404. Figure 7-III-1 summarizes the above dates as viewed by the SAAC as the responsible authority for assuring the adequacy of cash deposits from FMS purchasers.

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

a. Terms.

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

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

(3) "Dependable Undertaking." Under this term, the U.S. Government collects cash in advance of procurement contract payment requirements. Section 22 and Section 29 of the AECA apply. Paragraph B.3.c. of Annex A of the LOA defines this term. If Section 22(b) is applicable based on Presidential action (i.e., payment due 120 days after delivery), add "with 120 days payment after delivery." The countries identified in Table 7-III-2 are authorized to make direct arrangements with the cognizant DoD component for purchases under a dependable undertaking transaction.

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

(5) "FY (insert two digit fiscal year of loan program) FMS Credit." This term applies to payment for a Foreign Military Sale in whole or in part with FMS loan funds, extended or guaranteed by DoD under Sections 23 or 24 of the AECA or under other legislation. Paragraph B.3.e. of Annex A of the LOA defines this term. The implementing agency will determine initial deposit requirements in the same manner as in paragraph 3.a.(3), above. The purchaser may then request the drawdown of FMS loan funds in payment of the initial deposit and subsequent payments if any in accordance with the Financial Annex. If the sales agreement is to be financed only in part with FMS credit funds, the implementing agency will also cite in the "Terms" block (27) of the LOA the appropriate other Terms of Sale and the amounts applicable to each type of financing.

(6) "FY (insert two digit fiscal year of MAP program) MAP Financing." This term applies to payment for a Foreign Military Sale in whole or in part with Military Assistance Program (MAP) funds, authorized for transfer to the FMS trust fund for merger with country trust fund deposits. If the sales agreement is to be financed only in part with MAP funds, the implementing agency will also cite the appropriate other terms and the amounts applicable to each in the LOA.

b. Related Information.

(1) If more than one of the above Terms of Sale apply to a particular LOA, the implementing agency will cite all of the appropriate Terms of Sale on the LOA. No attempt should be made to break out the estimated costs for each or some line items, except where FMS loan funds are cited in which case a dollar breakout will be shown. Applicable line items for credit will be coded "TAZ." Mixed line items will show "TAZ" and other appropriate "TA" code. (See paragraph 4, below).

(2) In addition to the applicable Terms of Sale, the implementing agency will enter the following statement in the "Terms" block of the LOA: "Payment will be in accordance with the provisions of the Financial Annex subject to paragraph B.3.f. of Annex A." However, this statement does not apply to Cash with Acceptance and FMSO I cases. If the purchaser is not authorized a Dependable Undertaking for Section 22 or Section 29 sales, the Term of Sale will be "Cash with Acceptance," unless specific DSAA approval is obtained. A Financial Annex is required for all LOAs except FMSO I agreements. Paragraph I.1.d., this section sets forth instructions for Financial Annexes.

4. Type of Assistance (TA) Codes.

a. Codes Identified.

- Code 3: Sec 21 (b), AECA; Source of Supply "S", "R", "E".
- Code 4: Mixed Sec 21(b), 22(a), or Sec 29 AECA or source undetermined; Source of Supply "X".
- Code 5: Sec 22(a), AECA; Source of Supply "P".
- Code 6: Sec 21(d), AECA; Payment on Delivery; Source of Supply "S", "R", "E".
- Code 7: Sec 22(b), AECA; Dependable Undertaking with 120 days payment after delivery; Source of Supply "P".
- Code 8: Sec 21(d), AECA; Stock sales with 120 day payment Source of Supply "S", "R", "E".
- Code U: FMSO I, Source of Supply "P".
- Code V: FMSO II, Source of Supply "P".
- Code Z: Sec 23 or 24, AECA; FMS Credit.

b. Use with Source of Supply Codes. The type of assistance code may be interchanged when used in the "Availability and Remarks" block of the LOA. Example: TA3, TAZ. The Source of Supply codes shown in paragraph 3, Explanatory Notes, Annex A, to the LOA, must be determined and indicated independently of TA codes. For example, the source of supply coding for FMSO II should be "P(*)" and the TA code for FMSO II should be "TAV" with both designations being shown in the "Availability and Remarks" block of the LOA.

L. MULTIPLE SOURCES OF FINANCING.

1. Reasons for Use. Customers occasionally finance major sales partially from cash and partially from credit sources. The two primary reasons for use of multiple financing are: (1) the customer desires to pay cash for the transactions to the maximum extent possible, but must obtain partial credit financing because of inability to pay for the entire transaction on cash terms, and (2) the customer desires to utilize credit for the transaction to the maximum extent possible, but cannot obtain approval for DoD credit financing for the entire amount. In either event, the customer is obligated to pay cash, under appropriate Terms of Sales as indicated in Paragraph G., above, for all costs of the sale which exceed the amount of credit authorized in the purchase approval for the sale.

M. FINANCIAL CONTROL OF FMS AGREEMENTS.

1. Accuracy of Pricing and Payment Schedules.

a. Need for Accuracy. Historically, a major area of purchaser concern has been the rapid change in pricing and financial commitments after acceptance of FMS agreements. Purchasers are concerned that the amounts they are required to pay on the DD Form 645, FMS Billing Statements, often differ significantly from the amounts estimated in the LOAs and related payment schedules. Inaccurate payment schedules hamper financial planning on the part of purchasers and, as a result, they must obtain emergency funds from (or must return monies to) their parliamentary bodies.

b. Effect of Inaccuracies on Customers. Since purchasing governments typically have budgetary practices that are as involved as our own, emergency funding may not be available in time to avoid penalty interest assessments on delinquent FMS debts. Interest charges for late payments are especially difficult for DoD to explain when the cause for delinquency is attributable to inaccurate pricing and payment schedules provided to the purchasers by DoD .

c. Policies for Pricing. The policies for pricing defense articles and services are set forth in DoD 7290.3-M. Each DoD component must strictly adhere to the policies prescribed. To assist in the pricing of FMS agreements, Paragraph C.8.c.(1), Section II of this Manual, provides a systematic application of pricing policies to develop a "Financial Analysis." Use of this guidance should minimize subsequent revisions of price caused by erroneous cost elements or incomplete adherence to pricing policy.

d. Financial Annex to the DD Form 1513. To improve the quality of payment schedules attached to LOAs, Paragraph L.1.2. below provides criteria for payment schedule preparation. The financial annex payment schedule provides the purchaser with a reference to his financial commitment. Samples of Financial Annexes are shown at Figures 7-III-3 and 7-III-4.

(1) Payment Schedule. The payment schedule should project quarterly payments due as of the 15th day of the last month of each calendar quarter. Each deposit amount should be sufficient to cover all costs and contingencies anticipated to be incurred on the purchaser's behalf during the succeeding quarter. Specifically, the deposits should provide for incremental

payment of materiel, services, administrative charges, accessorial charges, contractor holdback, termination liability, nonrecurring cost recoupment charges, asset use, and any other applicable contingency or add-on costs.

(2) Use of Appropriate Annex. Only one annex should be used for each DD Form 1513. The appropriate annex should be selected based on the Terms of Sale under the agreement.

(3) Revisions to Payment Schedules. Implementing agencies will revise payment schedules in the Financial Annexes as necessary. A new annex should be furnished whenever a substantive revision in payment rates is evident. Obviously, this condition varies by country and case. However, a DD Form 1513-2 providing a new annex is required when costs are anticipated to vary (increase or decrease) from the existing payment schedule amounts by more than \$500,000 or 10%, whichever is greater, during any 12 month period. This threshold should be reduced when the purchaser's program is relatively small and forecasted deliveries or costs will exceed the payment schedule.

2. Preparation of Payment Schedules.

a. General. The preparation of payment schedules require budgetary estimates under conditions of inflationary uncertainty and uncertainty as to the specific dates when: purchasers will accept and return the LOA for implementation; requisitions for items will be initiated; contracts will be let; progress payments must be made to contractors; deliveries of items, particularly spare parts and support equipment, will occur; and personnel costs will be incurred.

b. Criteria. Actual outlays therefore, can be expected to vary from initial payment schedules. This does not negate, however, the requirement to develop a payment schedule for each case. In general, payment schedules will include estimates of outlays for sales from DoD stocks, sales from procurement, DoD services and training, administrative charges, accessorial and transportation charges. The paragraphs that follow provide criteria for developing payment schedules in anticipation of these costs:

(1) Timing and Amount of Payments. All payment dates on Financial Annexes other than initial deposits should be 15 days before the end of each calendar year quarter (e.g., 15 December, 15 March, 15 June, 15 September). Payment amounts should equal the anticipated outlays for the next 90 days after payment date. The timing and amounts of claims for payment will coincide with existing FMS billing procedures as described in DoD 7290.3-M. The payment schedule should specify the initial deposit required at the time of case acceptance. The amount of initial deposit must be sufficient to cover outlays/deliveries anticipated until the first follow-on payment is scheduled for receipt.

(2) Uncertain Date of Acceptance. When the exact date a purchaser will accept an LOA is uncertain, and a payment is needed a specific number of days after that acceptance, assume that the purchaser will accept the LOA 60 days after it is offered, and specify the first payment date accordingly.

(3) Materiel from Stock. The schedule for payments related to materiel to be sold from stock will be based on estimated deliveries during each 90 day period as cited above. The basis of forecasting anticipated delivery will be the use of historical delivery information of specific generic codes and other materiel categories and should be supported by an analysis showing the means of forecasting.

(4) Materiel from Procurement. Payment schedules for materiel obtained through procurement requiring progress payments to the contractors will be estimated based on historical cost curves. These curves should be systematically developed for all major DoD weapon systems and should be reviewed periodically for validity. Payment schedules should include both the estimated disbursements to contractors as well as appropriate contract hold-back percentage.

(5) Concurrent Spare Parts. For case lines involving concurrent spare parts, estimate dollar deliveries consistent with the delivery of the end items being supported.

(6) Purchaser-Initiated Requisitions. For cases involving purchaser-initiated requisitions (i.e., open-end or blanket order cases expressed in dollars) over a one-year period, phase payments quarterly for one-fourth of the estimated case value. The first payment should be scheduled 90 days after the estimated date of case acceptance and initial deposit.

(7) Personnel Services. For cases involving personal services, develop a monthly phasing based upon the scheduled dates and elements of cost of the services being provided.

(8) Training Cases. For training cases involving foreign student entry into courses, schedule the payment in consonance with known or estimated entry into the training courses involved. Open-end or blanket order training cases will require an initial deposit of 25% when the case exceeds \$25,000.

(9) Royalties or Pro-Rata Nonrecurring Cost Charges. For cases involving royalties or pro-rata nonrecurring costs or asset use charges, schedule the payment in consonance with production schedules of the end item for which the payment is being collected.

(10) Administrative and Accessorial Charges. Schedule administrative and accessorial costs in consonance with payment schedules for the primary items or services being provided under the case. However, one percent of the administrative fee will normally be required with acceptance of the LOA.

3. Budgetary Authority for FMS Orders. To protect the integrity of the FMS purchaser's financial commitment and to ensure proper accounting for fiscal resources of the DoD components, the DoD uses a series of uniform, DoD-wide budgetary controls for FMS agreements. Budgetary control of an FMS agreement begins after acceptance of the sales offer by the purchaser. The purchaser forwards three signed copies of the accepted agreement to the SAAC together with any required initial deposit. If the terms of sale have been observed by the purchaser, the SAAC records acceptance of the LOA and releases

to the appropriate DoD agency specific values of obligational authority. The DoD agency must then account for, control, and report all obligations incurred against the authority received. The essence of the budgetary control system is the "FMS Planning Directive" (DD Form 2061) and the "Request and Approval of FMS Obligational Authority" (DD Form 2060). Each of these documents form a building block of fiscal data in support of the "FMS Status of Budget Execution Report" (DD Form 1176). Specific detailed controls for use of these forms for FMS sales are prescribed in DoD 7290.3-M.

4. Collection of FMS Payments.

a. Trust Fund Accounts. The AECA requires FMS monies to be collected in advance of delivery, service performance, or contractual progress payments. The SAAC performs accounting operations for these monies from two parent FMS trust fund accounts: (1) 978242, (Deposits, Advances, Foreign Military Sales, Defense) and (2) 97-11X8242, (Advances, Foreign Military Sales, Executive, Defense). The 978242 account is used for "receipt" of payments from customers for FMS sales. Account 97-11X8242 is for "disbursements" made to suppliers on behalf of the FMS purchasers.

b. Integrity of Payment Identification. Cash collections into the FMS Trust Fund are the result of initial deposits at acceptance or are based on requests for funds (billings) prepared by the SAAC. Each deposit made is recorded to the appropriate FMS case accepted by the purchaser. If the deposit is not identifiable at time of payment it is recorded in the FMS customers' "Holding Account" pending identification. Throughout the life of the FMS case, the integrity of case-level accounting for deposits will be maintained by the SAAC.

c. Holding Accounts. Cash payments often are received cumulatively which are in excess of the final value of a particular case. With purchaser approval, these surplus funds can be transferred into a Trust Fund "Holding Account" similar to a pseudo-case. Monies on deposit in the holding account are available to the purchaser for application to other FMS cases. However, upon purchaser demand these overpayments will be refunded provided there are no collection delinquencies for other FMS cases for that purchaser.

d. Payment Office. All payments, whether cash or credit, must be made to the Security Assistance Accounting Center, Denver, Colorado, 80279, for deposit to the FMS Trust Fund account for the purchaser. All payments should identify the specific reason for the payment.

5. Disbursement Authority for FMS Agreements.

a. Case-Level Accounting. FMS monies collected in advance of delivery, service performance, or contractual progress payments are available for reimbursement to U.S. appropriations or direct-cite payment to U.S. producers. Although these disbursements are controlled on an FMS country basis, accounting for FMS transactions is on an individual case basis. In other words, country cash deposits may be disbursed for the financial requirements associated with any of that country's cases with its consent, expressed or implied, but the integrity of deposit and disbursement accounting for individual cases will be maintained.

b. Disbursement Authorities. The total DoD disbursement authority for each FMS purchaser is equal to the amount of undisbursed monies on deposit for the purchaser in the FMS Trust Fund. Any subdivision of this authority must be requested by the DoD components. Based on the amount of a request and of available monies, the SAAC will formally release advice of disbursement authority in a specified amount at FMS country level to the DoD component. The DoD component must exercise prudent control to ensure the disbursement limitation is not exceeded when paying contractors or reimbursing U.S. appropriations.

6. Accounting for Contractual Progress Payments.

a. Incremental Payments. Most of the materiel furnished on FMS orders is procured by the DoD on behalf of FMS purchasers. Associated with these procurement actions are incremental, contractual progress payments for work in process. It is to the benefit of DoD and of the FMS purchaser that contractors receive incremental payment as fabrication and assembly of new materiel progresses under an FMS case. Installment payments reduce the impact on customers budgets and reduce contractors' investment in work in process. Similarly, it reduces mutual exposure and risk of case cancellation. It provides also for continuing assessment of case requirements and pricing to update any elements of inaccurate price estimation that may have occurred at time of case offer.

b. Segregating and Accounting for FMS Costs. Sections 22 and 29 of the AECA necessitate accurate and prompt segregation and accounting for incremental costs to ensure that DoD appropriations are not adversely impacted by contractual payments on behalf of FMS orders. DoD policy is that contractors separately request progress payments when more than one country's requirements or U.S. requirements are included in the same contract. The DoD agency that makes the progress payment must promptly report these costs to the SAAC to insure that billings accurately reflect the rates at which disbursements are made. As stated previously, the SAAC is responsible for ensuring sufficient monies are collected in advance to cover forecasted costs by the DoD agencies. If the payment schedule appears to be inadequate, the DoD agency should modify it (DD Form 1513-2) with notification to both the FMS purchaser and the SAAC.

FIGURE 7-III-1

KEY DATES IN FMS BILLING AND COLLECTION

<u>Offer Expiration/ Acceptance Dates of LOAs*</u>	<u>SAAC "Cut-off" for Delivery Performance Reports from Implementing Agencies</u>	<u>As of Date on FMS Bill- ing Statement</u>	<u>Approximate Date of FMS Billing Statements</u>	<u>Payment Due at SAAC</u>
11 Sep - 10 Dec	16 Dec	31 Dec	15 Jan	15 Mar
11 Dec - 10 Mar	16 Mar	31 Mar	15 Apr	15 Jun
11 Mar - 10 Jun	16 Jun	30 Jun	15 Jul	15 Sep
11 Jun - 10 Sep	16 Sep	30 Sep	15 Oct	15 Dec

*Accepted LOAs received and implemented between these dates will appear on the next quarterly FMS Billing Statement.

FIGURE 7-III-1. Key Dates in FMS Billing and Collection.

FIGURE 7-III-2

CONTRACT ADMINISTRATION RECIPROCAL AGREEMENTS

<u>COUNTRY</u>	<u>EFFECTIVE DATE</u>	<u>COST WAIVED</u>
Canada (CN)	27 Jul 1956	Contract Audit Quality Assurance and Inspection
United Kingdom (UK)	30 Oct 1979	Contract Audit
France (FR)	17 Jul 1981	Contract Audit
Netherlands (NE)	9 Apr 1982	Quality Assurance and Inspection
Italy (IT)	7 Jan 1983	Quality Assurance and Inspection
NATO Integrated Communication System Management Agency (NIC SMA) (N2), (K4)	30 Sep 1981 6 May 1980	Contract Audit Quality Assurance and Inspection
NATO (All infra- structure programs administered by a NATO Command or NATO Agency)	30 Sep 1981 28 Oct 1980	Contract Audit Quality Assurance and Inspection
NATO (All other infrastructure pro- grams administered by a host country)	10 Feb 1981	Quality Assurance and Inspection
NATO E-3A (N1), (K7) (K8), (W1)	Program Conception	Full waiver of all contract Administration

FIGURE 7-III-2. Contract Administration Reciprocal Agreements.

FIGURE 7-III-3

SUPPLEMENTARY FINANCIAL TERMS AND CONDITIONS - CASH FINANCING ONLY

This agreement under Section 21 and 22 of the U.S. Arms Export Control Act is financed solely on a cash basis. The Purchaser agrees to make payments in such amounts and at such times as may be specified by the U.S. Government, including any initial deposit indicated on the Letter of Offer and Acceptance (LOA), in order to meet financial requirements arising from this agreement.

Quarterly billings for amounts due under this agreement will be forwarded by the Security Assistance Accounting Center (SAAC), and payments (in U.S. dollars) will be forwarded to that organization by check or wire transfer in time to meet prescribed due dates. The Statement of Foreign Military Sales Transactions, DD Form 645, will serve as a statement of account and as a billing statement. Attachment 1 to the billing statement will be an "FMS Delivery Listing." SAAC will use its best efforts to forward billings not later than 45 days before such payments are due. All requests for billing or supply adjustments should be submitted to the SAAC.

The initial deposit of \$ _____ must accompany and is an integral part of the Purchaser's acceptance of this LOA. The below estimated payment schedule is provided for the Purchaser's general planning purposes -- it is neither binding on the U.S. Government nor will it be used invariably as a basis for requesting payment from the Purchaser. The Purchaser will be required to make payments in accordance with quarterly billings (DD Form 645) issued by the SAAC. If actual payment requirements differ materially from the estimated payment schedule, the U.S. Government will use its best efforts to provide a revised payment schedule (DD Form 1513-2) at least 45 days prior to the next payment due date.

It is understood that the values on the LOA are estimates, and that the final amount to be charged for items or services furnished will be equal to the final total cost to the U.S. Government. When final deliveries are made, and all costs are known, the SAAC will provide a "Final Statement of Account," which will indicate final costs of the agreement. Should this amount be more than funds collected, a final billing (immediately due and payable) will be concurrently provided. Should the amount be less than funds collected, such excess funds will be available for payment of unpaid billings for other agreements. If there are no such unpaid billings, such excess funds will be disposed of by agreement between the Purchaser and the Comptroller, Defense Security Assistance Agency.

(Continued)

FIGURE 7-III-3. Supplementary Financial Terms and Conditions --
Financing Only.

To assist the purchaser in developing fiscal plans and annual budgets, the U.S. Government provides its best estimate of anticipated costs of this agreement in the following estimated payment schedule.

ESTIMATED PAYMENT SCHEDULE

Payment Date	Amount
Initial Deposit	

FIGURE 7-III-3. (Continued)

FIGURE 7-III-4

SUPPLEMENTARY FINANCIAL TERMS AND CONDITIONS -
FMS LOAN OR MIXED CASH AND FMS LOAN FINANCING

This agreement is financed partly or entirely with FMS loan funds under Section 23 and 24 of the U.S. Arms Export Control Act. The Purchaser agrees to make payments in such amounts and at such times as may be specified by the U.S. Government, including any initial deposit indicated on the Letter of Offer and Acceptance (LOA), in order to meet financial requirements arising from this agreement.

Quarterly billings for amounts due under this agreement will be forwarded by the Security Assistance Accounting Center (SAAC), and payments (in U.S. dollars) will be forwarded to that organization by check or wire transfer in time to meet prescribed due dates. The Statement of Foreign Military Sales Transactions, DD Form 645, will serve as a statement of account and as a billing statement. Attachment 1 to the billing statement will be an "FMS Delivery Listing." SAAC will use its best efforts to forward billings not later than 45 days before such payments are due. All requests for billing or supply adjustments should be submitted to the SAAC.

To authorize payments of the billing from funds available under the appropriate Loan Agreement, the Purchaser is requested to forward a copy of the billing without attachments directly to the Defense Security Assistance Agency, Credit Programs Division, 1400 Wilson Boulevard, Suite 535, Architect Building, Arlington, Virginia 22209. The request for payment by the Purchaser from loan funds should identify the Loan Agreement from which the payment is to be made and the appropriate disbursement date. Specific instructions, as to how to process payment requests, are included in applicable provisions of the Loan Agreement.

If full payment is not made by the prescribed due date, interest shall be charged as outlined in General Conditions, paragraph B.3.g. of Annex A to the LOA. The principal of the arrearage shall be computed as the excess of cumulative financial requirements over cumulative collections (cash or loan) shown in the Statement of Foreign Military Sales Transactions after the payment due date. Interest that is assessed on FMS payment arrearages is in addition to any interest that may accrue pursuant to FMS Loan Agreements.

The initial deposit of \$ _____ must accompany and is an integral part of the Purchaser's acceptance of this LOA. The below estimated payment schedule is provided for the Purchaser's general planning purposes -- it is neither binding on the U.S. Government nor will it be used invariably as a basis for requesting payment from the Purchaser. The Purchaser will be required to make payments in accordance with quarterly billings (DD Form 645) issued by the SAAC. If the actual payment requirements differ materially from the estimated

FIGURE 7-III-4. Supplementary Financial Terms and Conditions --
FMS Loan or Mixed Cash and FMS Loan Financing.

payment schedule, the U.S. Government will use its best efforts to provide a revised payments schedule (DD Form 1513-2) at least 45 days prior to the next payment due date.

It is understood that the values on the LOA are estimates, and that the final amount to be charged for items or services furnished will be equal to the final total cost to the U.S. Government. When final deliveries are made, and all costs are known, the SAAC will provide a "Final Statement of Account" which will indicate final costs of the agreement. Should this amount be more than funds collected, a final billing (immediately due and payable) will be concurrently provided. Should the amount be less than funds collected, such excess funds will be available for payment of unpaid billings for other agreements. If there are no such unpaid billings, such excess funds will be disposed of by agreement between the Purchaser and the Comptroller, Defense Security Assistance Agency.

To assist the Purchaser in developing fiscal plans and annual budgets for use of loan resources, the U.S. Government provides its best estimate of anticipated costs of this agreement in the following estimated payment schedule:

ESTIMATED PAYMENT SCHEDULE

Payment Date	Amount
Initial Deposit	

FIGURE 7-III-4. (Continued)

TABLE 7-III-1

SUMMARY OF TERMS OF SALE AND TYPE OF ASSISTANCE CODES

TYPE OF SALE	TYPE OF ASSISTANCE CODE	SOURCE OF SUPPLY CODE	AVAILABILITY	TERM(S) OF SALE	INITIAL DEPOSIT
1. Article(s) sold only from stock, Secs. 21(b)/29	3	S, E, R*	Anytime	Cash with Acceptance	100% of total estimated cost
2. Article(s) sold only partially from stock, Secs. 21(b)/29	3	S, E, R*	Anytime	Cash Prior to Delivery	100% of "S", "E" and "R" coded article(s)
3. Service(s) sold only from stock, Secs. 21(b)/29	3	S	To be performed in a period requiring 100% initial deposit	Cash with Acceptance	100% of total estimated cost
4. Service(s) sold only from stock, Secs. 21(b)/29	3	S	To be performed in a period not requiring 100% initial deposit	Cash Prior to Delivery	As shown in the Financial Annex
5. Service(s) sold partially from stock, Secs. 21(b)/29	3	S	a. To be performed in a period requiring 100% initial deposit	Cash with Acceptance	100% of "S" coded services
			b. To be performed in a period not requiring 100% initial deposit	Cash Prior to Delivery	As shown in the Financial Annex
6. Article(s)/service(s) sold only from procurement, Secs. 22(a)/29	5	P	To be delivered/performed in a period requiring 100% initial deposit	Cash with Acceptance	100% of total estimated costs

* Contractor rebuild/repair modification must be coded "P"

TABLE 7-III-1. Summary of Terms of Sale and Type of Assistance Codes.

TABLE 7-III-1. (Continued)

TYPE OF SALE	TYPE OF ASSISTANCE CODE	SOURCE OF SUPPLY CODE	AVAILABILITY	TERM(S) OF SALE	INITIAL DEPOSIT
7. Article(s)/service(s) sold only from procurement, Secs. 22(a)/29	5	P	To be delivered/performed over a period not requiring 100% initial deposit	Dependable Undertaking	As shown in the Financial Annex
8. Article(s)/service(s) sold partially from procurement, Secs. 22(a)/29	5	P	a. To be delivered/performed in a period requiring 100% initial deposit	Cash with Acceptance	100% of "P" coded article(s)/service(s)
			b. To be delivered/performed in a period requiring initial deposit of less than 100%	Dependable Undertaking	As shown in the Financial Annex
9. Mixed stock and procurement or source not predetermined, Secs. 21(b)/22(a)/29	4	X	Not predetermined	Dependable Undertaking/ Cash Prior to Delivery	As shown in the Financial Annex
10. Article(s) and/or service(s) sold from stock, Secs. 21(b) and first sentence of 21(d)**	6	As Required	Anytime	Payment on Delivery	None
11. Article(s) and/or service(s) sold from procurement, Sec. 22(b)***	7	As Required	Anytime	Payment 120 days after Delivery	None

** Requires approval of Director, DSAA.

*** Requires approval of the President.

TABLE 7-III-1. (Continued)

TYPE OF SALE	TYPE OF ASSISTANCE CODE	SOURCE OF SUPPLY CODE	AVAILABILITY	TERM(S) OF SALE	INITIAL DEPOSIT
12. Article(s) and/or service(s) sold from stock, final sentence of Sec. 21(d)***	8	As Required	Anytime	Payment 120 Days After Delivery	None
13. FMSO I, DoDI 2000.8	U	P	N/A	Cash with Acceptance, \$ _____, balance as billed.	5/17th of estimated cost plus 100% of Administrative charges
14. FMSO II, DoDI 2000.8	V	P	N/A	Cash Prior to Delivery Dependable Undertaking	As shown in the Financial Annex
15. Any, Sec. 23 or 24	Z	As required	N/A	Loan agreement with NR. _____ Dated _____ (_____ Time Items)	As shown in the Financial Annex
16. Combination of above resulting in more than one term of sale				(Show two or more terms as appropriate)	As shown in the Financial Annex
17. Federal Republic of Germany				The DoD will draw required payments from the FRG's US Treasury Deposit Account as specified in the monthly statement of fund requirements in accordance with DoDI 2110.12	

*** Requires approval of the President.

TABLE 7-III-2

FOREIGN COUNTRIES AND INTERNATIONAL ORGANIZATIONS AUTHORIZED
DIRECT ARRANGEMENTS FOR DEPENDABLE UNDERTAKING

COUNTRIES

Africa

Botswana	Morocco
Cameroon	Nigeria
Kenya	Sudan
Liberia	Tunisia

Europe

Austria	Malta
Belgium	Netherlands
Denmark	Norway
France	Portugal
Germany (Fed. Rep. of)	Spain
Greece	Sweden
Iceland	Switzerland
Ireland	Turkey
Italy	United Kingdom
Luxembourg	Yugoslavia

Far East

Australia	New Zealand
Brunei	Philippines
Indonesia	Singapore
Japan	Taiwan
Korea	Thailand
Malaysia	

Near East and South Asia

Bahrain	Pakistan
Bangladesh	Oman
Egypt	Qatar
India	Saudi Arabia
Israel	The United Arab Emirates
Jordan	Yemen Arab Republic
Kuwait	
Lebanon	
Nepal	

Western Hemisphere

Bahamas	Haiti
Barbados	Honduras
Brazil	Jamaica
Canada	Mexico
Colombia	Panama
Costa Rica	Peru
Dominica	St. Lucia
Dominican Republic	St. Vincent
Ecuador	Surinam
El Salvador	Trinidad and Tobago
Guatemala	Venezuela

International Organizations

NATO (North Atlantic Treaty Organi-
zation and its agencies)

TABLE 7-III-2. Foreign Countries and International Organizations Authorized
Direct Arrangements for Dependable Undertaking.

SECTION IV - CONGRESSIONAL SECTION 36(b) NOTIFICATIONS AND SECTION 133b REPORTS OF FOREIGN MILITARY SALES
--

A. PURPOSE. The purpose of this section is to provide DoD components with the procedures to be followed during the processing of a Letter of Offer and Acceptance (LOA) - DD Form 1513 - when that LOA meets or exceeds the thresholds established for Congressional notification in the Arms Export Control Act (AECA) and Congressional reporting in title 10, United States Code (USC). This section enumerates the requirements of the AECA, Section 36(b), and the USC, title 10, Section 133b under which Congressional notifications and reports must be submitted; defines the criteria, responsibilities, and procedures established for the submission of these Congressional notifications and reports; and prescribes the data elements, format (to include classification), and procedures for the submission of information to the Defense Security Assistance Agency (DSAA) required for Congressional notifications and reports.

B. STATUTORY PROVISIONS, EXECUTIVE REQUIREMENTS, AND EXCEPTIONS.

1. Statutory Provisions. Provisions of the AECA and the USC, title 10 require the following submissions to Congress:

a. Governmental Military Export (Section 36(b)) Notification.

(1) Section 36(b) of the AECA requires that, in the case of any LOA to sell any defense articles or services under the Act for \$50,000,000 or more, any design and construction services for \$200,000,000 or more, or any major defense equipment (MDE) for \$14,000,000 or more, before such an LOA is issued, a numbered certification must be submitted to the Congress indicating (a) the foreign country or international organization to which the defense article or service is to be offered for sale, (b) the dollar amount of the offer to sell and the number of defense articles to be offered, (c) a description of the defense article or service to be offered, and (d) the United States Armed Forces or other agency of the United States which is to make the offer to sell or, in the case of a sale of design and construction services, the following must be shown: (a) the purchaser, (b) the U.S. Government department or agency responsible for implementing the sale, (c) an estimate of the dollar amount of the sale, and (d) a general description of the real property facilities to be constructed pursuant to such sale. In either type of submission, the certification must contain a description of any contribution, gift, commission, or fee paid or offered or agreed to be paid in order to solicit, promote, or otherwise to secure such LOA, including (a) the name of the person who made or will make such payment, contribution, gift, commission, or fee; (b) the name of any sales agent or other person who is to receive or has received such payment, contribution, gift, commission, or fee; (c) the date and amount of such payment, contribution, gift, commission, or fee; (d) a description of the sale in connection with which such payment, contribution, gift, commission, or fee was or will be paid; and (e) the identification of any business information considered confidential by the person submitting it which is included in the report. Such numbered certifications shall also contain an item, classified if necessary, identifying the sensitivity of technology contained in the defense articles defense services,

or design and construction services proposed to be sold. The AECA, Section 36(b), paragraph (4) requires that each certification cite any quarterly report under Section 28 of the Act which listed a Price and Availability (P&A) estimate or a request for LOA, which was a basis for the proposed sale. The FAA, Section 620C(d), requires a special certification for notifications of proposed sales to either Greece or Turkey.

(2) The AECA, Section 36(b) states that the LOA shall not be issued to the North Atlantic Treaty Organization (NATO), any NATO member country, Japan, Australia, or New Zealand, if the Congress, within 15 calendar days after receiving such certification, or to any other country or organization, if the Congress within 30 calendar days after receiving such certification, adopts a concurrent resolution stating that it objects to the proposed sale, unless the President states in his certification that an emergency exists which requires such sale in the national security interests of the United States. If the President states in his certification that an emergency exists he shall set forth in the certification a detailed justification for his determination, including a description of the emergency circumstances which necessitate the immediate issuance of the LOA and a discussion of the national security interests involved.

(3) In addition, the President shall, upon the request of the Committee on Foreign Relations of the Senate or the Committee on Foreign Affairs of the House of Representatives, transmit promptly to both such committees a statement setting forth:

(a) A detailed description of the defense articles, defense services, or design and construction services to be offered, including a brief description of the capabilities of any defense article to be offered;

(b) An estimate of the number of officers and employees of the United States Government and of United States civilian contract personnel expected to be needed in such country to carry out the proposed sale;

(c) The name of each contractor expected to provide the defense articles, defense services, or design and construction services proposed to be sold (if known on the date of transmittal of such statement);

(d) An evaluation, prepared by the Director of the Arms Control and Disarmament Agency in consultation with the Secretary of State and the Secretary of Defense, of the manner, if any, in which the proposed sale would:

1. Contribute to an arms race;
 2. Increase the possibility of an outbreak or escalation of conflict;
 3. Prejudice the negotiation of any arms controls;
- or
4. Adversely affect the arms control policy of the United States;

(e) The reasons why the foreign country or international organization to which the sale is proposed to be made needs the defense articles, defense services, or design and construction services which are the subject of such sale and a description of how such country or organization intends to use such defense articles, defense services, or design and construction services;

(f) An analysis by the President of the impact of the proposed sale on the military stocks and the military preparedness of the United States;

(g) The reasons why the proposed sale is in the national interest of the United States;

(h) An analysis by the President of the impact of the proposed sale on the military capabilities of the foreign country or international organization to which such sale would be made;

(i) An analysis by the President of how the proposed sale would affect the relative military strengths of countries in the region to which the defense articles, defense services, or design and construction services which are the subject of such sale would be delivered and whether other countries in the region have comparable kinds and amounts of defense articles, defense services, or design and construction services;

(j) An estimate of the levels of trained personnel and maintenance facilities of the foreign country or international organization to which the sale would be made which are needed and available to utilize effectively the defense articles, defense services, or design and construction services proposed to be sold;

(k) An analysis of the extent to which comparable kinds and amounts of defense articles, defense services, or design and construction services are available from other countries;

(l) An analysis of the impact of the proposed sale on United States relations with the countries in the region to which the defense articles, defense services, or design and construction services which are the subject of such sale would be delivered;

(m) A detailed description of any agreement proposed to be entered into by the United States for the purchase or acquisition by the United States of defense articles, defense services, or design and construction services or defense equipment, or other articles, services, or equipment of the foreign country or international organization in connection with, or as consideration for, such LOA, including an analysis of the impact of such proposed agreement upon United States business concerns which might otherwise have provided such articles, services, or equipment to the United States, an estimate of the costs to be incurred by the United States in connection with such agreement compared with costs which would otherwise have been incurred, an estimate of the economic impact and unemployment which would result from entering into such proposed agreement, and an analysis of whether such costs and such domestic economic impact justify entering into such proposed agreement;

(n) The projected delivery dates of the defense articles, defense services, or design and construction services to be offered;

(o) A detailed description of weapons and levels of munitions that may be required as support for the proposed sale; and

(p) An analysis of the relationship of the proposed sale to projected procurements of the same item.

b. Impact on Current Readiness (Section 133b) Report.

(1) The USC, title 10, Section 133b has replaced the Congressional reporting requirement specified in former Section 813 of the DoD Appropriation Authorization Act, 1976.

(2) The USC, title 10, Section 133b requires that, for any LOA to sell or any proposal to transfer defense articles which are valued at \$50,000,000 or more from the United States active military forces' inventories or from current production, a report shall be submitted to the Congress setting forth:

(a) The impact of such sales or transfers on the current readiness of United States forces;

(b) The adequacy of reimbursements to cover, at the time of replenishment of United States inventories, the full replacement costs of those items sold or transferred; and

(c) For each article to be sold (i) the initial issue quantity requirement for United States forces for that article, (ii) the percentage of such requirement already delivered to such forces or contracted for at the time of the report, (iii) the timetable for meeting such requirement absent the proposed sale, and (iv) the timetable for meeting such requirement if the sale is approved.

2. Executive Requirements.

a. Preparation and Submission of Notifications and Reports. Under Executive Order 11958, the Secretary of Defense is delegated the responsibility of implementing Section 36(b) of the AECA in consultation with the Secretary of State. The DSAA is responsible for preparing and submitting the Congressional notifications under the AECA, Section 36(b) and reports under USC, title 10, Section 133b. To minimize delays in processing such notifications, consistent with the legislative and other requirements, the procedures in this section are placed in effect.

b. Advance Section 36(b) Notification. In order to provide Congress with sufficient time to review the proposed sale about to be notified under Section 36(b), DSAA has agreed to provide Congress with advance notification of such offer at least 20 days prior to the submission of the statutory notification. Offers to NATO, any NATO member country, Japan, Australia, and New Zealand are exempt from the advance notification agreement.

c. Sensitivity of Technology.

(1) The AECA, Section 36(b), as amended by Section 20(b) of the International Security Assistance Act of 1979, requires a Sensitivity of Technology Statement concerning the extent to which the items to be included in the proposed sale contain sensitive technology or classified information.

(2) For purposes of this requirement, the term "sensitivity of technology" will be construed to mean the extent to which the unauthorized disclosure or diversion of any equipment, technical data, training, services, or documentation required to be conveyed in connection with the proposed sale could be detrimental to the national security interests of the United States. The evaluation will address not only sensitive technological information contained in equipment components or technical documentation related to the sale, whether classified or not, but also restricted information contained in classified components or classified documentation required to be released in connection with the sale.

(3) It should be noted that the evaluation of sensitivity is to be made solely with reference to unauthorized disclosure or diversion of the defense equipment, technical data, training, services, and documentation to be provided and need not address either the risk of such unauthorized disclosure or diversion (covered by National Disclosure Policy procedures and Under Secretary of Defense Research & Engineering review) or the foreign policy implications of authorized use by the proposed recipient (covered by Arms Export Control Board (AECB) procedures).

(4) Whenever the transfer of sensitive technological information is involved, the equipment components, types of documentation, or technical data containing the sensitive information are to be identified, and the reasons for considering them as sensitive information must be provided. Whenever the transfer of classified defense equipment or classified documentation is required, the classified components or types of documentation containing the classified information must be identified and the reasons for the classification are to be provided.

(5) The DSAA will forward the required Sensitivity of Technology Statement by a separate classified annex since the public disclosure of such information could adversely affect the foreign and defense policy interests of the United States.

d. Congressional Objection to a Proposed Sale. When signing H.R. 13680, 94th Congress (P.L. 94-329, 30 June 1976), the International Security Assistance and Arms Export Control Act of 1976, the President, based upon constitutional grounds, reserved the right to proceed with a sale notwithstanding the adoption of a concurrent resolution of objection by Congress.

3. Exceptions.

a. Impact on Current Readiness (Section 133b) Report Exceptions. No Section 133b report is required if a proposed foreign military sale of defense articles valued at \$50,000,000 or more is to be taken from other than a regular military component (active forces) inventories, nor is such report made if such sale is to be executed through a U.S. Government procurement contract and no concurrent procurement for the U.S. Government's own

requirements is expected to be underway at the time the LOA is accepted by the purchaser.

b. Price and Availability (P&A)/Planning and Review (P&R). No Section 36(b) notification is required for the provision to a prospective purchaser of separately stated P&A or P&R data even though applicable notification thresholds are met or exceeded. However, P&A data meeting threshold requirements which are later transferred to a DD Form 1513 must be notified to the Congress under Section 36(b) procedures before the LOA containing such P&A data may be provided to the prospective purchaser.

C. CRITERIA AND RESPONSIBILITIES FOR CONGRESSIONAL SUBMISSIONS.

1. Processing Letters of Offer for \$50 Million or More or for Major Defense Equipment (MDE) of \$14 Million or More, or for Design and Construction Services for \$200,000,000 or More.

a. In compliance with the AECA, Section 36(b), Congress must be provided with a notification of all "Letters of Offer" to sell any defense articles or services for \$50 million or more, any MDE of \$14 million or more, or for design and construction services for \$200,000,000 or more, before such LOA is issued. The Defense Security Assistance Agency has been designated to submit this notification to the Congress.

b. The OSD General Counsel has determined that the term "Letter of Offer" used in the AECA pertains to any proposed sale of defense articles or services to any foreign government or entity, whether or not the initial document (or set of documents) to be used to consummate the sale is a DD Form 1513 "Letter of Offer and Acceptance," or a document bearing another name. If a document other than a DD Form 1513 is used for this purpose, a DD Form 1513 shall be subsequently executed to conclude the final details of the agreement unless an exception is authorized by the Director, DSAA. If there is a conflict between the terms of the agreement and the DD Form 1513, the agreement shall provide that the DD Form 1513 will govern.

c. The statutory requirement for notification, as well as the requirement for advance notification to the Congress extend to any undertaking by the Department of Defense to establish an FMS transaction. This includes, but is not limited to FMS transactions embodied in the following:

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

d. The AECA, Section 36(b), notifications to the Congress are to be made when:

- (1) An LOA under preparation is expected to meet or exceed the thresholds;

(2) A Letter of Intent (LOI), meeting or exceeding the thresholds, is authorized to be accepted by a DoD component; or

(3) An LOA amendment is prepared adding \$50 million or more to an existing FMS case unless such amendment results solely from identifiable inflationary cost increases, and to any amendment adding MDE valued at \$14 million or more. These provisions also apply to any amendment which would increase the value of an existing case from under \$50 million to a value of \$50 million or more, and any amendment which would increase the value of MDE in an existing case from under \$14 million to a value of \$14 million or more. New LOAs will be processed to cover the new requirements unless such amendments are absolutely necessary and justified, in writing, to the Director, DSAA:

e. The following are examples of MDE FMS cases that must be notified under Section 36(b):

(1) An FMS case for a single line item of MDE totalling \$14 million or more.

(2) An FMS case for two or more line items of MDE totalling \$14 million or more.

(3) An amendment to an FMS case for additional units of MDE if that portion of the amendment totals \$14 million or more.

f. MDE FMS cases that do not require notification under Section 36(b) are:

(1) An FMS case for one line item of MDE totalling less than \$14 million. The case does not contain any other MDE; however, other defense items are included which bring the total case value to more than \$14 million but less than \$50 million.

(2) An FMS case for one line item of MDE totalling less than \$14 million. The case does not contain any other MDE; however, spare parts, publications, and training associated with the MDE are included which bring the total case value to more than \$14 million but less than \$50 million.

g. The following special considerations apply to Foreign Military Sales Order (FMSO) cases:

(1) An amendment to an LOA for a FMSO I transaction, the result of which brings the total case value of that LOA and related amendments to \$50 million or more, does not require prior Section 36(b) notification to the Congress.

(2) A FMSO I transaction for \$50 million or more, or an amendment to a FMSO I transaction which adds \$50 million or more to the previous case total, or a LOA for a FMSO II transaction for \$50 million or more does require prior Section 36(b) notification to the Congress.

h. The above exception to Section 36(b) notification of FMSO I amendments is based on the following:

(1) FMSO I cases must be amended each year to adjust the dollar values based on requisition activities and new LOAs for this purpose are not practicable, and

(2) FMSO I cases reflect customer equity in the U.S. supply system and defense articles upon which these cases are based are not shipped to the country, but are drawn down against a corresponding FMSO II LOA.

2. Issuing Letters of Offer for \$50 Million or More or for MDE of \$14 Million or More.

a. The AECA provides that the LOA shall not be issued if Congress, within 30 calendar days (15 calendar days for NATO, NATO member nations, Japan, Australia, or New Zealand) after receiving the notification, adopts a concurrent resolution stating that it objects to the proposed sale, unless the President, in his notification to Congress, had certified that an emergency exists which requires such sale in the national security interests of the United States.

b. If Congress adopts a concurrent resolution objecting to a proposed sale, the Director, DSAA will promptly notify the applicable DoD component of that fact, seek the guidance of the President as to the course of action which should be taken, and advise the cognizant DoD component of the action to be taken (see paragraph B.2.d. above).

3. Additional Required Congressional Submission Relating to Letters of Offer for \$50 Million or More. In compliance with the USC, title 10, Section 133b, the Secretary of Defense is required to submit a report to the Congress when there is a LOA to sell or a proposal to transfer defense articles that are valued at \$50 million or more from the inventories of a regular component of the armed forces or from current production.

D. PROCEDURES.

1. Categories of Purchasers.

a. The AECA makes a distinction between exempted purchasers (i.e., NATO, NATO countries, Japan, Australia, and New Zealand) and non-exempted purchasers (all others).

b. For exempted purchasers:

(1) Advance notification is not required.

(2) The waiting period after statutory notification is 15 days.

2. State and Defense Relationship, Staffing Agreement, and Timing.

a. Prior to any advance or statutory notification to Congress under the AECA, Section 36(b), the DSAA must receive clearance from the Department of State for that notification.

b. Representatives of the State and Defense Departments have agreed that State policy deliberations, intra-agency coordination, and submission for Presidential approval (if required) and Defense preparation of the Section 36(b) notice, Section 133b report, and the LOA all aim toward the common objective of completing these actions within 60 days after receipt of the prospective purchaser's complete request. The procedures established in this section are designed to meet these objectives.

c. Under normal circumstances the milestones indicated in Figures 7-IV-1 and 7-IV-2 should be met by all functional areas involved in the processing of Section 36(b) notifications and LOAs.

3. Submission of Supporting Data.

a. Concurrent with LOA or LOI preparation the cognizant DoD component must submit the supporting data required for Congressional notification to the DSAA/Comptroller-Foreign Military Sales Division (DSAA/Compt-FMSCD). A Letter of Request (LOR) card (one card) will be attached to each initial submission of supporting data. If the LOR case information has not been previously entered into the 1200 system, DSAA will make the entry. Supporting data are to be submitted, using the prescribed formats, within ten days of notification by the DSAA (either written or oral) for significant combat equipment or within ten days of the receipt for nonsignificant combat equipment request from the purchaser. This submission is to include a statement as to whether or not a Section 133b report will be required to be sent to the Congress.

b. Appropriate steps will be taken by the DoD components to obtain field inputs as necessary to meet the ten day objective. Additionally, cost estimates will include separate identification of the estimated dollar value and specific items of the MDE portion of the proposed sale. Should it be impractical to meet the ten day deadline, approval for extension must be sought from Chief, FMS Control Division, DSAA.

c. Requests from exempted prospective purchasers require the submission of supporting data for statutory Congressional notification specified in Table 7-IV-2 (Military Justification), Table 7-IV-3 (Statutory Notification), one copy of the unsigned LOA (without financial analysis or termination liability worksheets), DSAA 1200 system LOR and ("card one"), and, as required, Table 7-IV-4 (Sensitivity of Technology) and Table 7-IV-5 (Impact on Current Readiness Report).

d. Requests from non-exempted prospective purchasers require the submission of supporting data for advance Congressional notification specified in Table 7-IV-1 (Advance Notification), Table 7-IV-2 (Military Justification), DSAA 1200 system LOR and ("card one"), and, as required, Table 7-IV-4 (Sensitivity of Technology).

e. To the extent possible for non-exempted prospective purchaser requests, the submission should also include the supporting data required to meet the statutory notification requirement as specified in Table 7-IV-3 and one copy of the unsigned LOA (without financial analysis or termination liability worksheets). If these data can be provided during the initial submission, and no Section 133b report is required, no further data are needed

in order for personnel of the FMS Control Division to process the advance and statutory Section 36(b) notifications.

f. To the extent that it is not possible for the DoD component to provide statutory notification Table 7-IV-3 data with the initial submission, these data along with data in support of Section 133b reporting requirement (Table 7-IV-5), if appropriate, and one copy of the unsigned LOA (without financial analysis or termination liability worksheets) will be forwarded to DSAA/Compt-FMSCD as early as possible but no later than ten days after the start of the 20 day advance notification period so that the follow-on statutory notification will not be delayed. Should it be impractical to meet the ten day deadline, approval for extension must be sought from Chief, FMS Control Division, DSAA.

g. As the process evolves, the cognizant DoD component will be informed via message of each Congressional notification and provided with a copy of the letters which transmit the advance and statutory Section 36(b) notifications to the Congress.

h. Following completion of the 20 day advance notification period and after State clearance, the Director, DSAA, will provide the statutory Section 36(b) notification of the proposed sale to the Congress. At this time, and after receiving express authority from the Comptroller, DSAA, and coordination with DSAA Operations, the cognizant DoD component will furnish a copy of the unsigned LOA to the purchaser as an enclosure to a transmittal letter in the format of Table 7-IV-6 (Transmittal Letter for the Unsigned LOA). If Congress adopts a concurrent resolution objecting to a proposed sale, the Director, DSAA will promptly notify the applicable DoD component of that fact, seek the guidance of the President as to the course of action which should be taken, and advise the cognizant DoD component of the action to be taken.

i. DoD components will submit signed LOAs to the DSAA/Compt-FMSCD, Countersignature Branch no later than five working days prior to completion of the statutory 15 or 30 day Congressional review period. Unless there are appropriate reasons to do otherwise, the expiration date assigned by the DoD components will allow for normal country review periods beyond the final date of the Congressional review. When the signed LOA is submitted to the DSAA it will include in Block 11 under "DSAA Accounting Activity" the identifying DSAA Transmittal Number used for the statutory Congressional notification (e.g., 80-15). This number will be shown on the message sent to the DoD component advising of the dispatch of the statutory notification.

j. Cases for \$7 million or more must be submitted to the Countersignature Branch with a termination liability worksheet -- except for FMSO I and II cases, spare parts requisition cases, training cases, equipment and services cases where the source is DoD inventories, or programs for which termination liability requirements have been waived pursuant to DoD 7290.3-M.

k. Upon the expiration of the statutory 15 or 30 day waiting period the Comptroller, DSAA, will, if Congress has not adopted a concurrent resolution objecting to the proposed sale, countersign the LOA and return the original to the cognizant DoD component and forward a copy to SAAC. Upon receipt of the DSAA countersigned LOA, the cognizant DoD component may forward the original signed LOA to the prospective purchaser.

E. CLASSIFICATION.

1. Advance Section 36(b) Notifications. All data, information, and advance Congressional notifications of proposed sales to all prospective purchasers will be treated as, and marked "SECRET" or "CONFIDENTIAL" until the statutory notification is provided to the Congress. The following classification guidelines apply to all inputs of supporting data required for advance notifications by the Foreign Military Sales Control Division:

a. If none of the data presented is classified, the documents will be stamped "SECRET" or "CONFIDENTIAL" on the top and bottom of each page, all paragraphs will be preceded by "(U)," and the following marking will be shown on the bottom of the first page of each submittal:

"CLASSIFIED BY SMM (DOD 5105.38-M) (CHAPTER 7, SECTION IV)
DECLASSIFY ON STATUTORY NOTIFICATION TO
CONGRESS UNLESS REQUIRED OTHERWISE
BY COMPETENT AUTHORITY."

b. If any of the data presented is classified, the documents will be stamped with the required level of classification on the top and bottom of each page, each classified paragraph will be marked with the required classification, and the appropriate "classified by" and "declassify on" data are to be entered on the bottom of the first page of each submittal. The marking indicated in paragraph 1.a. above will not be used on these submittals.

2. Statutory Section 36(b) Notifications. As specified in the AECA, Section 36(b), each statutory notification provided to the Congress is to be unclassified except that the dollar amount and quantity of the offer and details of the description of the defense articles or services offered may be classified. Furthermore, the justification may also be classified. However, if any of the items are to be classified, the rationale must be provided, fully justified, and the justification attached to the statutory notification data submission (Table 7-IV-3). Supporting data inputs pertaining to statutory notifications will be submitted to DSAA/Compt-FMSCD in accordance with the following classification guidelines:

a. If none of the data presented is classified, the procedures indicated in paragraph 1.a. above are to be followed.

b. If any of the data presented is classified, the procedures indicated in paragraph 1.b. above are to be followed.

3. Sensitivity of Technology Statements. Classification guidance indicated in paragraph 1.a. or 1.b. above is to be followed in submitting Sensitivity of Technology statement supporting data to the DSAA/Compt-FMSCD.

4. Impact on Current Readiness Section 133b Reports. Classification guidance indicated in paragraph 1.a. or 1.b. above is to be followed in submitting the USC, title 10, Section 133b, supporting data to the DSAA/Compt-FMSCD.

FIGURE 7-IV-1

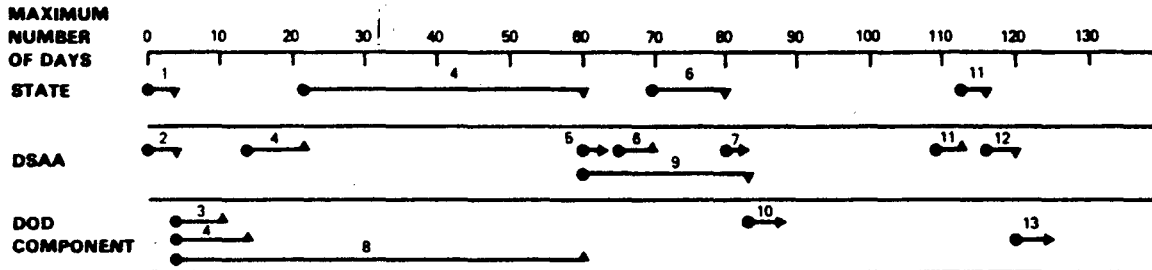
MILESTONES FOR LOA REQUESTS FOR SIGNIFICANT COMBAT EQUIPMENT

MILESTONES FOR LOA REQUESTS FROM NON-EXEMPTED PURCHASERS FOR SIGNIFICANT COMBAT EQUIPMENT WHICH REQUIRE 36 (b) NOTIFICATION

ACTION FROM PURCHASER: Message request from in-country via U.S. Embassy jointly addressed to Sec State/PM and Sec Def/DSAA. Info copy to appropriate DOD Component (IMil Dep), Unified Command, and Arms Control and Disarmament Agency (ACDA).

or

Letter request from Purchasing Mission, Embassies, or Military Attache in U.S. jointly addressed to Sec State/PM and Sec Def/DSAA.

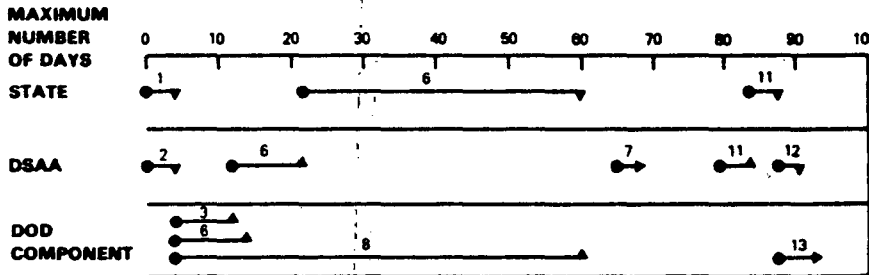


MILESTONES FOR LOA REQUESTS FROM EXEMPTED PURCHASERS FOR SIGNIFICANT COMBAT EQUIPMENT WHICH REQUIRE 36 (b) NOTIFICATION

ACTION FROM PURCHASER: Message request from in-country via U.S. Embassy jointly addressed to Sec State/PM and Sec Def/DSAA. Info copy to appropriate Unified Command and ACDA.

or

Letter request from Purchasing Mission, Embassies, Military Attache in U.S. jointly addressed to Sec State/PM and Sec Def/DSAA.



PROCESSING FOREIGN MILITARY SALES LETTERS OF OFFER

1. Preliminary review and approval.
2. Tasking of the preparation of the Letter of Offer and Acceptance and 36(b) information, as appropriate.
3. Input of 36(b) data to DSAA/FMSCD and case identifier information into the DSAA 1200 system.
4. Preparation, review, and approval of the advance 36(b) notification to the Congress, including interagency and Executive Office staffing, as necessary.
5. Transmittal of the advance 36(b) notification to Congress.
6. Preparation, review, and approval of the statutory 36(b) notification to the Congress, including interagency and Executive Office staffing, as necessary.
7. Transmittal of the statutory 36(b) notification to Congress.
8. Letter of Offer and Acceptance preparation.
9. Review and approval of unsigned Letter of Offer and Acceptance.
10. Dispatch of unsigned Letter of Offer and Acceptance to the customer.
11. Final review and approval.
12. Countersignature.
13. Dispatch of the signed Letter of Offer and Acceptance to the customer.
14. DoD component to notify Sec State/PM and Sec Def/DSAA, which will initiate the appropriate procedures.

MILESTONES FOR LOA REQUESTS FOR SIGNIFICANT COMBAT EQUIPMENT WHICH DO NOT REQUIRE 36 (b) ACTION

ACTION FROM PURCHASER: Message request from in-country via U.S. Embassy jointly addressed to Sec State/PM and SEC Def/DSAA. Info copy to appropriate Unified Command and ACDA.

or

Letter request from Purchasing Mission, Embassies, Military Attache in U.S. jointly addressed to Sec State/PM and Sec Def/DSAA.

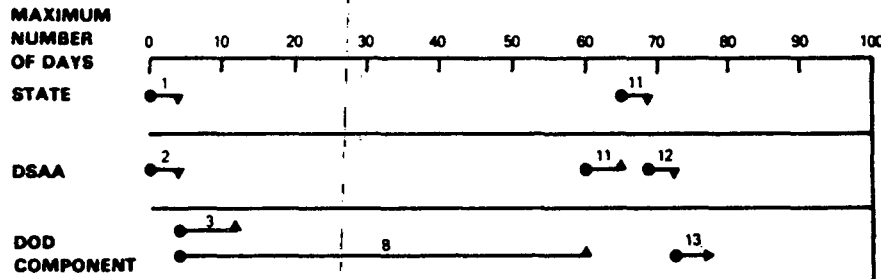
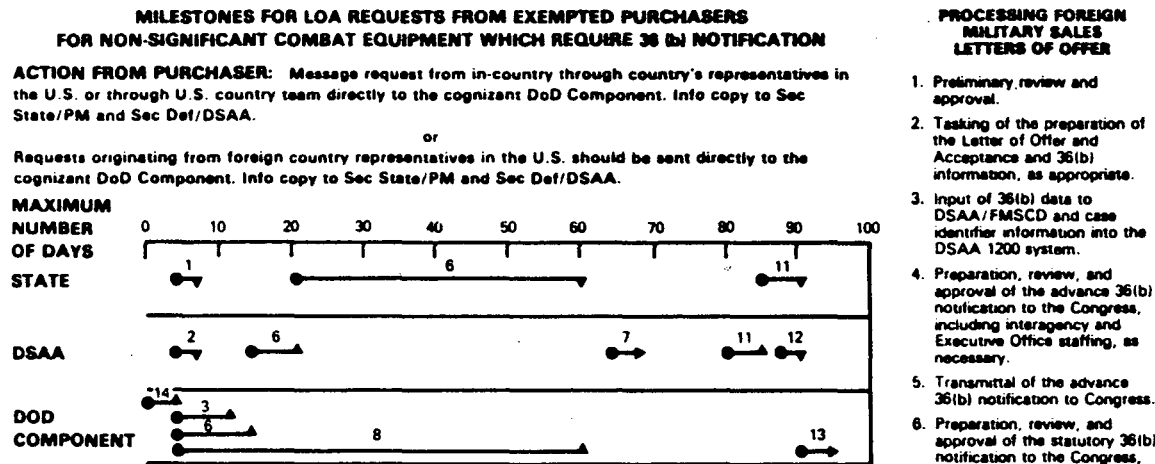
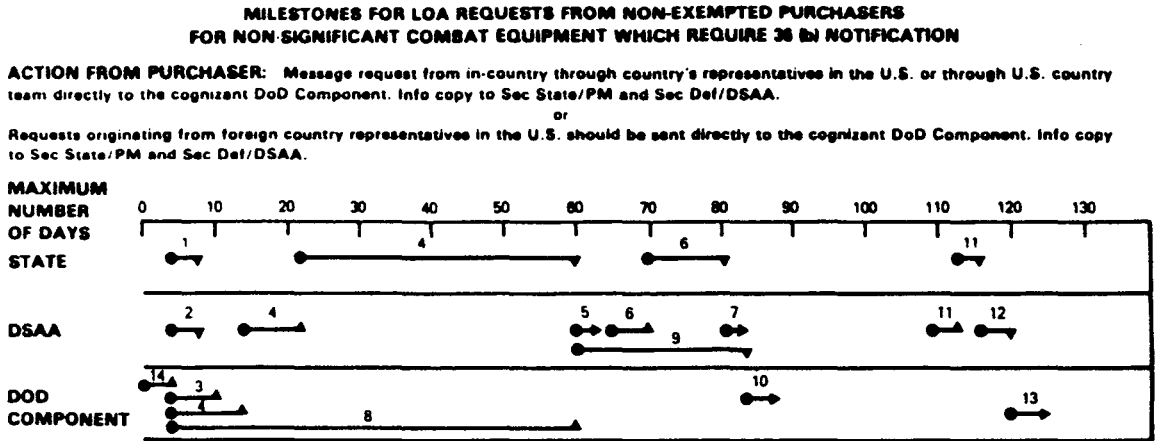


FIGURE 7-IV-1. Milestones for LOA Requests for Significant Combat Equipment Which Require 36(b) Notifications.

FIGURE 7-IV-2

MILESTONES FOR LOA REQUESTS FOR NON-SIGNIFICANT COMBAT EQUIPMENT



- PROCESSING FOREIGN
MILITARY SALES
LETTERS OF OFFER**
1. Preliminary review and approval.
 2. Tasking of the preparation of the Letter of Offer and Acceptance and 36(b) information, as appropriate.
 3. Input of 36(b) data to DSAA/FMSCD and case identifier information into the DSAA 1200 system.
 4. Preparation, review, and approval of the advance 36(b) notification to the Congress, including interagency and Executive Office staffing, as necessary.
 5. Transmittal of the advance 36(b) notification to Congress.
 6. Preparation, review, and approval of the statutory 36(b) notification to the Congress, including interagency and Executive Office staffing, as necessary.
 7. Transmittal of the statutory 36(b) notification to Congress.
 8. Letter of Offer and Acceptance preparation.
 9. Review and approval of unsigned Letter of Offer and Acceptance.
 10. Dispatch of unsigned Letter of Offer and Acceptance to the customer.
 11. Final review and approval.
 12. Countersignature.
 13. Dispatch of the signed Letter of Offer and Acceptance to the customer.
 14. DoD component to notify Sec State/PM and Sec Def/DSAA, which will initiate the appropriate procedures.

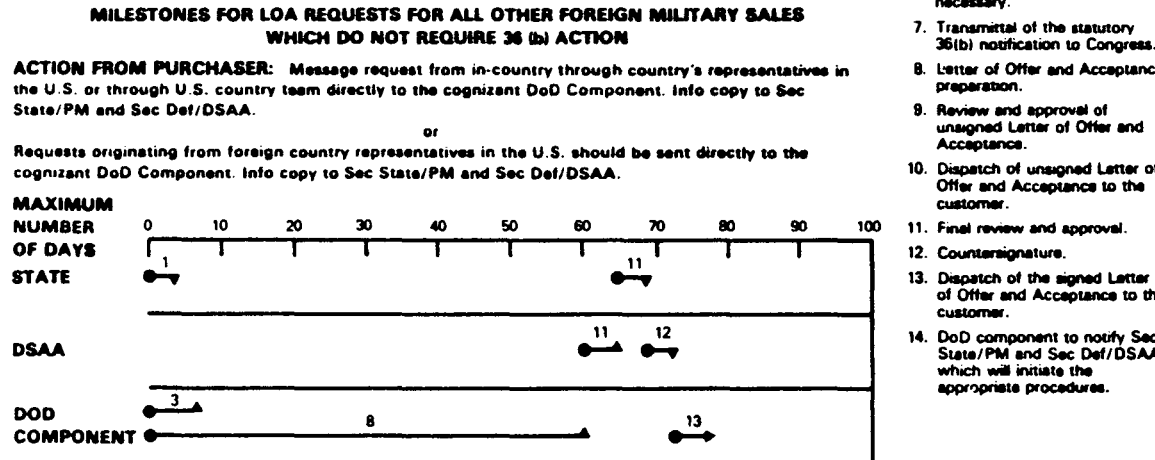


FIGURE 7-IV-2. Milestones for LOA Requests for Non-Significant Combat Equipment Which Require 36(b) Notifications.

TABLE 7-IV-1
ADVANCE NOTIFICATION DATA
(CLASSIFICATION)

MEMORANDUM FOR (or LETTER TO) THE COMPTROLLER, DSAA (ATTENTION: FMSCD)

SUBJECT: Data for a Possible Advance Section 36(b) Notification (U)

1. (U) The following supporting data are provided in accordance with Chapter 7, Security Assistance Management Manual:

- a. (*) Prospective purchaser:
- b. (*) Description and quantity or quantities of all articles and/or services under consideration for purchase (to include all MDE and non-MDE items, segregating the MDE items and indicating the MDE value):
- c. (*) Estimated dollar value of this case (to include all costs associated with this proposed sale e.g., packing, crating, handling, transportation, administrative changes, etc.):
- d. (*) Description of total program of which this case is a part (including any associated weapons, training, construction, logistical support, or other direct supply implications not included in the case itself):
- e. (*) Estimated value of total program of which this case is a part (including the estimated number and dollar value of any increments and the duration of the total program, if it is a multi-year project):
- f. (*) Prior related cases, if any (including case designators, descriptions, values, acceptance dates, etc.):
- g. (*) DoD component:
- h. (*) Estimated date LOA will be ready for statutory notification to Congress:
- i. (*) Case designator:
- j. (*) A description of each payment, contribution gift, commission or fee paid or offered or agreed to be paid in order to solicit, promote or otherwise to secure such LOA. Description should include:

CLASSIFIED BY: (See DoD 5105.38-M, Chapter 7, Section IV.)

(CLASSIFICATION)

TABLE 7-IV-1. Advance Notification Data.

(CLASSIFICATION)

(1) Name of person who made such a payment, contribution, gift, commission, or fee:

(2) The name of any sales agent or other person to whom such payment, contribution, gift, commission, or fee was paid:

(3) The date and amount of such payment, contribution, gift, commission, or fee:

(4) A description of the sale in connection with which such payment, contribution, gift, commission, or fee was paid:

(5) The identification of any business information considered confidential by the person submitting the information under the AECA, Section 39 to the Secretary of State:

k. (*) Sensitivity of technology contained in the defense articles or defense services proposed to be sold (see Section B.2.c. of this section for definitions, Note 1 below for entry requirements, and Table 7-IV-4 for details of required data and format):

1. (*) Previously reported under DSAA(A) 1138 Report requirements? If so, for which fiscal year quarter?

m. (*) Third party transfer certification:

(1) Name of the proposed third party recipient of these articles, training, or other defense services:

(2) Reason for the proposed transfer:

(3) Date on which such transfer is proposed to be made:

n. (*) Expected security classification of the case and LOA after statutory notification (If the case and LOA will be classified, cite rationale and attach justification.):

o. (U) Action officer's name, office, and telephone number (For individuals located in the Washington area provide commercial number, others are to provide AUTOVON and commercial numbers.):

2. (*) Impact on Current Readiness (Section 133b) Report will/will not be required. (If deemed as not required, provide rationale and attach justification.)

Attachments (see Note 2 below.):

(CLASSIFICATION)

TABLE 7-IV-1. (Continued)

(CLASSIFICATION)

(*) Indicate required security classification paragraph markings per Chapter 7, Section IV.

NOTE: 1. Whenever a proposed sale involves no transfer of sensitive technology or classified information, the word "None" will be entered under this heading. Whenever the transfer of sensitive technology or classified information is involved, the words "See Attachment _____" will be entered under the heading and the data specified in Table 7-IV-4 will be attached to the submission.

NOTE: 2. Attach the Military Justification (Table 7-IV-2), a copy of the DSAA 1200 system LOR card ("one card"), and if required the Sensitivity of Technology (Table 7-IV-4), justification for security classification of the case and LOA after statutory notification, and the rationale why Section 133b report will not be required. If data is available and Section 133b report will be required, the data required by Table 7-IV-5 may also be attached.

TABLE 7-IV-1. (Continued)

TABLE 7-IV-2

MILITARY JUSTIFICATION DATA

(CLASSIFICATION)

MILITARY JUSTIFICATION (U)

(*) One-sentence paragraph identifying all defense articles and/or services proposed for sale and the estimated total cost of the offer to be made to the prospective purchaser.

(*) One or two-sentence paragraph describing broadly the contribution which the sale will make toward achieving the foreign policy and national security objectives of the United States.

(*) A short paragraph on foreign policy and military developments in the region affecting the sale, whether comparable weapons exist in the region, and the effect of the sale on the regional military balance.

(*) A short paragraph describing why the prospective purchaser needs the articles and how it intends to use them. This paragraph is to address the ability of the prospective purchaser to absorb the articles and the effect of the sale on the prospective purchaser's military capabilities. If the sale was due in part to the results of a U.S. survey, this is to be brought out in this paragraph.

(*) Identification and location of the prime contractor or principal contractor, if not applicable, provide rationale.

(*) Estimate of the number of additional U.S. Government personnel and U.S. contractor representatives required in the territory of the prospective purchaser to implement the proposed sale and the length of time during which they will be needed.

(*) Any impact on U.S. defense readiness which would result from the proposed sale.

CLASSIFIED BY: (See DoD 5105.38-M, Chapter 7, Section IV.)

(CLASSIFICATION)

(*) Indicate required security classification paragraph markings per Chapter 7, Section IV.

NOTE: The above outline is a guide for preparing the typical justification. It need not be followed rigidly when variations will produce a clearer presentation; however, each aspect listed is to be considered and addressed.

TABLE 7-IV-2. Military Justification Data.

TABLE 7-IV-3

STATUTORY NOTIFICATION DATA

(CLASSIFICATION)

MEMORANDUM FOR (or LETTER TO) THE COMPTROLLER, DSAA (Attention: FMSCD)

SUBJECT: Data for a Possible Statutory Section 36(b) Notification (U)

1. (U) The following supporting data are provided in accordance with Chapter 7, DoD 5105.38-M:

- a. (*) Prospective purchaser;
- b. (*) DoD component;
- c. (*) Case designator;
- d. (*) Total dollar value (amount to be the same as that entered in block 27 of the DD Form 1513);
- e. (*) Description and quantity or quantities of all articles and/or services under consideration for purchase (to include all MDE and non-MDE items, segregating the MDE items and indicating the MDE value);
- f. (*) Expected security classification of the sale after statutory notification (If the sale is to be classified, cite rationale and attach justification.);
- g. (*) Sales commission, fee, etc. paid, offered, or agreed to be paid (See Note 1);
- h. (*) The impact of such sales or transfers on the current readiness of United States forces;
- i. (*) The adequacy of reimbursements to cover, at the time of replenishment to United States' inventories, the full replacement costs of those items sold or transferred;
- j. (*) If reimbursements are inadequate, explain impact and justification for such disparity;

CLASSIFIED BY: (See DoD 5105.38-M, Chapter 7, Section IV.)

(CLASSIFICATION)

TABLE 7-IV-3. Statutory Notification Data.

(CLASSIFICATION)

k. (*) Sensitivity of technology contained in the defense articles or defense services proposed to be sold (see Section B.2.c. of this chapter for definitions, Note 2 below for entry requirements, and Table 7-IV-4 for details of required data and format);

1. (*) Previously reported under DSAA(Q) 1138 Report requirements? If so, for which fiscal year quarter?

m. (*) Third party transfer certification;

(1) Name of the proposed third party recipient of these articles, training or other defense services;

(2) Reason for the proposed transfer;

(3) Date on which such transfer is proposed to be made;

n. (*) Security classification of the LOA after statutory notification (If the LOA will be classified, cite rationale and attach justification.);

o. (U) Action officer's name, office, and telephone number (For individuals located in the Washington area provide commercial number, others are to provide AUTOVON and commercial numbers.).

2. (*) Impact on Current Readiness (Section 133b) Report will/will not be required. (If deemed as not required, provide rationale and attach justification.)(See NOTE 3 below.)

Attachments (See Note 4 below.):

(CLASSIFICATION)

(*) Indicate required security classification paragraph markings per Chapter 7, Section IV.

NOTE: 1. Information supplied under g. shall be in the same detail as is required to be supplied under 1.j. of Table 7-IV-1.

NOTE: 2. Whenever a proposed sale involves no transfer of sensitive technology or classified information, the word "None" will be entered under this heading. Whenever the transfer of sensitive technology or classified information is involved, the words "See Attachment _____" will be entered under the heading and the data specified in Table 7-IV-4 will be attached to the submission if required and previously not provided.

TABLE 7-IV-3. (Continued)

NOTE: 3. If the advance notification data submission addressed this subject by either providing the rationale for not reporting Section 133b data or by submitting the data required for this report as specified in Table 7-IV-5 state: "Information has been provided." However, if the prospective purchaser is an exempted entity this paragraph must be completed and, if required, the data required in Table 7-IV-5 attached.

NOTE: 4. If the prospective purchaser is an exempted entity attach the Military Justification (Table 7-IV-2) a copy of DSAA 1200 system LOR card ("one card"), and if required, the Sensitivity of Technology (Table 7-IV-4) and Section 133b report data (Table 7-IV-5). Also, if case and LOA are to be classified per paragraph f. and/or n. above, attach the required justification.

TABLE 7-IV-3. (Continued)

TABLE 7-IV-4

SENSITIVITY OF TECHNOLOGY DATA

(CLASSIFICATION)

SENSITIVITY OF TECHNOLOGY (U)

(*) A description, in as many paragraphs as required, of the sensitive as well as classified components of any equipment, technical data, training, services, or documentation (to include the specific classification of each) required to be conveyed in connection with the proposed sale. The input will address not only sensitive technological information contained in equipment components or technical documentation contained in the sale, whether classified or not, but also restricted information contained in classified components or classified documentation required to be released in connection with the sale. The equipment components, types of documentation, or technical data containing the sensitive information are to be identified and the reasons for considering it sensitive information be provided. Whenever the transfer of classified defense equipment or classified documentation is required, the classified components or types of documentation containing the classified information are to be identified and the reasons for the classification be provided. A brief description of the anticipated consequences of this technology being lost to a technologically advanced or competent adversary is also to be provided.

(*) As the final paragraph of the submission, one of the following statements must be included: "(C) Release of this technology is within the classification guidelines for disclosure to (indicate country) as stipulated in National Disclosure Policy (NDP-1)." or, "(C) An exception to National Disclosure Policy (NDP-1) was granted for (indicate country) on (indicate date) for the release of (indicate security classification level) information pertaining to (indicate item)."

CLASSIFIED BY: (See DoD 5105.38-M, Chapter 7, Section IV.)

(CLASSIFICATION)

(*) Indicate required security classification paragraph markings per Chapter 7, Section IV.

NOTE: For explanation of terms and details see Chapter 7, paragraph B.2.c.

TABLE 7-IV-4. Sensitivity of Technology Data.

TABLE 7-IV-5
 IMPACT ON CURRENT READINESS REPORT DATA
 (CLASSIFICATION)

DATA FOR POSSIBLE IMPACT ON CURRENT READINESS (Section 133b) REPORT (U)

1. (U) The following supporting data are provided in accordance with Chapter 7 of the Security Assistance Management Manual:

- a. (*) Prospective purchaser:
- b. (*) Selling DoD component:
- c. (*) Type and quantity of equipment:
- d. (*) Total estimated dollar value:
- e. (*) Source of supply:
- f. (*) Impact of sale of articles on current readiness of U.S. forces:
- g. (*) Adequacy of reimbursements to cover replacement cost:
- h. (*)
 - (1) The Initial Issue Quantity (IIQ) requirements for U.S. forces:
 - (2) Percentage of such requirement already delivered to U.S. forces or contracted for at this time:
 - (3) The timetable for meeting the requirement for U.S. forces absent this proposed sale:
 - (4) The timetable for meeting the requirement for U.S. forces if this sale is approved:

2. (U) Action officer's name, office, and telephone number:

CLASSIFIED BY: (See DoD 5105.38-M, Chapter 7, Section IV.)

(CLASSIFICATION)

(*) Indicate required security classification paragraph markings per Chapter 7, Section IV.

TABLE 7-IV-5. Impact on Current Readiness Report Data.

TABLE 7-IV-6

TRANSMITTAL LETTER FOR THE UNSIGNED LOA

Dear

Enclosed for consideration and analysis by your Government is an unsigned advance copy of the "United States Department of Defense Offer and Acceptance," DD Form 1513, for FMS case (case designator).

Section 36(b) of the Arms Export Control Act requires that notification be given to the Congress of the United States before the Department of Defense issues any offer to: (1) sell defense articles and services, the estimated total costs of which are \$50,000,000 or more, or (2) sell major defense equipment, the estimated total costs of which are \$14,000,000 or more. Section 36(b) further provides that the offer to sell not be issued if the Congress, within (*) calendar days after receiving such notification, adopts a concurrent resolution stating in effect that it objects to the proposed sale. (Under the Constitution of the United States, a concurrent resolution of the Congress does not require Presidential approval and is not subject to veto by the President.

The Department of Defense has transmitted the required notification of the enclosed proposed FMS case (case designator) to the Congress on (date). Assuming that the Congress does not object to this proposed FMS case, enclosed DD Form 1513 will be signed and issued to your Government by the authorized Department of Defense representative on or about (date). In the event that the Congress should object to this proposed sale, you will be notified promptly of that fact.

Should your Government wish to accept this proposed FMS case, wait until receipt of the signed DD Form 1513 (forwarded after the Congressional notification period is completed) and complete Blocks 23, 28, and 29 on the original and top three copies of the signed DD Form 1513 only. Completion by your Government of Blocks 23, 28, and 29 on the enclosed unsigned advance copy of the DD Form 1513 will not be deemed to be valid.

Sincerely yours,

- * For non-exempted purchasers enter: thirty (30)
For exempted purchasers enter: fifteen (15)

TABLE 7-IV-6. Transmittal Letter for the Unsigned LOA.

CHAPTER EIGHT

FMS CASE PERFORMANCE

SECTION I - CASE IMPLEMENTATION AND EXECUTION

A. IMPLEMENTATION.

1. After receiving the initial deposit, together with a copy of the accepted LOA and the applicable request for obligational authority (O/A), SAAC issues O/A to the cognizant implementing agency (I/A), e.g., MILDEP. The O/A is evidence that proper acceptance, including cash deposit, has been received and the FMS case may be implemented.

2. The DD Form 1513 provides the basic information concerning, and authority for, a given FMS case. However, a DD Form 1513 by itself may not be sufficient to permit an FMS case to be implemented. In this regard, I/As may issue case implementing instructions to applicable activities within the DoD.

B. EXECUTION.

1. The execution phase of the case is usually the longest in terms of time. It is that phase during which the articles and/or services purchased on the DD Form 1513 LOA are actually produced/performed by the military department under the authority granted by the LOA.

2. The means by which the USG fulfills the requirements of the FMS program depend on the nature of the materiel and services being furnished. A typical program involves the procurement of items from new production, as well as providing selected items from government stocks. The complete system then may be composed of both contractor-furnished and government-furnished equipment, subsystems and materiel. Items to be procured are contracted for by cognizant DoD buying activities. FMS requirements may be consolidated with USG requirements or placed on a separate contract, whichever is more expedient and cost effective. Defense Acquisition Regulation (DAR) provisions applicable to DoD also apply to procurements for FMS customers.

3. The actual acquisition and performance actions for the FMS program are carried out by USG activities in the same manner and using largely the same internal management organizations as for USG programs.

4. Logistics is the discipline that incorporates the functional areas which carry out the execution of the FMS case. These functional areas are acquisition, supply, transportation, maintenance and training. The concurrent discipline of financial management closes the loop of the execution phase.

5. As a part of the discussion of the Execution phase, it is advisable to re-visit the Total Package Approach/Total Program Concept. The Total Package Approach (TPA) is a means of insuring that the FMS customers are aware of and are afforded the opportunity to plan for obtaining all necessary

support items, training and services required to efficiently introduce and operationally sustain major items of equipment/systems considered for purchase. The key word is "sustain." Any one who has responsibility for P&A or case preparation must be able to offer the complete package for sustainability to the purchaser. In addition to the system itself the four major categories that we should consider in the TPA include: Training, Technical Assistance, Initial Support and Follow-on Support.

6. DoD 7290.3-M, Chapter 6, requires the orderly maintenance of case files. It is emphasized that well-organized files provide an audit trail for FMS management reviews and other planning actions.

SECTION II - ACQUISITION FOR FMS

A. DOD REGULATIONS AND PROCEDURES.

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

2. Defense Acquisition Regulation (DAR). The DoD is authorized to enter into contracts for the purpose of resale to foreign governments or international organizations. The DAR shall apply to all purchases and contracts made by the DoD for acquisitions in support of FMS. Some of the most pertinent DAR sections relative to FMS are listed below:

- a. Agents Fees and Commissions - 1-500 thru 1-505.4 and
6-1305.1 thru 6-1305.6
- b. Contractor Risk for FMS - 3-808.6
- c. Sole Source Designation - 3-210.2 and
6-1307
- d. Foreign Acquisitions - Section 6-00
- e. Notification to Contractors - 6-1303.2
- f. Costs of Doing Business with - 6-1304.3
a Foreign Government
- g. FMS Selling Costs and - 15-205.37(b)
Allocation to Contracts

3. Acquisition Notification of FMS Requirements. In accordance with Section 6-1303.2 of the DAR, when the acquisition for FMS is expected to involve a contract in excess of \$10,000 which cannot be placed on the basis of price competition (for example when the FMS purchaser requests a specific sole source), prices, delivery data and other relevant information shall be requested from the prospective source and the request shall indicate that the information is for the purpose of a potential sale under FMS and shall identify the prospective FMS purchaser(s).

B. FMS CUSTOMER REQUESTS FOR SPECIFIC SOURCE.

1. Sole Source Designation. With regard to the source selection process, the FMS purchaser may request that a defense article or defense service be obtained from a particular source. In such cases, DAR 3-210.2 (xviii) provides authority for the U.S. Government to negotiate on a sole source basis. Such requests may be honored (see DAR 6-1307) when the sole source designation is based upon the objective needs of the FMS purchaser as stated by the purchaser. In this regard, the purchaser is required to provide the basis and justification for a sole source request. The request shall not be honored in any case of patently arbitrary, capricious or discriminatory exclusion of other sources.

2. Subcontractor Sole Source Designators. The FMS purchaser may also request that a sole source subcontract be placed with a particular firm. The DoD Contracting Officer will honor such a request for subcontract placement on the same basis as indicated above for prime sources. It should be noted that the designation of subcontractors carries a risk which should be brought to the attention of the FMS purchaser. Clearly, the sole source designation of a component constitutes a warranty by the U.S. Government to the prime contractor that the designated item will be suitable for its intended purposes. In the event that problems in the performance or integration of the component are subsequently experienced and are attributable to its characteristics, the specification may be held to be defective in that respect and any increased costs incurred by the customer in correcting or attempting to correct the problem may be recovered by the contractor. Since by law such additional costs must be borne by the FMS purchaser, the purchaser should be advised of this potential expense at the time the sole source designation is requested.

3. FMS Purchaser Involvement. The purchasing activities of defense components and prime contractors shall implement FMS requirements using normal procurement and contract management procedures as set forth in the DAR, other directives and pertinent contractual provisions. Representatives of the FMS purchaser shall not be permitted to review bidder's mailing lists or slates of proposed architect engineer firms, nor shall they be permitted to direct the deletion of names of firms from such lists or slates. They may, however, suggest that certain firms be included. The defense components should fully control the procurement and contracting process and contractual provisions. Representatives of the FMS purchaser will not normally participate in contract negotiations. The defense components shall not accept directions from the FMS purchaser as to source selection decisions or contract terms (other than the special contract provisions and warranties referred to in Condition A.2. of the LOA), nor shall the FMS purchaser be permitted to interfere with a prime contractor's placement of his subcontracts. However, to the extent permitted above, defense components may honor an FMS purchaser's request for the designation of a particular prime or subcontract source for defense articles or defense services. Requests by the FMS customer for rejection of any bid or proposal shall not be honored unless such rejection is justified on the basis of reasons which would be sufficient in the case of a procurement made by the DoD to meet its own needs.

4. Timing of Specific Source Requests. To avoid the additional delay and workload involved in revision of an LOA, requests for sole source placement should be made when the request for preparation of the LOA for the

defense articles or defense services is transmitted to the U.S. Government. However, if a request can be honored without excessive delay or undue disruption of the procurement/acquisition processes, it may be made and accepted any time prior to formal acceptance of the LOA by the FMS purchaser.

C. SALES COMMISSIONS AND AGENTS FEES.

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

a. Prior Notification to Purchasing Government. Unless the purchasing country or international organization has indicated to the contrary, all sales commissions and fees anticipated to be included in FMS cases shall be made known to the purchaser prior to or in conjunction with the submission of the LOA to the purchaser. Such advice will include: (a) the name and address of the agent(s); (b) the estimated amount of the proposed fee, and the percentage of the sale price; and (c) a statement indicating one of the following, whichever is applicable: (1) appropriate officials of the U.S. Department of Defense consider the fee to be fair and reasonable; (2) in the event that only a portion of the proposed fee is considered to be fair and reasonable, a statement to this effect together with the rationale therefor; or (3) the U.S. Government cannot determine the reasonableness of the proposed fee. This statement will normally be included as a "Note" to the LOA. Such a Note may also include the contractor's explanation and/or justification for the proposed fee, together with any other data requested by the purchasing country or international organization. The Note will also include a statement that acceptance of the LOA by the purchaser, with inclusion of the Note, will constitute the purchaser's approval of the sales commissions and fees involved.

b. Ex-Post Facto Notification to Purchasing Country or International Organization. When it is not possible to determine prior to presentation of the LOA whether the price quoted for the articles or services includes sales commissions and fees, the purchasing country or international organization will be notified as soon as possible if, in the course of subsequent contract negotiations, it appears that a charge for sales commissions and fees will be claimed by the contractor. This notification will include the information in paragraph a. above, along with a statement that, unless contrary advice is received from the purchasing country or international organization within 30 days of the date of the notification, the Department of Defense will determine whether to accept such a charge as a valid cost in the contract. No sales commissions and fees will be accepted by the contracting officer prior to expiration of the 30 day period.

c. Coordination with the DSAA.

(1) All LOAs which specify that a sales commission or fee is included in the case will be coordinated with DSAA Operations, regardless of the dollar value of the case, prior to an LOA dispatch to the requesting country or international organization. LOAs which carry the notation that no

sales commissions and fees are included in the case do not require coordination with the DSAA except as may be required by other policies and procedures which may be in effect.

(2) All correspondence with a foreign country or international organization on the subject of agents fees relative to P&A, P&R, or a LOA will be coordinated with DSAA Operations prior to dispatch.

(3) All ex-post facto notifications of an agent fee to a foreign country or international organization will be coordinated with DSAA Operations prior to dispatch.

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

2. FMS Agents Fee Ceiling. Allowable costs for sales commissions and fees applicable to contracts for FMS shall not exceed \$50,000 per contract (including all modifications and subcontracts thereto), per country. Although commissions and fees may be less than \$50,000 per contract, all such commissions and fees must be justified and supported based on the criteria cited in the DAR, 6-1305.4(b).

3. Disallowance of Agents Fees.

a. No fee shall be accepted by the contracting officer if such fees are disapproved by the purchasing country or international organization.

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

4. Exceptions to Notification Procedures.

a. The procedure contained in paragraph c.1. above will not be followed in the case of Australia, Egypt, Greece, Iran, Israel, Japan, Jordan, Korea (Republic of), Kuwait, Pakistan, Philippines, Saudi Arabia, Taiwan, Thailand, Turkey, and the Venezuelan Air Force. At the request of these governments all LOAs issued to these countries will include the following statement:

"All U.S. Government contracts resulting from this Offer and Acceptance shall contain one of the following provisions, unless the sales commission and fee have been identified and payment thereof approved in writing by the Government of (_____) before contract award:"

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

"The contractor certifies that the contract price (including any subcontracts awarded hereunder) does not include any direct or indirect costs of sales commissions or fees for contractor sales representatives for the solicitation or promotion or otherwise to secure the conclusion of the sale of any of the supplies or services called for by this contract to the Government of (____)."

(2) For all other types of contacts:

"Notwithstanding any other provision of this contract, any direct or indirect costs of sales commissions or fees for contractor (or subcontractor) sales representatives for the solicitation or promotion or otherwise to secure the conclusion of the sale of any of the supplies or services called for by this contract to the Government of (____) shall be considered as an unallowable item of cost under this contract."

b. Accordingly, approval of sales commissions and fees must be sought and obtained prior to contract award unless the contractor certifies that no such fee or commission is included in the cost of the contract.

5. Proprietary Information. Inclusion of a "Note" to the LOA with respect to sales commissions and fees shall not be deemed, with respect to distribution and availability of LOAs, as altering the proprietary nature, if any, of such data for the purpose of 18 U.S.C. 1905.

6. Quarterly Report. A report to DSAA shall be made on a quarterly basis, submitted 30 days after the end of each quarter, which lists all FMS cases in which an agent fee was included and all correspondence which advised a foreign country or international organization of the inclusion of an agent's fee. This report should include a copy of the LOA for each case, including pertinent special notes, which will show the amount of the fee, the name of the agent, and the DoD position as to reasonableness of the fee, together with any correspondence with the purchaser concerning the fee. In addition, a statement should be provided describing the current status of the fee, i.e., accepted by country, rejected by country and still under review with contractor, withdrawn by contractor, or other similar information. Cases for which the question of country acceptance of the fee is still under review shall continue to be reported until the matter is decided, and final report closing the issue has been made. The number which has been assigned this report in the Reports Control System is DSAA(Q)1127.

7. Agents Fees for Commercial Contracts. Agents fees for direct commercial contracts financed with FMS credit funds will be limited to \$50,000 per contract. It is the responsibility of the contractor to prove that payments of any agents fees in excess of \$50,000 are not financed with FMS credit funds.

D. APPOINTMENT OF AN AGENT.

1. Policy. It is U.S. Government policy to deal directly with a foreign government or international organization for the purchase of defense articles via Foreign Military Sales procedures. An agent may be designated by

a foreign government for the accomplishment of the following purpose only: to act as an agent for the receipt of FMS Government Furnished/Spares/Support items which are required by that agent to enable the (manufacture/assembly) (repair/rehabilitation) of defense items purchased on a direct basis by the foreign purchaser. The following form letter, which designates such an agent, should be used and a foreign government request signed at the Minister or Deputy Minister of Defense level.

2. Form Letter.

Director
 Defense Security Assistance Agency
 Room 4E837, The Pentagon
 Washington, D.C. 20301

Dear Sir:

The Government of _____ hereby appoints
 _____ whose address is _____
 _____ as its Agent for the purpose of re-
 ceiving deliveries of the following items: Above items
 will be used for the (manufacture/assembly)* (repair/
 rehabilitation)* of the _____.
 Said Agent is hereby authorized to sign in the name of
 the Government of _____ as its Agent for the
 receipt of these items as indicated by the shipping
 instructions contained in Blocks 33 and 34 of the DD
 Form 1513. The Government of _____
 undertakes to instruct _____ as
 its Agent to maintain possession of the above specified
 items in accordance with paragraph B.9 of Annex A (Gen-
 eral Conditions) of the DD Form 1513 until transferred
 by such Agent of the Government of _____.

Yours Very Truly,

Such agency is acknowledged.

 (Signature of Agent)

* Insert the appropriate phrase describing the Agent's function.

SECTION III - LOGISTICS

A. FOLLOW-ON SUPPORT.1. Blanket Order.

a. Description. Blanket Order FMS cases represent an agreement between a foreign country or international organization and the U.S. Government for a specific category of material or services (normally identifiable to one or more end items) with no definitive listing of items or quantities. Utilization of a Blanket Order FMS case does not change the requirement for authorization/approval of material, training, or services which may be required by other provisions of the SAMM or by other DoD directives. Blanket Order FMS cases are not to be used as a substitute for Cooperative Logistics Supply Support Arrangements (CLSSAs) since the customer must normally wait the normal procurement leadtime, unlike matured CLSSAs. Blanket Order FMS cases are established to facilitate and simplify procedures for foreign purchasers. In addition, DoD components are able to standardize logistics supply operations and promote operational economies for commodities most susceptible to high volume processing. The foreign purchaser or DoD component may place orders during the ordering period of the case, which normally will not exceed 24 months. Orders which would exceed the established dollar ceiling in the LOA will not be processed. When established, the Blanket Order FMS case permits the purchaser to submit either MILSTRIP requisitions, letter, or message requests for articles or services directly to the cognizant Military Department International Logistics Control Office (ILCO) or appropriate Defense Agency without a defined order LOA being prepared on each occasion. Related administrative lead time is substantially reduced.

b. LOA Preparation. Supplementary notes will be incorporated in each LOA to sufficiently elaborate on the duration of the case, method of input of requirements, and delivery instructions. LOAs will normally cite type of assistance to permit maximum flexibility to allow either stock issue or procurement. Estimated prices for items identified by NSN can be obtained from the applicable U.S. Military Services' Management List. Normally two factors will influence this price; one is a high probability that procurement will be required and the second is a price escalation will be very likely. To avoid long and costly delays, purchasers should be encouraged to include a cost escalation factor to current management list prices and to consider any additive factors identified in DoD 7290.3-M. Requisition preparation and formats are contained in the DoDD 4140.3-M, Military Standard Requisitioning and Issue Procedures.

c. Price and Availability Information. Normally Price & Availability information is not required for Blanket Order FMS cases because the purchaser estimates requirements and requests an appropriate case value. The aforementioned policy may be altered at the discretion of the cognizant DoD component. Implementation of Blanket Order FMS cases is accomplished by establishing case records and awaiting submission of requirements generally forwarded by the foreign purchaser. Based on purchaser agreement, requirements may occasionally be generated by the DoD component concerned.

Requirements for defense articles (excluding services and training) should be mechanically transmitted in MILSTRIP format, but may be forwarded to the DoD component using other means when advantageous and acceptable to the foreign purchaser and the DoD component concerned. Requisitions are recorded, edited and processed to the inventory manager. Transmission will be via AUTODIN or the International Logistics Communications System (ILCS) whenever possible. Stock levels are mechanically reviewed and issue from stock is made if DoD assets are above the reorder point. Procurement actions are initiated depending on inventory availability. Billing data, processed by DoD component activities, are furnished to the SAAC, Denver, and supply/shipment status is furnished to the purchaser or his authorized representative by the applicable DoD component. Billings are processed against the case in accordance with standard practice and U.S. Government appropriations are credited accordingly.

d. Items Normally Covered by Blanket Order Cases. Details of policy and procedures for blanket order cases are in Chapter Seven, Section I, paragraph B.3.b. This includes a summary of the types of articles and services normally authorized for such cases, as well as those normally excluded from supply under blanket order cases.

2. Cooperative Logistics Supply Support Arrangements (CLSSAs). A specialized arrangement for follow-on support of spare and repair parts is the Cooperative Logistics Supply Support Arrangement (CLSSA). The arrangement involves the investment by the purchaser in the DoD logistics system to establish an equity representative of the anticipated support requirements of specific major end items/systems. The investment permits the U.S. service to acquire stocks in anticipation of the country's actual demands and entitles the country to support equal to that provided U.S. forces assigned the same Force Activity Designator (FAD). Such arrangements are negotiated on a service-to-service basis and normally renegotiated annually. Two FMS cases are required for a CLSSA: Foreign Military Sales Order (FMSO) I, and Foreign Military Sales Order (FMSO) II. Both cases must be executed in order for CLSSA requirements to be anticipated and satisfied.

a. Foreign Military Sales Order (FMSO) I Case. The FMSO I covers the estimated dollar value of the items and quantities to be stocked and maintained on order from procurement sources for the support of U.S. furnished equipment. This case is subdivided into two parts: Part A, an on-hand portion normally representing the items required to be on hand to support the purchaser's anticipated requisitions, and Part B, an on-order dependable undertaking based on 12 months, or on the representative leadtime for the commodity to be supported. Part B is required to enable the military departments to have materiel at various stages of the procurement cycle to insure that the materiel in Part A is available upon demand. The country's obligation includes the value of both Part A and B; however, upon acceptance the country is only required to pay for Part A, the on-hand portion, plus a 5% administrative charge based on the value of Part A.

b. Foreign Military Sales Order (FMSO) II Case. The FMSO II covers the estimated annual withdrawals from the U.S. supply system of the items covered by the purchasing country. FMSO II cases are undefined in terms of items and quantities, reflecting instead a dollar amount of an estimated demand for an agreed upon period. Each MILDEP treats FMSO II cases slightly different and the appropriate departmental regulations and directives should

be consulted before any definitive action is taken. The case includes the materiel value that the country is expected to requisition during the ordering period covered by the case, plus the appropriate accessorial, administrative, and asset use charges. In addition, a storage charge of 1.5% annually based on the value of Part A, the on-hand portion, of the FMSO I case is included in the FMSO II case.

3. Excess Property.

a. General. Excess property procedures afford still another method for limited materiel support. Property that is excess to U.S. service requirements and cannot be utilized by other DoD components may be provided to eligible foreign governments through FMS programs. Providing excess materiel is accomplished either through the Major Item Materiel Excess (MIMEX) program or the Defense Property Disposal Service (DPDS) system.

b. Major Item Materiel Excess (MIMEX). Major Item Materiel Excess (MIMEX) is a system of screening to determine foreign customer requirements for major items above the Approved Force Acquisition Objective (AFAO) of the Military Departments. MIMEX screening is based on a determination by the Inventory Manager that assets are above the AFAO, therefore not required to fill existing U.S. force, MAP, or FMS requirements. The system is operated by DSAA with participation by each of the Military Departments. Major item assets above the AFAO are designated as "transferrable assets" and made available for screening through the system for transfer to FMS customers at reduced cost using the formula prescribed in DoD 7290.3-M which is based on reported condition of the assets. These items are made available "as-is/where-is." The MIMEX system is also used for screening major items reported as Redistributable MAP property to determine redistribution requirements. When the U.S. Military Department has requirements for any of these, a statement to that effect is included in the offer and usually results in authority to return the assets to U.S. control with reimbursement to the MAP account. Assets that meet the MIMEX condition criteria of R-3 or better (estimated repair costs of not more than 40% of standard price) are placed on a numbered MIMEX offer message dispatched to U.S. elements in countries designated by DSAA to receive MIMEX offers. The offers identify the items and quantities available, their condition, location, estimated repair costs, supportability information, the standard price and FMS price for each item. MIMEX offers request that customer's requirements be furnished to DSAA within 20 days of the offer date. The customer response to DSAA must include the rationale behind the request for allocation and whether the requirement is to be processed under MAP or FMS. When requirements have been received by DSAA from all interested customers (occasionally an extension of the 20-day suspense will be granted by DSAA), allocation advice is provided to the customer and military department. The allocation message includes authority for preparation of the DD Form 1513 for FMS allocation.

c. Defense Property Disposal Service (DPDS). The Defense Logistics Agency (DLA) conducts sales of certain declared excess materiel to eligible Foreign Military Sales countries. This is DoD/MAP generated property which either the U.S. military services have declared excess to their requirements due to long supply or obsolescence resulting from technological advancements or it is property reported as no longer required by current or former MAP/Grant Aid program recipients. The objective of the DLA FMS program is to

maximize the reuse of excess property in a manner where such sales favorably contribute to both the U.S. and host country's national security objectives and comply with foreign policy as set by Department of State. However, it should be noted that all DoD/MAP generated excess property is purchased in an "as-is where-is" basis, with no provision or guaranty for its follow-on support on the part of DLA or the U.S. Government.

d. Sale of U.S. DoD Excess Personal Property.

(1) Responsibility. The Defense Logistics Agency (DLA) has assigned to the Defense Property Disposal Service (DPDS) the responsibility for conducting the sales of DoD excess personal property and disposable MAP property to foreign governments and international organizations. Headquarters, Defense Property Disposal Service exercises operational management of the FMS program throughout the DPDS and conducts the FMS of property located in the Continental United States (CONUS) and all of North America and Latin America. Defense Property Disposal Region, Europe, conducts the FMS of property located in Europe. Defense Property Disposal Region, Pacific, conducts the FMS of property located in Hawaii, the islands of the Pacific Ocean and Eastern Asia.

(2) Contact Points. The DPDS has established FMS contact points at three locations for the purpose of providing information and assistance to enable FMS customers to make use of the DPDS FMS Program in the most advantageous and beneficial manner. The contact points are:

(a) Headquarters DPDS.

Commander
 Defense Property Disposal Service
 ATTN: DPDS-UCM
 Federal Center
 Battle Creek, Michigan 49016
 Commercial Telephone - (616) 962-6511, ext. 6911/6918
 AUTOVON - 369-6911/6918

(b) DPDS-Europe.

Commander
 Defense Property Disposal Service
 ATTN: DPDS-EU
 Building 804, Lindsey Air Station
 APO New York 09633
 Commercial Telephone - 49-6121-82-3537/6666
 AUTOVON - Wiesbaden Germany - 314-472-1110, ext.
 3537/6666

(c) DPDS-Pacific.

Commander
 Defense Property Disposal Service
 ATTN: DPDS-PU
 Camp H. M. Smith, Hawaii 96861
 Commercial Telephone - (808) 477-5242
 AUTOVON - Pearl Harbor - 431-0111, ext. 477-5242

(3) DPDS Status. DPDS is an element of the DoD. As such, it has absolutely no connection with commercial firms which offer surplus U.S. military supplies and equipment for sale to the general public.

(4) Relation to Other Agreements. The FMS policies and procedures promulgated by DPDS are not intended to repeal or circumvent existing or proposed direct support agreements between other DoD components and foreign governments or international organizations, or any other government-to-government agreements. Where such agreements are in effect, it is expected that the governments concerned will continue to requisition or otherwise procure materiel and services covered by the agreements from the U.S. DoD components with which the agreements have been concluded.

(5) References. The DPDS publishes two documents which provide information on the specifics of the DPDS excess program and on articles which are available for sale.

(a) Foreign Military Sales Customer Information Guide. This document provides information on how to use this service and specifics of the program.

(b) Declared Excess Personal Property List. This is a weekly listing of excess property published by the DPDS. Countries eligible to receive the DPDS Declared Excess Personal Property Lists are identified at Table 8-III-1 of this section.

(6) MDE and SCE. All MDE and SCE excess items being sold under FMS procedures must be clearly defined in the LOA. Accordingly, only defined order type cases will be utilized for sales of MDE or SCE.

B. REQUISITION PROCEDURES.

1. Use of MILSTRIP.

a. Standard Items. Once an FMS case has been established and funded, MILSTRIP requisitions may be initiated either by the purchaser or by a designated DoD component. For standard material items, requisitions will be prepared in MILSTRIP format by the military service, or will be converted to MILSTRIP format by the Military Service Requisition Control Office (RCO). RCOs will verify MILSTRIP requisitions prepared by countries prior to introduction into the U.S. logistics system. Supply and shipment status will be provided in accordance with MILSTRIP procedures. Service designated RCOs are:

(1) Army. U.S. Army Security Assistance Center, New Cumberland, PA 17070.

(2) Navy. Navy International Logistics Control Office (NAVILCO), Philadelphia, PA 19111.

(3) Air Force. Air Force Logistics Command, Wright-Patterson AFB, Ohio 45433.

b. Non-Standard Items. Although purchasers are encouraged to procure material which is standard to the U.S. Armed Forces, non-standard equip-

ment may be requisitioned after mutual agreement with the DoD component concerned. Such requisitions, as well as requisitions for services (e.g., training, etc.), will be in a letter format rather than under MILSTRIP procedures.

2. Uniform Material Movement Priority System (UMMIPS).

a. Use in Requisitioning Process. The Uniform Military Priority System (UMMIPS), as delineated by DoD Instruction 4410.6, is applicable to all requisitions. Force Activity Designators (FADS) are established by the JCS for all customer countries and international organizations. Component activities will take the necessary steps to assure that participating foreign countries and international organizations are properly instructed in the establishment of the Issue Priority Designator. SAOs, if they process FMS requisitions, will verify country and international organization established Issue Priority Designators to assure accuracy.

b. Correction of Erroneous Designators. Erroneous designators will be corrected by the reviewing activity. Doubtful cases will be referred to the appropriate U.S. or purchaser representative for clarification or correction.

3. Delivery Commitment Date (DCD).

a. Use. A DCD will be applied to all FMS cases that include a line for a principal item and for which there is no corresponding MILSTRIP Required Availability Date (RAD) in the supply system. The DCD will be identified through the use of a three digit numeric code, the first two representing the fiscal year, and the third representing the quarter of the fiscal year. The DCD when applicable, should be placed in the Availability and Remarks Block of the LOA. (The DD Form 1513-2 Notice to countries of slippages over 90 days is required on DCD revisions only and not on slippages of items controlled within the MILSTRIP RAD system.)

b. Report of DCD Slippage. A report will be submitted to DSAA on a quarterly basis, 45 days after the end of each quarter of the fiscal year, and will include all cases for which the DCD for any major items on the case has been slipped more than 90 days from that DCD originally quoted on the accepted LOA or from that previously reported to DSAA, together with a brief explanation of the reason for the slippage. In the event it is determined that a slippage in delivery date in excess of 90 days will occur, but a firm alternative delivery date cannot be established with a reasonable time, a DD Form 1513-2 will be provided to the purchaser deleting the previous delivery date, providing an explanation of the circumstances involved, and containing a statement that an additional DD Form 1513-2 will be provided as soon as the new delivery date has been established. Individual changes meeting the threshold criteria need only be reported once, in the quarter in which they occur. A copy of the DD Form 1513-2 will be submitted for each item. The number assigned this report in the reports control system is DSAA(Q) 1123. (See Figure 8-III-1 for format to be used.) This report will be submitted with the report on price increase notifications required by Section V, paragraph C.9., of this chapter.

4. Delivery Forecast Date (DFD). The DFD is developed by the ICPs of the MILDEPs, and represents the estimated date of delivery of the total quantity of the line item. There is a mandatory relationship between the DFD and the DCD. In all cases, the DFD is established to meet or occur earlier than the DCD. If the DFD occurs later than the DCD, the latter may be modified as described above. The DFD is not a gross lead time estimate such as the MASL leadtime. It is a true estimate by the ICPs of the forecast of deliveries based on procurement/supply studies.

5. Economic Order Quantities. MILDEPs and other DoD components should offer to provide customer countries and international organizations guidance in effective inventory management to conserve resources and to minimize misuse or abuse of the requisitioning system. DoD components must assure that proper guidance concerning the use of Economical Order Quantities (EOQ) is developed and made available to the customer countries and international organizations. SAOs will advise and assist customer countries and international organizations to assure understanding and use of EOQs. SAOs, in those cases where they review FMS requisitions, should screen requisitions to confirm utilization of the EOQ concept.

C. MANAGEMENT REVIEW.

1. Notification of Delivery Forecasted Date. Within 120 days after acceptance of an FMS case, DoD components will advise the SAO of the forecast delivery date of each major item. No less frequently than quarterly thereafter, until deliveries are complete, the SAO will be advised by the DoD components of any changes in these forecasts.

2. SAO Responsibility for Delivery Forecast Date. SAOs are responsible for review of delivery forecasts and for advising the DoD components 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 SAOs and the DoD components should be referred to the DSAA.

3. MILSTRIP Report. A quarterly MILSTRIP requisition status report will be prepared by the DoD components and made available to the purchaser at their request on a quarterly basis. Each report will reflect all requisitions open at the end of the report period and all requisitions shipped or cancelled during the report period. Multiple line entries for the same requisition will be reflected whenever a partial or split action is taken. The report will be prepared at Country, Case, and In-Country Service Designator level. Summary lines will be provided to indicate the number of lines/actions and dollar value by open requisitions, cancellations, and shipments.

4. Delivery Performance.

a. Importance of Prompt and Effective Service. The quality of delivery performance directly reflects the degree to which the U.S. meets its FMS commitments and is therefore a key element of the supplier-customer relationship. The importance of prompt and effective service to the purchaser must be continually emphasized to assure overall success in the attainment of FMS program objectives.

b. Reporting Discrepancies. Every effort must be made to impress upon the purchaser the importance of reporting discrepancies as soon as possible but no more than one year after shipment or billing, whichever is later. Since this time standard exceeds time standards previously expressed by the DoD components the time limitation of one year after shipment or billing applies to all shipments made subsequent to the date of this manual.

c. Significant Political or Readiness Impact. Wherever significant political or readiness impact is involved, the SAO will advise the Unified Command of the problem. In those instances in which the matter is not satisfactorily and expeditiously resolved, the Unified Command will immediately notify the DoD component concerned and, in significantly important cases, DSAA.

D. ADHERENCE TO STATED CONDITIONS. The DoD components authorized to make offers will assure that the LOA fully describes the condition of the defense material and that the authorized representative of the foreign government or international organization who accepts and signs the LOA understands the condition of the defense material. DoD components shall require that FMS material conform to the material offered, is serviceable and is complete with regard to repair parts, publications, etc. An exception to this rule is excess property which is sold on an "as is -- where is" basis. Such equipment may be sold without initial or follow-on supply support, provided the country clearly understands these conditions and accepts responsibility for providing future support.

E. SYSTEM SUPPORT BUY OUT.

1. DoD Component Responsibility. When it is determined that a weapon system/end item is or will become obsolete to the U.S. forces and the items are not covered under a CLSSA, the actions identified below are required to be effected by the Military Department responsible for logistics support of the end item.

a. Foreign Country/International Organization Inventory. Determine the foreign countries and international organizations which have previously purchased the weapon system or end item and still have them in their inventory.

b. Notification to Foreign Country/International Organization. Advise the foreign countries and international organizations of a proposed system support buy out. This may be done by offering a list of items or by identifying the weapon systems to be phased out, depending on the circumstances. On equipment phase out, the country may, if possible, place a final order for spares in sufficient range and quantity to support the equipment for its probable remaining useful life.

c. Timeframes. Provide the foreign country or international organization with sufficient time to budget for and fund the system support buy out. This should be a minimum period of two (2) years.

2. Actions Subsequent to System Support Buy Out. Subsequent to the expiration of the system support buy out the following is authorized.

a. Inventory to be Processed for Disposal. All inactive items with zero demand for a period of four years (which include two years of the system support buy out) will be routinely processed for disposal and deleted from the DoD component inventory.

b. Inventory to be Retained. DoD component inventories of active items which have continued to show demands during the past four year period may be retained and managed in support of Security Assistance requirements.

F. TRANSPORTATION OF FMS MATERIEL.

1. Introduction.

a. The purpose of this part is to provide information to FMS customers about how their materiel is handled. The narrative describes the materiel movement process, defines the respective roles of U.S. Government activities and private manufacturers, and provides helpful information about situations that have previously caused problems for freight forwarders. Knowledge of these procedures should assist the customer both in selecting a qualified freight forwarder, and in subsequently evaluating the freight forwarder's performance.

b. Basic DoD policy with respect to deliveries of Foreign Military Sales (FMS) materiel is that each procuring government/international organization (hereinafter referred to as "customer" or "purchaser") shall be responsible for transportation and delivery of its own materiel. In application of this policy, each customer shall utilize its own contract or in-house agency (freight forwarder) to manage all aspects of transportation and delivery to the ultimate in-country destination. DoD will, as necessary, assure delivery of FMS materiel to the customer's agent at the designated delivery point.

c. Most purchasing country staffs in the U.S. do not have the capability of accomplishing all of the actions required to effect in-country delivery of FMS materiel. The freight forwarder undertakes these responsibilities as an agent for the customer and its function is an essential and integral element of the transportation cycle. (Table 8-III-2 contains potential sources from which listings of freight forwarders may be obtained.)

d. Freight forwarder companies occupy a key role in the delivery of materiel to FMS customers. These companies, as a minimum, receive, consolidate, and stage materiel and arrange for its onward shipment to the customer. The freight forwarder normally is not the carrier (i.e., rail, air, truck or ship company). A freight forwarder is a private firm which serves as contractual agent for the FMS customer. Because the freight forwarder is under contract to a customer, the specific functions performed may differ somewhat from those noted above. The freight forwarder may perform a greater or lesser range of functions depending upon the agreement with its respective customer.

e. It is important to note that the freight forwarder, as an agent of a customer, is not a part of or under the direction of any element of the U.S. Department of Defense. However, because most FMS materiel will be shipped to the freight forwarder utilizing U.S. transportation system procedures, it is important that FMS customers ensure that their freight forwarder understands the Uniform Materiel Movement and Issue Priority System (UMMIPS).

Knowledge of these procedures should allow the freight forwarder to effectively interface the U.S. Government procedures with its own operation. It is essential that the customer provide advice of shipping requirements to their freight forwarder, particularly regarding compliance with U.S. provisions for shipment of MAP or FMS credit financed material.

f. Shipping activities, both government and commercial, pack the materiel and arrange for its pick up at point of origin and delivery to designated destinations. Government sources of supply identify the proper "Freight Forwarder" and "Mark For" address by translating certain MILSTRIP codes from the requisition number and supplemental address. These codes are converted to full clear text addresses in the U.S. Department of Defense Military Assistance Program Address Directory (MAPAD), DoD 5105.38-D. The appropriate "Freight Forwarder" Code and "Mark For" Code is annotated on the DD Form 1513, Letter of Offer and Acceptance (LOA) document, by the customer and perpetuated in the MILSTRIP data. Department of Defense contractors are provided the clear text address of the "Freight Forwarder" and "Mark For" through the Cognizant Transportation Office (CTO) of the Administrative Contracting Office (ACO).

g. Trucking companies, airlines, railroads, U.S. Postal Service (USPS) or small parcel carriers, may be utilized for FMS shipments. The normal method of shipment for FMS materiel enroute to the designated purchaser government agent is by Collect Commercial Bill of Lading (CCBL). Exceptions to this policy are noted in Paragraphs 2.i. and 2.j. of this Section. The selection of a mode of shipment by the shipping activity is dependent upon a variety of factors. Normally, non-premium surface mode is utilized.

2. Foreign Military Sales (FMS) Transportation Policies and Procedures.

a. Point of Delivery. The point of origin of FMS materiel is normally the point of delivery to the customer.

(1) If items are procured for shipment directly from a contractor, this point will be the contractor's loading facility.

(2) If items are supplied from DoD stocks, this point will be DoD depot loading facility or the nearest post office facility in the case of parcel post.

(3) When circumstances dictate, designation of other points of delivery must be clearly specified in DD Form 1513, Letter of Offer and Acceptance (LOA).

b. Transfer of Title. Title to equipment and materiel will pass at the initial point of shipment, unless otherwise specified in the LOA.

(1) For defense articles sold from stock, this normally will be at the U.S. depot, whether in CONUS or overseas.

(2) For items procured for the purchaser, this normally will be at the contractor's loading facilities.

(3) In the case of excess materiel (DoD Directive 4160.21), this normally will be the location at which the materiel is being offered for sale.

(4) When the DD Form 1513 specifies that the U.S. Government will provide for movement of aircraft to the point of delivery, one of two conditions prevail with regard to title:

(a) Where additional ferrying is specified and the aircraft are not purchaser-owned (title not passed), the U.S. Government will accept title to the aircraft from the contractor, and title to the aircraft will remain with the U.S. Government until arrival at the point of delivery, at which time title passes to the purchaser.

(b) Where purchaser-owned aircraft are being ferried under the terms of the DD Form 1513, the purchaser grants the U.S. Government possession of the aircraft. Under this condition, the title to the aircraft remains with the purchaser. The LOA will contain prescribed indemnification clauses.

(c) The purchaser assumes all risk of loss or damage since this is a U.S. Government service being provided at no cost to the U.S. Government.

(5) The provisions of this title transfer policy apply to all FMS shipments regardless of the mode of transportation, type of transportation, documents utilized, or delivery code.

c. Consolidation. FMS shipments will be consolidated for shipment purposes to the greatest extent possible. Consolidation criteria are contained in Chapter 6, DoD 4140.17M (MILSTRIP).

d. Packaging and Marking. Shipping activities (U.S. Government facilities or contractor) are responsible for the proper packaging and marking of FMS materiel in accordance with Mil Standards 794 and 129, respectively. The materiel will be packaged as prescribed by Mil Standard 794 (preservation Level "A"/packed to not less than Level "B") and will be marked as prescribed by Mil Standard 129 with the following minimum information:

- FMS Case Identifier (e.g., XX-B-ABC)
- TCN
- Transportation Priority
- Project Number (if applicable)
- Shipped From Address
- Shipped to Address
- Ultimate Consignee/Mark For (coded and clear text, if applicable)

e. Cost of Transporting Materiel to the Freight Forwarder.

(1) Shipments of materiel may occur under conditions where the sales price does not include the cost of transportation to the freight forwarder. These shipments, with delivery terms "Free-On-Board" (FOB) origin, will be transported under Collect Commercial Bills of Lading (CCBL).

(2) Shipments of materiel may occur under conditions where the sale price includes cost of transportation to the freight forwarder. This is the case for stock fund type items. Stock fund items should be transported under CCBLs as is generally the case with non-stock funded items. The primary concern, however, is that the DoD component assures that the purchaser is not double-billed for transportation services rendered, i.e., transportation costs are excluded from the stock fund price of the item. Therefore, all non-excess stock funded materiel sold to FMS customers will be priced less the second destination transportation surcharge which is included in the established standard price.

(3) Shipments will be accomplished in accordance with conditions prescribed in the DD Form 1513 except when the nature of the shipment dictates the provision of added protection and/or control during movement. When added protection and/or control is provided for the movement of an FMS shipment, it generally denotes an added cost to the U.S. which is reimbursable by the purchaser. The cognizant DoD component is responsible for making such arrangements and for assuring that applicable costs are charged to the FMS purchaser.

(4) Accessorial costs billed to FMS cases will be charged in accordance with DoD 7290.3-M. Normally, these costs will be included below the line on the DD 1513 and billed to the purchaser by the Security Assistance Accounting Center in accordance with the standard rate in DoD 7290.3-M. However, when dedicated transportation is required, e.g., a Special Assignment Airlift Mission, the costs will be computed based on the actual costs to the USG and included as a separate line on the DD Form 1513.

f. Offer Release Code "A", "Y", and "Z" Shipments (Refer to Table 7-II-2).

(1) FMS materiel will be shipped to the freight forwarder from either U.S. Government or commercial sources of supply. The customer negotiates with the DoD component to determine whether materiel will be automatically released for shipment or requires Notices of Availability (NOA) prior to release. This results in the assignment of a specific "Offer/Release" Code in block 19 of the LOA. Assignment of Code "A" authorized automatic shipment, while assignment of codes "Y" and "Z" indicates that Notices of Availability (NOA) will be sent before the materiel is shipped (DoD 4140.17-M MILSTRIP).

(2) U.S. representatives should not commit the U.S. Government to provide NOAs when initiating LOAs. The normal "Offer/Release" Code for all FMS transactions is "A". "Offer/Release" codes "Y" and "Z" should be negotiated only under special circumstances, such as for the delivery of sensitive, hazardous or classified cargo and large end items. Use of codes "Y" and "Z" for other than hazardous or classified cargo and large end items must be approved by the DoD component concerned on a "case-by-case" basis.

(3) NOAs are not normally used for direct delivery transactions from contractor's facilities. If contract production schedules do not provide sufficient information and the customer requires NOAs be provided or the offer/release code for the item(s) "Y" or "Z," special arrangements must be made and placed in the LOA and in the contract. The purchaser will be

liable for the costs incurred. Such cost will not be a part of the administrative surcharge, but will be separately negotiated with the contractor as contractor-furnished data and charged to the purchaser.

(4) Items stored or staged as a result of specific instructions in response to an NOA or for which no shipping instructions are received, accrue storage costs as specified in DD Form 1513, Explanatory Note 7.

g. Discrepancies.

(1) There are two groups of discrepancy shipment conditions to which the freight forwarder and/or customer must react:

(a) Materiel Discrepancy. This includes shortages (including non-receipt) due to incorrect quantity counts, improper packing/marketing, duplicate shipments, incorrect items and damage sustained prior to shipment or release to the carrier by the origin shipper. The DoD component in conjunction with the US supply source or private contractor retains responsibility for resolving these problems and determining financial responsibility.

(b) Transportation Discrepancy. This includes complete or partial loss and/or damage caused by the carrier (when properly annotated on the bill of lading) or freight forwarder. Resolution of transportation discrepancies depends upon a variety of factors. If the materiel is shipped on a Government Bill of Lading (GBL) or Commercial Bill of Lading (CBL), (prepaid or collect) to a freight forwarder and damage and/or loss occurs, the freight forwarder must file a claim with the carrier. Damage resulting to materiel shipped to the customer by a freight forwarder must be resolved by the customer and/or the freight forwarder in a claim action with the carrier. Damage or loss of materiel while in the custody of the freight forwarder must be resolved between the customer and the freight forwarder. Such discrepancies will not be subject to reporting to the USG, under paragraph 2.g.(2). The USG does retain responsibility for processing and filing claims with carriers for shipments made on GBLs to DoD activities. Benefits of such claims will be reimbursable to the customer (See Table 8-III-3).

(2) Processing Discrepancies. The U.S. Government will document, process and file claims when shipment moves on GBL to or in care of a DoD activity, water or MAC aerial terminal. If shipment moves on a GBL to a freight forwarder or country representative at a commercial port, the U.S. Government assumes no responsibility for reporting, processing or filing claims against the carrier. The purchaser's representatives and freight forwarder have this responsibility. The purchaser may desire to purchase insurance in order to minimize potential losses for all material ordered. The U.S. source of supply or private contractor does retain responsibility for other discrepancies. These include shortages (including non-receipt) due to incorrect quantity counts, incorrect items, improper packing/marketing, duplicate shipments, and damage sustained prior to shipment release to the carrier by the original shipper.

(3) Discrepancies identified in paragraph 2.g.(1)(a) must be documented in accordance with Processing Discrepancy Reports Against Foreign Military Sales Shipments (DLAR 4140.60, AR 12-12, NAVMATINST 4355.72, AFR

67-7, MCO 4140.1B) with the Report of Discrepancy (ROD) sent to the DoD component.

h. Small Parcel Shipments.

(1) Small Parcel Defined. Although basic policy prescribes consolidation of shipments, it is frequently necessary to ship small items or packages on an individual basis. More information may be found in Chapter 206, Military Traffic Management Regulation.

(2) Authorized Transportation Modes. Transportation officers are authorized to utilize either the U.S. Postal Service parcel post facilities or commercial small parcel carrier equivalents.

(3) Use of Commercial Package Carriers. Shipments through such commercial carriers as United Parcel Service (UPS) may be made when such shipment mode is responsive and cost-effective. Charges for such shipments will be assessed the FMS purchaser. Commercial shipments will be addressed to the agents or representatives specifically designated by the purchaser in the MAPAD. When shipment is to be via domestic parcel post or commercial package carrier equivalents, the transportation officer should consult the various tariffs or package carriers to ensure that the desired service is available and meets the following criteria:

(a) Cost. Shipments will be made at the least cost for the service required.

(b) Audit Trail. The transportation service selected must provide a proof of entry into the transportation network.

(c) Speed of Service. The service selected must be responsive to required delivery date and priority.

(4) Proof of Delivery. To preclude extensive DoD component involvement in FMS claim submissions, small parcel shipments should be made by traceable means and sufficient records kept to enable proof of delivery. Insured shipments are authorized, if appropriate. Mode of shipment will be governed by the cost, evidence of shipment, and speed of service requirement criteria. Complete guidance for processing FMS RODs is provided in DLAR-4160.60 and this Manual.

(5) Shipments Beyond CONUS. If movement is directed beyond CONUS, international parcel post, if specifically authorized by an FMS case, may be utilized and the purchaser charged pursuant to DoD 7290.3-M, if a better means of shipment is not available. As a rule, Military Postal Service (MPS) through APO or FPO will not be used for FMS shipments; however, exceptions to policy are authorized for classified shipments when the purchaser does not have approved facilities to receive classified items in the U.S., or where the sales order specifies delivery in country through the resident U.S. Security Assistance Organization (SAO). Such exceptions will be kept to the minimum and the cost of such shipments will be assessed to the purchaser.

i. Use of the Defense Transportation System (DTS).

(1) When Required. Exceptions to delivery policy will be noted on the LOA on a case-by-case basis and approved by DSAA Operations with concurrence of OSD/MRA&L. Procedures for shipment via the DTS are contained in the Military Traffic Management Regulation and MILSTAMP, DoD 4500.32R. Shipment through the DTS to the point indicated for the shipment of the following types of items is authorized on a reimbursable basis with pricing in accordance with DoD 7290.3-M:

(a) Hazardous Sensitive Material. Firearms, explosives, lethal chemicals, and when required certain other hazardous material will be moved within the DTS or other U.S./DoD-arranged transportation under U.S./DoD control on a Government Bill of Lading (GBL). To meet these requirements, the LOA will require, delivery FOB vessel/aircraft, CONUS port of exit delivery term code 8. The onward movement of these items may be effected by purchaser-owned or controlled aircraft or purchaser-owned, operated or controlled surface vessels (see para (c) below).

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

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

j. Classified Shipments.

(1) It is the policy of the United States Government to release classified military information to foreign governments and international organizations, when considerations relating to the foreign policy and military objectives of the U.S. indicate that the national interest will benefit from such action. Such releases must be consistent with the U.S. National Disclosure Policy (NDP).

(2) The United States national interest requires that foreign recipients of U.S. classified military information and materiel provide substantially the same degree of security protection, to include transmission and transit storage procedures, given to the same information and materiel by the Department of Defense.

(3) Classified shipments of FMS materiel usually will be made within the DTS or by other U.S./DoD-arranged transportation modes which will provide the required security and enable the U.S./DoD to maintain control and custody of the materiel until delivery to the purchaser is made. DoD Directory 5105.38-D (MAPAD), however, lists certain freight forwarders who have been cleared to receive classified materiel which could be shipped FOB origin

on a Commercial Bill of Lading (CBL). (See Chapter Five for additional security information.)

k. Discharge of FMS Materiel Moving Through the DTS.

(1) The local U.S. military representative is responsible for supervision of the discharge at destination of FMS materiel and equipment moving through the DTS. This responsibility includes, but is not limited to:

- (a) Making arrangements for reception of the cargo,
- (b) Assuring the establishment by the purchaser of adequate procedures for checking the equipment and materiel against manifests and shipping documents,
- (c) Providing technical advice regarding proper discharge of cargo, and
- (d) Initiating transportation discrepancy actions and documents prescribed in AR55-28/NAVSUPINST 4610.33C/AFR 75-18/MCO 4610.19D, DLAR 4500.15, Reporting of Transportation Discrepancies in Shipments.

(2) Where there are U.S. military forces positioned or deployed in areas that are receiving FMS materiel, and where these forces are supported by U.S. Military Terminal Units or Support Activities, arrangements may be initiated by the local U.S. military representative who may designate these units to act as the agent or representative of the local U.S. representative to accomplish the functions incident to the delivery of FMS materiel to the recipient country via the DTS.

(3) If compliance with Paragraphs k(1) or (2) above is not feasible or possible, the responsible DoD components will amend all agreements for FMS materiel to provide that custody shall pass within CONUS and that transportation support beyond CONUS will be the responsibility of the purchaser.

1. Re-delivery Policy and Use of the DTS.

(1) When a DoD component solicits the buy back of a defense item from an FMS purchaser, use of the DTS may be authorized if deemed appropriate by the cognizant DoD component with funding by that DoD component.

(2) When a DoD component is requested by an FMS purchaser to buy back previously purchased defense articles, transportation normally should be arranged and funded by the FMS purchaser. Unsolicited buy backs of sensitive, hazardous and classified cargoes may be moved within the DTS, with reimbursement from the FMS customer, if deemed appropriate by the cognizant DoD component.

m. Government Bill of Lading (GBL).

(1) Shipment via GBL is not authorized except when specified in the LOA and approved by the cognizant DoD component as an exception.

(2) When the GBL is used, the DoD retains responsibility for the associated administration of processing claims against carriers or for obtaining proof of delivery at destination on movements to freight forwarders/country representatives, military controlled terminals, and commercial ports.

(3) When a GBL is used, the DoD is performing a reimbursable service for the FMS purchaser and custody must not be construed to mean retention of title or acceptance by DoD of the risk of loss or damage.

n. Collect Commercial Bill of Lading (CCBL) or Prepaid Shipment to Freight Forwarder/Country Representatives. This procedure normally will be used for FMS shipments on movements to freight forwarders and country representatives. Purchasers will be informed by the DoD component concerned that they are responsible for: (1) acceptance and payment of CCBL shipments made in accordance with DD 1513 terms, (2) providing appropriate insurance coverage from the point of delivery to the carrier, and (3) in-transit accounting and settlement of claims against carriers. When shipment cannot be effected by collect CBL, due to tariff restrictions, refusal of carriers to accept collect freight shipments, or other reasons, the following are applicable:

(1) Only when the LOA so authorizes may the shipping transportation office guarantee payment of charges on collect CCBLs, or;

(2) The purchaser representative/freight forwarder may be requested to make "prepaid" arrangements with the carrier vice "collect."

3. Responsibilities of the U.S. Government.

a. Initiation of Shipments. The U.S. Government will normally initiate shipments to freight forwarders, country representatives, or the CONUS Port of Exit in accordance with the transportation instructions inserted on the LOA.

b. Evidence of Shipment. The U.S. Government is required only to provide evidence of shipment. Any movement document or receipt, duly signed by a carrier representative, which shows that the U.S. has shipped or released the materiel in question to a carrier for shipment to the country's designated representative, constitutes evidence of shipment. Such documents generally show the quantity, national stock number, mode, date, transportation control number, notice of availability number/bill of lading/parcel post insured or registered number, addressee, vessel, or flight number (to the extent possible), name of shipper and carrier, etc. This information is essential for adjudication of Reports of Discrepancy (ROD). If the freight forwarder has not received the advance copy of the bill of lading, and proof of delivery to a carrier is requested, a duplicate of the bill of lading or other appropriate documents establishing evidence of shipment will be provided to the customer representative.

c. Proof of Delivery. The term "proof of delivery" is construed to mean "constructive delivery" (tender of the materiel to a designated carrier at point of origin). Establishment of proof of delivery to a country destination is not the responsibility of the U.S. Government under a CCBL. The U.S. Government can only provide proof of delivery when movement was

effected within the Defense Transportation System or other transportation provided under U.S. Government auspices.

d. Materiel Shipment. Shipment of materiel is made by the U.S. DoD in accordance with the provisions of the implemented case and delivery term codes therein (including mode of shipment, if specified, and the offer/release code, at customer expense to the customer representative/freight forwarder designated in the MAPAD).

e. Processing of Claims. The applicable DoD component will provide necessary shipping information to assist customer representatives/freight forwarder in processing claims that may arise for lost or damaged shipments in the same manner it processes claims for U.S. Government-owned materiel. On all CCBL shipments, this assistance will be limited to administrative advice and provision of evidence of shipment and constructive delivery to the carrier, when requested by the purchaser representative/freight forwarder. When the discrepancy is determined attributable to the shipper, the Transportation Office that originated the shipment will initiate action to recover reparation for losses, damage, or destruction of property incident to shipment.

f. Liaison Assistance. The DoD components concerned will provide technical assistance and guidance to purchaser representative/freight forwarders in order to assist in any manner that will improve the transportation support in the best interests of the FMS program. Such assistance will include, but is not limited to, purchaser representative/freight forwarder orientation in FMS transportation policies and procedures, MAPAD information, MILSTRIP/MILSTAMP documentation, ROD processing, and resolution of specific transportation problems incident to U.S./DoD sponsored shipments. It is emphasized that the DoD components have no intervening authority in resolving purchaser/freight forwarder disputes or problems, nor in prescribing the manner in which freight forwarder activities are managed.

4. Responsibilities of the Purchaser. When the purchaser request has been established as a firm FMS case by acceptance of an LOA, the following management action should be accomplished by the purchaser:

a. Employment of a Freight Forwarder. If not established, the service of an international freight forwarder should be employed to accomplish those actions required to effect movement of FMS materiel to destination. The responsibilities which the purchaser elects to delegate to the freight forwarder should be clearly defined in the contract between the parties, and the action and operations of the freight forwarder, as pertain to the handling of FMS shipments, should be closely managed by purchaser representatives.

b. Receipt, Handling, and Processing of Materiel. These functions are the responsibility of the purchaser and are normally accomplished by the freight forwarder. The purchaser should assure that the freight forwarder has adequate receiving and storage facilities for processing shipments of various configurations for onward movement, with materiel handling equipment required for loading/unloading of commercial carrier conveyances. Specific authorization must be received from the DoD to receive and store classified, hazardous, or sensitive materiel.

c. Export License. The customer must obtain an Export License from the Department of State to authorize lawful export movement of purchased FMS materiel from the U.S. to the country, whenever the items sold are to be in the custody of a freight forwarder or other non-governmental party. This must be among the first management actions accomplished in order to assure that materiel is not delayed when ready for shipment. When shipments originate from a third country the purchaser will normally be required to obtain the necessary licenses and export documents.

d. Title Transfer. The U.S. Government normally transfers title to equipment and materiel to the purchaser at the CONUS point of origin where U.S. Government responsibility terminates. Movement from this point onward to the country destination is the responsibility of the purchaser.

e. Export Declaration and Customs Clearance. The purchaser must assure that export declaration (U.S. Department of Commerce Form 7525-V, Shipper's Export Declaration) are prepared for all FMS shipments and that such declarations are filed and validated by a Collector of Customs. After the declaration has been prepared, the shipment must be cleared through U.S. Exit Customs by submission of documents to the Collector of Customs or Export Control Officers. These actions are normally accomplished by the freight forwarder.

f. Transportation. The purchaser is responsible for arranging onward movement of materiel to destination, either by its own government carrier or commercial carrier. Cargo space must be obtained from and the shipment booked with an air or surface commercial carrier, materiel delivered to and loaded aboard the carrier, and applicable ocean bill of lading, air waybill, and/or manifests prepared. These actions are normally accomplished by the freight forwarder.

g. Carrier Selection. It is the purchaser's responsibility to clearly designate to the freight forwarder the mode of transportation and type of carrier desired for onward movement of materiel. Some purchasers prefer all movement aboard an air or surface carrier of the purchaser's flag registry. However, Public Resolution 17, 46 USC 1241-1, expresses the sense of Congress that export cargo generated as a result of loans made by Federal instrumentalities should be carried in U.S. flag vessels. FMS Loan Agreements, both DoD Direct and Federal Financing Bank (FFB) guaranteed, executed between the United States and foreign governments require that all items financed with these funds shall be shipped on U.S. flag vessels, unless an exception has been obtained by the purchaser from the DSAA or the Maritime Administration of the U.S. Department of Transportation. See Chapter 9 for detailed instructions on Marine Transportation Waiver Procedures. It is the customer's responsibility to notify its freight forwarder of the FMS case identifier related to the LOA utilizing loan funds and of any charges to accepted offers resulting in the use of loan funds, and to ensure that the shipment of materiel under these case identifiers is made on U.S. flag vessels. Cargo not purchased with U.S. loans may be moved utilizing purchaser-owned/operated aircraft or vessels when conditions permit this type of delivery (i.e., pilot pick-up by country-owned military aircraft or by naval vessels). In accordance with standard loan terms no loan proceeds may be used to pay ocean or air freight costs of carriage of defense items on vessels or

aircraft of non-United States Registry, nor may such standard loan terms be waived.

h. Overseas Customs Clearance. Upon receipt of formal documentation, the purchaser is responsible for effecting overseas customs clearance of all FMS materiel through its customs agencies upon receipt at the aerial or water port of discharge, and for arranging delivery to the appropriate destination.

i. Notice of Availability (NOA). If the authorized offer/release code specifies that the freight forwarder/country representative will be notified when materiel is ready for shipment, the purchaser will assure that the freight forwarder responds promptly to each NOA requesting shipping instructions. This will preclude undue holding and storage at the point of origin and will facilitate timely and orderly flow of materiel to the freight forwarder. Delays in response to NOA cause storage problems at origins and may result in storage charges to the purchaser.

j. Payment for Transportation Services. Many U.S. domestic carriers are reluctant to accept shipments on a commercial collect basis due to difficulty experienced in collecting freight charges, or are prohibited from accepting collect shipments for export due to carrier tariff bureau restrictions. The purchaser will assure that the freight forwarder effects prompt settlement of these freight charge accounts, through payment of charges upon delivery or establishment of credit arrangements with delivering carriers. The purchaser may consider the establishment of a specific address for payment of transportation charges in accordance with DoD 5105.38-D (MAPAD).

k. Follow-Up on Shipping Status. When the materiel manager furnishes shipping status, and materiel has not been received, the purchaser is responsible for conducting its own tracer action. Such action should be directed to the purchaser's freight forwarder to determine if the item has been received. If the item has been received and transshipped by the freight forwarder, it should be traced to the addressee. If the item has not been received by the freight forwarder, a request for shipping information should be sent to the activity from which shipment status was received to ascertain evidence of shipment. That activity will provide a copy of the bill signed by the carrier and all shipping information such as Transportation Control Number (TCN), bill of lading number, carrier, date of shipment, etc. Further follow-up should then be made to the freight forwarder to ascertain if the item has, in fact, been received. If the item is still missing, the purchaser should assure that the freight forwarder either starts tracer action with the carrier to locate the materiel, obtains proof of delivery, or makes a claim against the carrier for loss of the shipment on behalf of the purchaser.

l. Claims for Loss or Damage. The purchaser should assure that the freight forwarder can place claims for loss or damage of FMS materiel while in custody of the carrier, and that the purchaser is credited with an amount recovered. RODs covering shortages (non-receipt) should be submitted by the purchaser to the freight forwarder for review and response prior to submitting them to the appropriate DoD Component's Security Assistance Organization.

m. Claims Against the DoD for Incorrect Shipment. The purchaser agrees by acceptance of the LOA, to provide complete and timely supporting documentation for claims, if any, against DoD for those alleged improper or incomplete shipments which are not the responsibility of commercial carriers.

n. Reparable Return Materiel. All materiel returned to the U.S. Government for repair and return (repair, overhaul, servicing, etc.) should normally be shipped at purchaser expense and handled outside the Defense Transportation System (DTS) unless use of the DTS is authorized on the LOA. Shipments are normally moved through the freight forwarder, who is responsible for clearing the shipment through U.S. Customs and transshipping materiel prepaid to the designated CONUS repair facility. The purchaser should assure that all such reparable shipments are accompanied by appropriate shipping documents and a customs declaration, and that the purchaser's freight forwarder has the capability for receiving and transshipping such materiel.

o. Insurance. Unless a purchaser is self-insured, commercial insurance should be obtained to provide coverage against loss and damage of property, injury to or death of persons, or other transportation risks incurred while the purchaser's property is in custody of the freight forwarder, aboard any carrier, or transiting any port facility. This includes shipment of reparable materiel. It is recommended that any commercial insurance be placed with United States private firms, to the extent possible. Freight forwarders will normally be covered for liability insurance against injury or death of persons. Purchase of separate liability insurance by the customer would be a duplication.

p. Updating Military Assistance Program Address Directory (MAPAD). This is a directory of purchaser representatives and freight forwarder addresses and codes ("Ship to," "Mark for") used by DoD shipping activities. It is essential that the purchaser maintain this directory in current status to assure delivery.

5. Responsibilities of the Freight Forwarder.

a. General. The services of an international freight forwarder are procured under contract by the purchaser for the purpose of receiving, processing, and transshipping FMS materiel. The purchaser is responsible for negotiating with the freight forwarder for services and for management of the functions related to handling of FMS materiel. The U.S. Government has no jurisdiction, nor responsibility for, accomplishing these functions. This paragraph lists actions and responsibilities considered by the U.S. Government as essential to provide the purchaser with the most effective transportation support required for delivery of its FMS materiel. Requirement of these services and delegation of responsibility for accomplishment are entirely at the discretion of the purchaser. The freight forwarder should be provided appropriate export and import licenses for all FMS cases for materiel expected to be handled.

b. Warehousing and Storage Facilities. Adequate warehousing facilities should be available for segregated receipt, processing, and temporary storage of materiel from the time of delivery from one carrier until transshipped by another. Suitable materiel handling equipment is required for

off-loading and loading commercial carrier equipment. This is required since most shipments will be offer release coded "A" for automatic release/shipment.

c. Receipt or Staging of Materiel. When materiel is delivered by the commercial carrier, inspection should be made immediately to assure that the number of pieces and identification of materiel corresponds with items listed on the shipping documents. If there is shortage, damage, or pilferage, the transportation documentation should be annotated accordingly to substantiate claim action against the carrier. If there are discrepancies, hold the materiel in a designated area, pending resolution of claim action. If the shipment checks out with no apparent discrepancy, the carrier will be released and materiel moved to staging area or designated collection point for further processing.

d. Processing Materiel for Transshipment. The processing of materiel for onward delivery should include, but not be limited to, the following:

(1) Advance Copies of DD Form 1348-1.

(a) Hold advance copies of DD Form 1348-1 and DD Form 250 in suspense file pending receipt of materiel.

(b) Match the advance copies of DD Form 1348-1/DD Form 250, or those received after receipt of materiel, with the actual case contract (i.e., items ordered) or with documentation received with the shipment, by TCN/document number, stock number, quantity, case number, "Mark for" address, or any other element of identification that will assure that shipment received is fully identified with an appropriate FMS case and actually destined for movement to the purchaser represented.

(2) Discrepancies. Document materiel discrepancies on Standard Form 364, Report of Discrepancy (ROD) for submission to the customer representative.

(3) Marking Verification. Examine exterior markings on the shipping containers to ascertain that markings are correct and adequate to fully identify the shipment upon receipt of the materiel by the requisitioner at the destination.

(4) Documentation. Assure that the accompanying documents remain intact in the Packing List Envelope affixed to the exterior of the containers to facilitate ready identification and processing by the in-country recipient. Appropriate documentation should be prepared for each shipment, i.e., bills of lading, air waybills, air or ocean manifests, customs declaration and clearance documents, or other required documentation.

(5) Shipping Container Adequacy. Examine all shipping containers for adequacy to withstand handling, storage, and movement risks incurred for the air or surface over-ocean type of transportation selected.

(6) Recooperage. Repackage, recreate, or reinforce inadequate containers. The freight forwarder should have a recooperage capability in connection with the processing facility for accomplishing these actions.

Although an export pack is prescribed for FMS shipments, some shipments may be domestic pack for CONUS delivery only, or small parcel post shipment may not conform with export packaging specifications. Some packages may burst open, be crushed, or weakened due to rough handling but with no apparent damage to contents. When, in the opinion of the freight forwarder, the shipment will not withstand further handling and over-ocean movement, it should be repackaged. This is normally a freight forwarder service to provide adequate onward protection to the property, and the purchaser is responsible for any legitimate costs.

(7) Package Consolidation. Small packages should be consolidated into larger containers, by case, priority, and final destination, to the extent possible. The new shipping container should have proper markings for identification at destination.

(8) Priority Transportation. Packages marked for priority delivery normally should be air transported.

e. Containerization. Cargo should be loaded in Seavan or Sealand type containers to minimize loss, damage, and pilferage, if the freight forwarder or the purchaser at the overseas port of discharge can offload from containers and forward cargo to its destination. A complete listing of all shipments containerized should be provided.

f. Transportation Arrangements.

(1) Book Cargo Space. Cargo space should be obtained and shipment booked with the selected air or surface carrier.

(2) Delivery to Carrier. Cargo should be delivered to and loaded aboard the air or surface carrier.

(3) Documentation. All movement documentation should be provided upon tender of the shipment to the designated carrier. When materiel has been loaded aboard the carrier, copies of all documentation should be sent to the purchaser as expeditiously as possible.

(4) Sensitive, Hazardous or Classified Materiel. Arrange with all shippers to have customer representative on hand to sign, at the site of or aboard ship or plane, for sensitive, applicable hazardous cargo, or classified cargo that is marked for Delivery Term Codes 3 and 8.

(5) Shipment via U.S. Carrier. Arrange for shipment via U.S. flag vessel when materiel to be shipped has been identified as being funded under a loan arrangement.

g. Customs Clearance.

(1) U.S. Department of Commerce Form 7525-V. Export declaration (U.S. Department of Commerce Form 7525-V, Shipper's Export Declaration) must be prepared for all FMS shipments (except DTS).

(2) Customs Clearance. After the declaration has been prepared, exit customs clearance must be effected by submission of documents to

the Collector of Customs or Export Control Officers. Assistance should be rendered to the purchaser in the provision of documentation to effect clearance through the purchaser customs agencies. Customs clearance is addressed further in Chapter 5, Section IV, this Manual.

(3) Bills of Lading. The freight forwarder is responsible for obtaining and submitting bills of lading connected with the export and attending to certain other formalities, such as consular invoices, certificates of origin, and other required documents.

(4) Reporting to Department of Commerce. All export of FMS materiel will be reported to the U.S. Department of Commerce as required by federal statute.

h. Payment for Transportation Services. When FMS materiel is shipped to the freight forwarder on a CCBL, prompt settlement of freight charge accounts should be effected. This should be through payment of charges upon delivery or establishment of credit arrangements with delivering carriers.

i. Claims. The freight forwarder/country representative is responsible for filing claims against commercial carriers on behalf of the purchaser for loss, damage, shortages (non-receipt), and pilferage of materiel while in their custody. The purchaser will be credited with any reparation claim action.

j. Return of Repairable Materiel. There should be the capability to receive materiel returned from the purchaser for repair, overhaul, or servicing, clear it through U.S. Customs, and forward it prepaid to the designated CONUS repair facility. After repair, materiel will be shipped to or through arrangement of freight forwarder in accordance with normal delivery procedures.

k. Insurance. Commercial insurance coverage should be provided for protection of all purchaser-owned FMS materiel while in custody of the freight forwarder, aboard any carrier, or transmitting any port facility unless the purchaser is a self-insurer.

l. Notice of Availability (NOA). If the offer/release code specifies prior notification when materiel is ready for shipment, the freight forwarder should provide expeditious response to each NOA requesting shipping instructions. Any alternate shipping instructions, such as a different carrier mode, shipping address, port or consignee other than that specified in the MAPAD, will be observed. Instructions for holding the materiel until a specified future delivery or until availability of a vessel will not ordinarily be honored, as the DoD shipping activities should not be used as storage facilities for the convenience of freight forwarders or the purchaser. Items held for over 15 days are subject to a U.S. Government storage charge.

m. Tracer Action. Every assistance possible will be provided the purchaser on follow-up tracing of specific materiel shipments. The purchaser should be provided all receipt and transshipment data. If no record of receipt is indicated and the purchaser provides evidence of shipment from the

shipping activity, tracer action will be initiated with the carrier and the purchaser informed of findings.

n. Multiple Delivery Addressees. Shipments will be made only to the single address specified in the MAPAD or in the official response to the NOA. Delivery is authorized only to the consignee indicated on the bill of lading. Any further reconsignment, diversion, storage, or other deviation directed by a freight/forwarder that results in additional costs will be at the freight forwarder/purchaser expense.

o. Discrepancy Reporting. The purchaser representative will advise by means of SF Form 364, Report of Discrepancy (ROD) of any discrepant shipments, i.e., misaddressed shipments, erroneous documentation, faulty marking that precludes identification, or any other discrepancy that appears to be the responsibility of the USG. Faulty packaging will be reported with pictures if possible, to accompany the SF 364. The purchaser representatives will take action with the appropriate MILDEP security assistance activity.

p. Pilot Pick-up of Materiel. When the freight forwarder is advised that a purchaser-owned/operated aircraft is scheduled into the CONUS to pick-up purchaser-owned property from the freight forwarder, arrangements should be made with the DoD Aerial POE for loading the purchaser's aircraft. Materiel will be transported at freight forwarder expense Free-Along-Side (FAS) the aircraft. Any loading, off-loading, or handling services performed by DoD personnel will be reimbursed by the purchaser. If storage of materiel is necessary prior to loading date/time, off-base storage facilities will be required. Under no circumstances will U.S. military facilities or personnel be used for storage and handling of purchaser-owned property, or loading/unloading of the purchaser aircraft, unless specifically authorized by the applicable Military Department and funding is arranged.

o. Administrative Responsibility. The freight forwarder is responsible for accurate files on all FMS transactions. This includes, but is not limited to, due-in files, advance shipping documents, NOA and response, receiving documents, shipping manifests, bills of lading, customs clearance documents, tracer actions, claims actions, container listings, accurate listings of reimbursable expense, invoices, and other documents or correspondence related to the shipments. Sufficient information should be on file to respond to query of the customer on any shipment.

r. Reporting System. A reporting procedure should be devised by the freight forwarder to keep the purchaser representative advised of the current status of FMS shipments. The system should include advance notice of shipments due-in, receipt of shipment, processing status, anticipated forwarding date, vessel name, voyage number, itinerary, and estimated date of arrival at port of discharge. When shipments identified to a specific case, this will enable the purchaser to plan the receipt in advance and minimize the necessity of tracking individual shipments.

s. Control of Shipments. The freight forwarder should maintain complete visibility control over each FMS shipment, from the date of receipt from the carrier, through processing and staging, until finally shipped to the purchaser. This will provide the location and status of the shipment in the system at all times and facilitates immediate response to any query concerning

the materiel. In effect, the freight forwarder acts as a traffic manager for the movement of FMS materiel for the purchaser.

t. Notice of Address Change for MAPAD. This is the only source directive in use by DoD shipping activities to determine current shipping addresses. The freight forwarder should immediately advise the purchaser representative when any address for receipt of materiel or documentation is to be changed, preferably 60 days in advance of the change. This will enable the purchaser representative to initiate action with Defense Automatic Addressing System Office (DAASO) to have the revised addresses immediately disseminated to shipping activities and published in the MAPAD. Direct requests from the freight forwarder to shipping activities for address changes are not authorized. It is important that address changes be made immediately to keep the MAPAD current and preclude misdirected shipments.

TABLE 8-III-1

FOREIGN COUNTRIES AND INTERNATIONAL ORGANIZATIONS AUTHORIZED
RECEIPT OF DLA EXCESS PROPERTY LISTINGS

COUNTRIES

<u>Africa</u>		<u>Near East and South Asia</u>	
Botswana	Sudan	Bahrain	Pakistan
Kenya	Zaire	Bangladesh	Qatar
Liberia		Egypt	Saudi Arabia
		India	Sri Lanka
		Israel	(Ceylon)
		Jordan	Tunisia
		Kuwait	United Arab
		Lebanon	Emirates, The
		Morocco	Yemen Arab Rep.
		Nepal	
		Oman	
<u>Europe</u>		<u>Western Hemisphere</u>	
Austria	Malta	Bahamas	Honduras
Belgium	Netherlands	Barbados	Jamaica
Denmark	Norway	Brazil	Mexico
France	Portugal	Canada	Panama
Germany (Federal Republic of)	Spain	Colombia	Paraguay
Greece	Sweden	Costa Rica	Peru
Iceland	Switzerland	Dominica	St Lucia
Ireland	Turkey	Dominican Rep.	St Vincent
Italy	United Kingdom	Ecudaor	Trinidad and
Luxembourg	Yugoslavia	Guatemala	Tobago
		Haiti	Uruguay
			Venezuela

International Organizations

NATO (North Atlantic Treaty Organization and its agencies)

TABLE 8-III-1. Foreign Countries and International Organizations Authorized
Receipt of DLA Excess Property Listings.

TABLE 8-III-2

POTENTIAL SOURCES FOR LISTING OF FREIGHT FORWARDERS

American Import & Export Bulletin
North American Publishing Company
41 East 42nd Street
New York, New York 10017

Shipping Digest, Inc.
25 Broadway
New York, New York 10004

Department of Transportation
400 Seventh Street SW
Washington, DC 20590

National Customs Brokers & Forwarders
of America, Inc.
One World Trade Center, Suite 1109
New York, New York 10048

Civil Aeronautics Board
1825 Connecticut Avenue NW
Washington, DC 20428

TABLE 8-III-2. Potential Sources for Listings of Freight Forwarders.

TABLE 8-III-3

FINANCING REPORTS OF DISCREPANCY
WHEN THE U.S. GOVERNMENT IS LIABLE

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

1. Information. The following are guidelines regarding the source of funding for payment of valid claims related to FMS shipments when the U.S. Government is found liable.

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

TABLE 8-III-3. Financing Reports of Discrepancy when USG is Liable.

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

TABLE 8-III-3. (Continued)

Nature of Discrepancy	FMS Administrative Funds	U.S. Government Appropriations/Funds
4. Overage*	<p>materiel. These procedures make it possible to identify responsibility for any loss of materiel in transport. FMS administrative funds may be used only when it is specifically substantiated that the U.S. Government failed to meet its responsibility relative to the shipment of the materiel (except as indicated under "U.S. Government Appropriations/Funds" heading).</p>	<p>such transaction. Mis-directed shipments not returned to stock will be absorbed as an inventory loss against the applicable U.S. Government materiel account.</p> <p>If U.S. Government owned, government furnished equipment (GFE) which is to be incorporated into an end-item is lost or damaged during shipment to the contractor (i.e., prior to incorporation into the end item) then the customer's funds will be used to absorb the applicable cost. Recognition should be given to the possibility that a "lost" GFE shipment may be lost only on the accounting records but still physically in the U.S. Government's possession. In instances where this is probable, no charge should be made to the purchaser for "lost" GFE.</p>
a. From Procurement**	<p>Not applicable unless the U.S. Government is responsible for the overage.</p>	<p>Not applicable</p>
b. From Stock	<p>Costs to transport excess items back to stock or to disposal. If claimed by the customer, costs to transport excess items issued to the</p>	<p>If billed and customer does not want the items, amounts for excess items charged will be refunded to the FMS customer account and the appro-</p>

TABLE 8-III-3. (Continued)

Nature of Discrepancy	FMS Administrative Funds	U.S. Government Appropriations/Funds
	country. Note: Out-of-pocket costs of packing, crating and handling, (PCH), if claimed, will be paid from PCH funds. against the applicable	appropriate U.S. Government appropriation/fund will be charged. Overage items not returned to stock will be absorbed into the U.S. Government materiel property account as an inventory loss.
5. Improper Identification (incorrect item, i.e., nonsubstitutable item)		
a. From Procurement**	Not applicable unless the U.S. Government is responsible for the problem.	Not applicable
b. From Stock	When the incorrect item is not returned, the cost of issuing the correct item or providing a customer refund will be absorbed by the FMS Administrative Fund. On the other hand if the incorrect item is returned, then the appropriate adjustments within the U.S. Government accounts should be effected and only the next additive costs should be absorbed by the FMS Administrative Fund. Note: Out-of-pocket costs of PCH if claimed, will be paid from PCH funds.	Applicable U.S. Government appropriation/fund is responsible for issue of correct items without additional charge to the FMS customer. If the correct item is not available for issue, the refund to the customer account will be charged against the appropriate U.S. Government appropriation/fund which was initially credited as a result of such transaction. Incorrect items issued and not returned to stock will be absorbed against the applicable U.S. Government materiel property account as an inventory loss.
6. Improper Documentation		
a. From Procurement**	Not applicable unless the U.S. Government is responsible for improper documentation.	Not applicable

TABLE 8-III-3. (Continued)

Nature of Discrepancy	FMS Administrative Funds	U.S. Government Appropriations/Funds
b. From Stock	When the incorrect item is not returned, the cost of issuing the correct item or providing a customer refund will be absorbed by the FMS Administrative Fund. On the other hand, if the incorrect item is returned, then the appropriate adjustments within the U.S. Government accounts should be effected and only the net additive costs should be absorbed by the FMS administrative fund. Note: Out-of-pocket costs of PCH, if claimed, will be paid from PCH funds.	Applicable U.S. Government appropriation/fund is responsible for issue of properly documented items without additional charge to the FMS customer. If the properly documented item is not available for issue, the refund to the customer account will be charged against the appropriate U.S. Government appropriation/fund which was initially credited as a result of such transaction. Improperly documented items which are not returned to stock will be absorbed against the applicable U.S. Government materiel property account as an inventory loss.
7. Duplicate or Erroneous Billing		
a. From Procurement**	Not applicable	Erroneous or duplicate charges will be corrected, i.e., refund (where appropriate) or adjustment to customer account. Adjustments will be charged against the appropriate U.S. Government appropriation/fund or the customer account when appropriate.
b. From Stock	Not applicable	Erroneous/duplicate charges will be corrected, i.e., refund (where appropriate) or adjustment to customer account. Adjustments will be charged against the appropriate U.S. Government appropriation/

TABLE 8-III-3. (Continued)

Nature of Discrepancy	FMS Administrative Funds	U.S. Government Appropriations/Funds
8. Loss of Customer Item in Inventory (provided for fabrication, assembly or re-work)	When the item is no longer maintained in the U.S. Government inventory, the U.S. Government cannot benefit from retaining the item. In this instance the FMS Administrative Fund is the appropriate source for customer reimbursement.	fund or the customer account when appropriate. If the item is currently maintained in U.S. Government inventory and the loss is bookkeeping or inventory control loss, then the item is still physically available and should be replaced from U.S. assets or appropriate credit provided from U.S. Government funds.

* Claims of \$100 or less will not be reported for:

1. Overages
2. Shortages (includes nonreceipt)
3. Damages

** Procurement includes both "fast pay" and other procurement contracts.

TABLE 8-III-3. (Continued)

SECTION IV - PERFORMANCE REPORTING AND CASE CLOSURE

A. PERFORMANCE REPORTING/BILLING.

1. Reporting Performance of FMS Orders.

a. Implementing Agency Responsibilities. After implementing and FMS agreement, the responsible DoD agency executes the program. The MILDEP directs release of materiel, provision of services or training, and payment to contractors. As execution progresses, the MILDEP reports to SAAC the nature and value of financial transactions that result from performance. MILDEPs report accrued expenditures (work in process) and physical deliveries within 30 days of occurrence (date of shipment or performance).

b. FMS Delivery Reporting. The mechanism for reporting FMS performance to SAAC is the "FMS Detail Billing Report" (DD-COMPT(M)1517). It is submitted monthly to arrive at the SAAC no later than the sixteenth calendar day following the end of the reporting month. If materiel has been delivered or services performed, a performance report is forwarded to SAAC. If no materiel has moved but a progress payment has been made on a contract for production of FMS materiel, the DoD component reports the amount of the progress payment disbursement. The format and instructions for completing the DD COMPT(M) 1517 report are prescribed in DoD 7290.3-M.

2. Billing for FMS Transactions.

a. Quarterly Billings. As of the end of each calendar quarter, SAAC renders a billing statement for each active FMS agreement in accordance with DoD 7290.3-M. The purpose of the bill is to account to the FMS purchaser for costs incurred on his behalf and to request additional funds as projected in the payment schedule to pay future anticipated costs.

b. Elements of Billing. The first element of each billing is for costs incurred to date, and includes charges for materiel delivered and progress payments made to contractors. The FMS purchaser receives an FMS Delivery Listing that shows by document number the items reported to SAAC as delivered through the end of the month of the billing statement. The remaining portion of the value billed is for anticipated costs to be incurred. SAAC will normally extract this forecast of costs from the most recent payment schedule attached to the DD Form 1513 furnished to the FMS purchaser. However, in the event unanticipated costs occur varying substantially from the existing schedule, the MILDEP should immediately advise SAAC and the customer of the variance. As described earlier, the DoD component should issue revised payment schedules when appropriate.

c. Legal Effect of Billing. The quarterly FMS Billing Statement (DD Form 645) is the binding legal claim for payment by the DoD as referenced in paragraph B.3.f. on Annex A of the DD Form 1513, LOA. Both the DoD component and FMS purchasers should understand that the billing, not the payment schedule, contains the required amount to be paid.

d. Billing Questions Directed to SAAC. All questions or correspondence concerning billings to FMS purchasers should be addressed to SAAC, Lowry AFB, Denver, Colorado 80279.

B. DELINQUENT ACCOUNTS FOR FMS BILLINGS.

1. Provisions of Financial Annex to LOA. The Financial Annex to the LOA provides an estimate of the timing and amounts of payment of the billings which SAAC produces for each FMS case. The customer is obligated to make payments against DD Form 645 billings, on time and in full. SAAC is obligated, in compliance with the Arms Export Control Act, to insure prompt recording of collections.

2. Late Payment Causes. Most problems of collection are due to late payment, rather than to any tendency of FMS customers to default on payments. Past experience has shown that it takes from 45 to 75 days after mailing the billing statement to receive collection. Late payments also frequently result from the purchaser's misunderstanding of the terms of sale, the content of the billings, or the general problems of communication. Recognition by MILDEPs should be given to the problem of improving communications with the customer on financial matters.

3. SAAC Responsibilities for Collection. Responsibility for collecting overdue debts to FMS cash sales is entirely that of SAAC until it has exhausted means of collection available to it. These means include:

a. Formal and Informal Contacts. Both formal and informal contacts with representatives of purchasers at appropriate levels.

b. Collection Assistance. Requests for collection assistance from the Security Assistance Organization located in the purchaser's country.

c. Requests for Collection Assistance. Formal or informal requests for collection assistance from DSAA, as well as informal contacts with State Department as required to determine additional collection actions to be taken.

4. Further Action on Delinquent Accounts. When all internal means of collection have been exhausted, delinquent accounts will be referred to the Comptroller, DSAA for further examination. Comptroller, DSAA will then either recommend further action to be taken by OSD or cause the debt to be referred officially to the State Department for diplomatic assistance. Data provided by SAAC to support the debt referral will include:

a. Origin and History. Origin and history of the debt including prior effort at collection.

b. Validity of the Claim. Validity of the claim, i.e., a discussion to identify any elements of the agreement which may be in dispute between the purchaser and the U.S.

c. Normal Military Channels. A statement that SAAC has exhausted its normal military channel with responsible foreign officials on behalf of the collection.

d. Adverse Impacts. Assessment of any adverse impact on our foreign customer if the issue is raised at the diplomatic level.

5. SAAC Holds Accounting Records After Transfer of Action to State Department. Delinquent Accounts Receivable will continue to be carried on the accounting records of SAAC even though primary collection responsibility may have been passed to the Department of State.

6. Reporting Formats and Frequencies. Details on delinquent debt reporting formats and frequencies are contained in DoD 7290.3-M and in DoDI 2140.4.

C. INTEREST ASSESSMENT ON DELINQUENT DEBTS.

1. Requirements to Assess. The Arms Export Control Act requires the Department of Defense to assess interest on delinquent debts that arise pursuant to the FMS Program. Within DoD, SAAC has responsibility to operate the FMS billing process and to assess interest on delinquent payments due from FMS purchasers.

2. Basis for Charge. Interest is assessed based on the net arrearage owed by a purchaser taking into account cumulative financial requirements and cumulative payments received on each and every FMS case that the purchaser has with the Department of Defense as of the due date of the FMS bills. Daily interest charges are assessed at an annual rate until such time as sufficient funds are received by the DoD to pay any arrearage amount not to exceed the value of outstanding unpaid billings. Such procedures provide maximum flexibility in utilizing all payments received, including initial deposits on new accepted cases, in computing the net cash position for the country.

3. Reports to FMS Customer. SAAC will provide the Ministry of Defense or comparable official of each FMS purchaser a report showing all arrearages existing as of the billing statement due date. Billings for the interest assessments, as appropriate, will be provided on a quarterly basis.

D. CLOSURE OF FMS CASES.

1. Certificates of FMS Case Closure. SAAC provides foreign purchasers "Final Statements of Account" to officially close FMS cases when:

a. Delivery and Billing. All materiel and services have been delivered and billed to the purchasers.

b. Collected Payments. SAAC has collected payments from the purchasers equivalent to the value of materiel and services provided.

c. Reimbursements. The costs of such materiel and services has been reimbursed to financing DoD appropriations and accounts.

d. Item Discrepancies. All minor item discrepancies have been resolved.

(1) To evidence that all materiel and services have been provided to the purchaser, implementing DoD components should provide SAAC with a "Certificate of FMS Case Closure" specifying the total value of materiel and services delivered to the purchaser, exclusive of add-on costs such as administrative and accessorial surcharges computed by SAAC.

2. Estimated Case Closure Dates. Final closure of FMS cases involving procurement from commercial vendors often cannot take place until several years after delivery of materiel because of the requirement for contract overhead audits, renegotiation of profit, and other similar requirements peculiar to the DoD procurement process. Foreign purchasers find such delays both irritating and confusing. To eliminate such confusion, defense components should specifically cite an "Estimated Case Closure Date" in all Letters of Offer applicable to cases that will involve procurement from commercial vendors. This estimated case closure date is additive to, not in lieu of, the estimated delivery dates normally referred to in the LOA.

E. CANCELLATION OF FMS CASES. In the event that the FMS purchaser cancels an entire FMS case prior to the delivery of all articles and services, a case cancellation fee may be assessed. One third of the administrative fee will be included in the "initial deposit" to cover this requirement unless otherwise agreed upon by the DSAA, Comptroller.

F. FINANCING REPORTS OF DISCREPANCY (ROD) WHEN THE U.S. GOVERNMENT IS LIABLE.

1. Purpose. The purpose of this section is to establish funding policy in those instances where the USG is legally determined to be financially liable for the resolution of a Report of Discrepancy (ROD). Procedural guidance for the completion of Standard Form 364, Report of Discrepancy, related to FMS shipments can be found in DoD 7290.3-M, and Joint Regulation DLAR 4140.60, AR 12-12, AFR 67-7, NAVSUPINST 4920.9B and MCO 4140.1B. Chapter 8, Section III and Table 8-III-4 contain additional information regarding Reports of Discrepancy.

2. General. Legislative requirements dictate that the USG conduct the FMS program on a break even (no cost, no profit) basis. This principle must be applied in determining whether USG or FMS administrative funds will absorb the cost of a particular ROD transaction determined to require USG corrective action.

3. Specific.

a. Specific Types of Discrepancies. Table 8-III-4 provides guidance for specific types of discrepancies and indicates whether FMS administrative funds or USG appropriated funds will finance the cost of correcting the discrepancy where the USG is legally liable to do so.

b. Re-Requisitioning Items. When customer countries are required to re-requisition items which were not previously shipped, they are required to pay the existing price at the time of issue regardless of the fact that the item was initially released at a lower price.

c. RODs in Excess of \$10,000.00. All RODs in excess of \$10,000.00 will be submitted to DSAA for approval before being charged against FMS administrative funds. This submission will contain the Department/Agency legal position on the liability of the USG.

4. FMS Administrative Fund Budget Approval. The DSAA FMS Administrative Budget Call, which is issued on an annual basis to Military Departments and Defense Agencies, provides procedural guidance for the inclusion of estimated ROD costs that are to be financed from FMS administrative funds (see Chapter 13).

G. ADDRESS OF THE CENTRAL COLLECTION AND BILLING OFFICE.

1. The Security Assistance Accounting Center. SAAC is the single DoD activity authorized to render billings from FMS transactions and to receive deposits from FMS purchasers. Collections received by any other DoD components should be forwarded to SAAC immediately. Each LOA should be annotated to inform the FMS purchaser that SAAC is the central accounting activity for the agreement. The address of SAAC is Director, Security Assistance Accounting Center, Denver, Colorado 80279.

SECTION V - AMENDMENTS AND MODIFICATIONS
--

A. DD FORM 1513-1 - AMENDMENT TO OFFER AND ACCEPTANCE.

1. General. Changing circumstances in exceptional cases require that changes be made to a completed LOA. Normally, all changes in the scope of an existing LOA will be treated as a new FMS case. Minor changes in scope which would, for administrative reasons, be more effectively handled as an amendment may be authorized in certain instances. 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.

2. Minor Changes in Scope. It is recognized that there may be exceptional circumstances when U.S. interests are best served by processing Amendments to cover minor changes in scope, since administrative reasons sometimes preclude, or make difficult and costly, the preparation of new LOAs. The Amendment to Offer and Acceptance (DD Form 1513-1), Figure 8-V-1, will 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 and if the revision requires purchaser's acceptance before implementation. Minor changes in scope occur most frequently for:

- a. Changes or requirements within FMS training cases.
- b. Minor changes in configuration of equipment previously ordered in an original LOA.

c. Minor changes in scope due to omission in the original LOA of supporting equipment or services for major weapon systems previously sold.

d. Increases in time of performance which result in a minor increase in cost.

e. Minor increases in the estimated costs of a blanket order type case due to an increase in the amount of articles purchased under this case.

f. Extensions of the order period for blanket order type cases which cause an increase in estimated cost.

g. Minor increases in quantity of a definitive quantity case.

h. Changes in description which increases the article/service.

i. Changes in terms or conditions (other than unilateral changes on the part of the USG), or a change of transportation delivery codes which result in increased costs to the purchaser which were not previously accepted by the purchaser by previous correspondence.

j. Revisions to FMSO I cases.

3. Major Changes in Scope. Major changes in the scope of an existing LOA including the addition of MDE or SCE items require the preparation of a new FMS case on the basic DD Form 1513 unless specific approval has been obtained from DSAA Operations to utilize the DD Form 1513-1 Amendment.

4. Purchaser Acceptance. The DD Form 1513-1 would be used only if the revision requires purchaser acceptance before implementation. If the revision is a unilateral change on the part of the USG to the terms and conditions of the LOA, or provides for the addition of a previously omitted pricing element or surcharge (except as indicated in paragraph I.2.), which does not require purchaser acceptance, the DD Form 1513-2, Notice of Modification of Offer and Acceptance, should be provided the purchaser (see Figure 8-V-2).

5. Identification of Percentage Rates for Certain Costs. 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 on the DD 1513-1. This guidance also pertains to "Other Estimated Costs" (Block 26) should a percentage rate be applicable.

6. Processing DD Form 1513-1s with Cost Increase in Excess of \$50,000. All DD Forms 1513-1 which reflect an increase in excess of \$50,000 should be coordinated with DSAA Operations. Such increases will be recorded in the fiscal year the DD Form 1513-1 is accepted. DD Forms 1513-1 which reflect an increase of \$50,000 or less, shall be recorded in the year of the basic FMS case.

7. Detailed Instructions and Format. See detailed instructions on preparing the DD Form 1513-1 at Figure 8-V-1.

8. General Conditions. For record purposes, all DD Forms 1513-1 will have appended to them a copy of Annex A, "General Conditions," which are part of the original case. Alternatively, at the discretion of the originating office, the DD Form 1513-1 may contain the following note:

Except as expressly amended hereby, all terms and conditions of the subject case (including without limitation the General Conditions) continue in full force and effect.

B. PEN AND INK CHANGES - DD FORMS 1513 AND 1513-1. "Pen & Ink" changes are modifications to a DD Form 1513 or DD Form 1513-1 authorized by the issuing DoD component prior to acceptance of the document. "Pen & Ink" changes should be avoided to the maximum extent. The change may be at the request of the purchaser or initiative of the issuing DoD component. The issuing agency must authorize the pen and ink change by message or letter to the purchaser with a copy to SAAC. If the change authorizes any revision of unit or total costs, the DSAA-Comptroller, FMS Control Division must concur and be furnished a copy of the authorization. Extensive changes should be made by issuance of a new DD Form 1513 or a DD Form 1513-1 rather than by a pen and ink change.

C. DD FORM 1513-2 - NOTICE OF MODIFICATION OF OFFER AND ACCEPTANCE.

1. Purpose. This form is utilized to record modifications to an existing LOA, which do not constitute a change in scope, except for decreases due to a deletion of an item. Modifications which do affect the scope of the LOA (other than decreases) require either a new DD Form 1513 or a formal Amendment (DD Form 1513-1, see Figure 8-V-2).

2. Acceptance of Foreign Country or International Organization. When the DD Form 1513-2 is used, acceptance by the foreign country or international organization is not required. Acknowledgement of receipt ensures that the Notice of Modification has been received by an authorized official. The DD Form 1513-2 should be used for changes in data which may be made unilaterally under an offer and acceptance (non-scope change).

3. DD FORM 1513-2's Requiring DSAA Coordination and Countersignature. The following modifications to an LOA or Amendment must be accomplished by use of a DD Form 1513-2. Such modifications require DSAA coordination and countersignature prior to dispatch to the foreign country or international organization.

a. Price increases and related changes in payment schedules to a previous DD Form 1513 or Amendment thereto. DoD components issuing Letters of Offer will promptly and officially notify purchasers whenever the estimated total costs (Block 26 of the DD Form 1513) increase by ten percent. For such 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 in Block 11:

(1) The detailed reasons 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 U.S. Government of purchaser desire to cancel or reduce quantities.

b. Deletions of items or decreases in the quantities of articles to be sold. Notices to the purchaser of such changes should be issued if the result is a decrease in the "total estimated costs" of over 10 percent.

c. Changes initiated by the foreign country or international organization of terms (Block 27, DD Form 1513 and Block 28, DD Form 1513-1) from a type of assistance code (other than Z) to an FMS Credit Case (Code Z).

4. DD Form 1513-2's Requiring No DSAA Coordination or Countersignature. The following additional modifications to a Letter of Offer or Amendment must be made on a DD Form 1513-2, but such modifications do not require DSAA coordination or countersignature prior to dispatch to the foreign country.

a. Changes or extensions exceeding 90 days of the delivery commitment date.

b. Extensions of the ordering period for a blanket order type case provided there is no increase in the total estimated cost.

c. Changes to transportation codes due to the requirement to use the DTS (e.g., shipment of hazardous and sensitive cargo, provided there is no increase in the total estimated cost.

d. Clarifying notes which do not involve a change in the total estimated cost of the case.

e. Changes in payment schedules to LOAs or Amendments on which the "total estimated costs" remain the same.

f. Changes in Generic Codes and/or MASL Coding.

5. Price Changes During Case Closure. Price increases or decreases discovered during case closure will be assessed the country during final billing. Issuance of a DD Form 1513-2 is not required in addition to the final billing, unless specifically requested by the purchaser. However, such requests will normally be honored only where the total price increase or decrease amounts to 10% or more of the case value.

6. General Terms and Conditions. For record purposes, all DD Forms 1513-2 will have appended to them a copy of Annex A, General Conditions, which are part of the original case, Alternatively, at the discretion of the originating office, the DD Form 1513-2 may contain the following note:

"Except as expressly amended hereby, all terms and conditions of the subject case (including without limitations the General Conditions) continue in full force and effect."

7. Identification of Percentage Rate for Certain Costs. The percentage rates used for determining packing, crating and handling costs, general administrative costs, and supply support arrangement costs and other accessorial costs should not be indicated in the applicable blocks of the DD 1513-2. This guidance also pertains to "Other Estimated Costs" (Block 20) should a percentage rate be applicable.

8. Use of DD Form 1513-2 vs DD Form 1513-1. 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 the SAAC by the DSAA for inclusion in the 1200 System.]

9. Report of Increases of 10 Percent or More. A DSAA RCS(Q) 1123 report will be submitted by the MILDEPs to DSAA on a quarterly basis 45 days after the end of each quarter of the fiscal year, and will include a listing of all cases for which the value of the DD Form 1513 has increased in value in excess of ten percent or more, 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, as required per paragraph 3.a.(1) above, will be provided with this report.) This report will be submitted with the report on delivery schedule changes required by Section III of this chapter.

10. Detailed Instructions and Format. See detailed instructions on the filling in of the blocks on the DD Form 1513-2 at Figure 8-V-2.

FIGURE 8-V-1

UNITED STATES DEPARTMENT OF DEFENSE AMENDMENT TO OFFER AND ACCEPTANCE				(1) PURCHASER (Name and Address) (Zip Code)			
(2) PURCHASER'S REFERENCE		(3) AMODT 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 offer for the purchase of contents of items and related services subject to all other terms and conditions of the original offer remaining unchanged.							
(5) Signature (US Dept./Agency Authorized Representative)				(10) CounterSignature (Officer of the Comptroller, DASA) (Date)			
(6) Typed Name and Title				(11) Typed Name and Title			
(7) ADDRESS							
(8) DATE							
(9) THIS OFFER TO AMEND EXPIRES							
NOTE: This Amendment to Offer must be accepted not later than the date shown in block 9. Within five (5) days of its acceptance, you must so notify the Office of the Comptroller, DASA. (Otherwise, this Amendment to Offer is cancelled and retention of initial deposit by officer pending disposition instructions shall not be deemed a waiver of such cancellation. Request prompt notification if this offer is rejected.)							
(12) DESCRIPTION AND REASONS FOR AMENDMENT							
ITEM OR REF. NO. (13)	ITEM DESCRIPTION (Including Stock Number if applicable) (14)	QUANTITY (15)	UNIT OF ISSUE (16)	ESTIMATED		AVAILABILITY AND REMARKS (18)	OFFER OR DELIVERY TERM CODE (20)
				UNIT COST (17)	TOTAL COST (18)		
				(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 ARRANGEMENT				\$		\$	
(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 MAR 79

PREVIOUS EDITIONS MAY BE USED
UNTIL EXHAUSTED

PAGE 1 OF PAGES

FIGURE 8-V-1. United States Department of Defense Amendment to Offer and Acceptance (DD Form 1513-1).

INSTRUCTIONS FOR PREPARING THE UNITED STATES DEPARTMENT OF DEFENSE
AMENDMENT TO OFFER AND ACCEPTANCE (DD FORM 1513-1)

A. BLOCK (1) PURCHASER.

1. 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).

2. For an international organization, enter the title of the organization along with the appropriate office and address.

B. 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.

C. BLOCK (3) AMENDMENT NUMBER. 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.

D. BLOCK (4) CASE IDENTIFIER. Enter the appropriate country code, implementing agency code and case designator (e.g., UK-P-DLG).

E. 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 the DSAA Comptroller for the required countersignature.

F. BLOCK (6) TYPED NAME AND TITLE. Type or stamp the name and title of the U.S. representative who signed Block (5).

G. BLOCK (7) ADDRESS. Enter the name of the issuing organization along with the address (e.g., DA, DCAS-SA, Pentagon, Washington, D.C. 20150).

H. BLOCK (8) DATE. Enter the day, month and year that the Amendment is submitted to the DSAA for countersignature.

I. BLOCK (9) THIS OFFER EXPIRES. Enter the appropriate date, normally 85 days from the date in Block (8).

J. BLOCK (10) COUNTERSIGNATURE. The authorized representative within the DSAA Comptroller for countersignature of the amendment should sign in this block. Signature will not occur unless all the necessary information is contained on the DD Form 1513-1.

K. BLOCK (11) TYPED NAME AND TITLE. Type the name and title of the DSAA Comptroller authorized representative for countersignature who signed Block (10).

FIGURE 8-V-1. (Continued)

L. BLOCK (12) PURPOSE OF THE AMENDMENT. Describe the purpose of the amendment (e.g., to add a new line and adjust costs accordingly). Enter the acceptance date of the basic LOA being amended. Do not rely on this block for any required amendment action. Details must be entered in Blocks (13) through (21).

M. 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).

N. BLOCKS (14) THROUGH (19). Enter complete description of amended items. 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.

O. BLOCKS (20) AND (21) OFFER AND RELEASE CODE AND DELIVERY TERM CODE. Fill in as appropriate in accordance with the instructions contained in Chapter 7, Section II, Table 7-II-2.

P. BLOCKS (22) THROUGH (27).

1. 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.

2. 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.

Q. BLOCK (28) TERMS. Enter the original terms of sale or any changes thereto. In all cases where DoD direct or guaranteed FMS credit or MAP funding is used insert the FMS credit (loan) agreement number and fiscal year, or MAP program identification.

R. 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.

NOTE THE FOLLOWING INFORMATION
BEFORE SUBMISSION OF THIS AMENDMENT FOR COUNTERSIGNATURE

1. The Operations Directorate (DSAA-OPS) is the point of entry in OSD for the Military Departments and Defense Agencies to use in coordinating FMS cases. The Operations Directorate is also responsible for obtaining the coordination of appropriate OSD staff elements.

FIGURE 8-V-1. (Continued)

2. Submit for countersignature to the FMS Control Division, DSAA Comptroller (DSAA-COMPT) all DD Forms 1513-1 in original and 2 copies (one extra copy for credit or MAP funded cases).

3. Attach a Financial Annex to all DD Forms 1513-1 except FMSO I cases, which result in changes to the payment schedule.

4. Indicate the date of acceptance of the basic case. (The acceptance date is the date the DD Form 1513 is signed by the customer representative). The acceptance date should be conspicuously annotated in the upper right hand corner of Block 12, Description and Reason(s) for Amendment. (Example: "Basic Case accepted 25 Aug 1980").

5. Before notifying the customer of a change to cost or increase in scope prior to acceptance, obtain approval from DSAA/Operations.

6. Whenever a DD Form 1513-1 increases the original case value by more than \$50,000, the DD Form 1513-1 will be treated as a new case. Therefore, the DD Form 1513-1 information must be entered in the Letter of Request (LOR) system (in the same way the information was entered for the original DD Form 1513).

7. Attach a termination liability worksheet for each case of \$7 million or more.

8. Attach a financial analysis worksheet for each line item (end-items or services) with a total cost of \$14 million or more, or as required.

9. Letters of Offer reported under the AECA, Section 36(b) will include below Block 11 the identifying DSAA Transmittal Number used in the Statutory Congressional Notification (e.g., 81-15).

10. The name and telephone number of the action officer responsible for the preparation of the DD Form 1513-1 should appear at the bottom of all copies submitted to the DSAA for countersignature, excluding the original.

FIGURE 8-V-1. (Continued)

FIGURE 8-V-2

[page 1 of 2 pages]

UNITED STATES DEPARTMENT OF DEFENSE				(11) PURCHASER (Name and Address) (RAF Code)		
NOTICE OF MODIFICATION OF OFFER AND ACCEPTANCE						
(12) PURCHASER'S REFERENCE		(13) NOTICE NO	(14) CASE IDENTIFIER			
NOTICE OF MODIFICATION						
Pursuant to the Arms Export Control Act, the Government of the United States (USG) hereby notifies the purchaser of modification of the above designated case. All other terms and conditions of the original case remain unchanged.						
(15) SIGNATURE (US Dist/Agent/ Authorized Representative)			(16) COUNTERSIGNATURE (Name of the Contractor, Dealer/Supplier)			
(16) Typed Name and Title			(16b) Typed Name and Title			
(17) ADDRESS						
(18) DATE						
(11) DESCRIPTION OF AND REASON(S) FOR MODIFICATION						
ITEM OR REF. NO. (12)	ITEM DESCRIPTION (Including Stock Number, if applicable) (13)	QUANTITY (14)	UNIT OF ISSUE (15)	ESTIMATED		AVAILABILITY AND REMARKS (18)
				UNIT COST (16)	TOTAL COST (17)	
RECAPITULATION OF TOTAL DD FORM 1513 (AF 1513-1)			(a) PREVIOUS COST		(b) REVISED COST	
(19) ESTIMATED COST	\$			\$		
(20) ESTIMATED PACKING, CRATING AND HANDLING COSTS	\$			\$		
(21) ESTIMATED GENERAL ADMINISTRATIVE COSTS	\$			\$		
(22) ESTIMATED CHARGES FOR SUPPLY SUPPORT ARRANGEMENT	\$			\$		
(23) OTHER ESTIMATED COSTS (Specify)	\$			\$		
(24) ESTIMATED TOTAL COSTS	\$			\$		
ACKNOWLEDGEMENT OF RECEIPT						
(25) I am a duly authorized representative of the Government of _____ and upon behalf of said Government acknowledge receipt of the notice of modification (26) this _____ day of _____ 19____						
(27) TYPED NAME AND TITLE			(28) SIGNATURE			

DD FORM 1513-2
1 MAR 70

PREVIOUS EDITIONS MAY BE USED UNTIL EXHAUSTED

PAGE 1 OF PAGES

FIGURE 8-V-2. United States Department of Defense Notice of Modification of Offer and Acceptance (DD Form 1513-2).

<p>201 CONTINUATION</p>
<p style="text-align: center;">REMARKS</p> <ol style="list-style-type: none">1. DD Form 1513-2 is utilized to record modifications to an existing DD Form 1513 and any related amendments thereto, 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 8-V-2. (Continued)

INSTRUCTIONS FOR PREPARING THE UNITED STATES DEPARTMENT OF DEFENSE
NOTICE OF MODIFICATION OF OFFER AND ACCEPTANCE (DD FORM 1513-2)

A. BLOCK (1) PURCHASER

1. For a country, enter "Government of (name of country)" and show the office and address of the purchaser's activity designated to receive the Note of Modification of Offer and Acceptance (e.g., Defense Attache, 1111 24th Street, N.W., Washington, D.C. 20301).

2. For an international organization, enter the title of the organization along with the appropriate office and address.

B. 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.

C. BLOCK (3) NOTICE NO. Use 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.

D. BLOCK (4) CASE IDENTIFIER. Enter the appropriate country or international organization code, implementing agency code and case designator (e.g., UK-P-DLG).

E. BLOCK (5) SIGNATURE. Type or stamp name and title of the U.S. representative. Authorized representative should also sign this block.

F. BLOCK (6) TYPED NAME AND TITLE. Type or stamp the name and title of the U.S. representative who signed Block (5).

G. BLOCK (7) ADDRESS. Enter the name of the issuing organization along with the address (e.g., DA, DCAS-SA, Pentagon, Washington, D.C. 20150).

H. BLOCK (8) DATE. Enter day, month and year.

I. BLOCK (9) COUNTERSIGNATURE. The authorized representative with the DSAA Comptroller for countersignature of the modification should sign in this block. Signature will not occur unless all the necessary information is contained on the DD Form 1513-2.

J. BLOCK (10) TYPED NAME AND TITLE. Type the name and title of the DSAA Comptroller authorized representative for countersignature who signed Block (9).

FIGURE 8-V-2. (Continued)

K. BLOCK (11) 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). Enter the acceptance date of LOA or amendment being revised. In all cases where DoD direct or guaranteed FMS credit or MAP funding is being used, insert the FMS credit (loan) agreement number and fiscal year, or MAP program identification.

L. BLOCK (12) ITEM OR REFERENCE NUMBER. Enter reference to a specific part of the basic case or previous amendment.

M. BLOCKS (13) THROUGH (18). 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.

N. BLOCKS (19) THROUGH (24). 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.

O. BLOCKS (25) THROUGH (28) ACKNOWLEDGEMENT OF RECEIPT. An authorized official of the foreign purchaser should sign and forward the document to the Military Department or Defense Agency concerned to ensure that the Notice of Modification has been received.

NOTE THE FOLLOWING INFORMATION
BEFORE SUBMISSION OF LOA FOR COUNTERSIGNATURE
(See paragraph C.4. of this section for those 1513-2 actions
exempt from countersignature requirement)

1. The Operations Directorate (DSAA-OPS) is the point of entry in OSD for the Military Departments and Defense Agencies to use in coordinating FMS cases. The Operations Directorate is also responsible for obtaining the coordination of appropriate OSD staff elements. (See paragraph C.3. of this section for those notices requiring DSAA coordination and countersignature.)

2. Submit for countersignature to the FMS Control Division, DSAA Comptroller (DSAA-COMPT) all DD Forms 1513-2 in original and 2 copies (one extra copy for credit cases).

3. Attach a Financial Annex to all DD Forms 1513-2 except FMSO I cases, which result in changes to the payment schedule.

4. Indicate the date of acceptance of the basic case. (The acceptance date is the date the DD Form 1513 is signed by the customer representative.) The acceptance date should be conspicuously annotated in the upper right hand corner of Block 8, Description of and Reason(s) for Modification. Example:

FIGURE 8-V-2. (Continued)

"Basic Case accepted 25 Aug 1980". This date is important to determine the fiscal year to which the change is applicable.

5. The name and telephone number of the action officer responsible for the preparation of the DD Form 1513-2 should appear at the bottom of all copies submitted to the DSAA for countersignature, excluding the original.

FIGURE 8-V-2. (Continued)

CHAPTER NINE

FMS DIRECT CREDIT AND GUARANTEED LOAN FINANCING

SECTION I - GENERAL

A. PURPOSE. This chapter presents the Foreign Military Sales (FMS) direct credit and guaranteed loan financing management policies and procedures. It describes the types of loans currently issued to foreign governments to finance such sales, the standards and criteria applicable thereto, and the procedures for implementing the FMS credit program. This chapter does not cover the use of Grant Aid (MAP) funding such as authorized by the FAA, Section 503(a)(3) (use of MAP funds to finance FMS) and the FAA, Section 506(a) (special authority), subjects which are covered in Chapter 11.

B. INTRODUCTION. Foreign Military Sales (FMS) direct credit and guaranteed loan financing has continued to grow in scope and direction. Concurrently, the management of such financing has become correspondingly complex. There are a number of stipulations, limits, actions and responsibilities involved in various aspects of this management that reflect variations in international relations and U.S. foreign policy. This chapter examines those aspects and their legislated guidelines.

C. ARMS EXPORT CONTROL ACT (AECA) AUTHORIZATION. The Arms Export Control Act (AECA), as amended, provides authority for FMS direct credit and guaranteed loan financing as follows:

1. Credit Sales. Section 23 of the AECA authorizes the President to finance procurements of defense articles, defense services, and design and construction services by friendly foreign countries and international organizations. Loans financed under the authority of Section 23 are commonly called direct loans. Historically, this type of loan financing has been used to assist those FMS countries in the process of economic development. Direct loans require that funds be appropriated by the Congress in an amount equal to the principal loan values. Direct loans are currently used as the vehicle for implementing "repayment waived" loans as authorized by the Congress.

2. Guaranties. Section 24 of the AECA authorizes the President to guarantee any individual, corporation, partnership, or other juridical entity doing business in the United States [excluding United States Government agencies other than the Federal Financing Bank) against political and credit risks of nonpayment arising out of their financing of credit sales of defense articles, defense services, and design and construction services to friendly countries and international organizations. Loans financed under authority of Section 24 are commonly called guaranteed loans. Fees are charged for the guaranties and all guaranties are backed by the full faith and credit of the United States. Section 25(a)(7) of the AECA prescribes that the President must advise the Congress of the total amount of funds in the Guaranty Reserve at the end of each fiscal year. Additionally, the President must provide an assessment of the adequacy of guaranty reserve funds to make payment of claims under guaranties issued in view of the current debt servicing capacity of

borrowing countries. Guaranteed loan financing constitutes the major portion of the current FMS credit program. Since 1975 all guaranteed loans have been issued to eligible borrowing countries by the Federal Financing Bank, an instrumentality of the Department of the Treasury. Such loans are guaranteed by the DSAA against all political and credit risks of nonpayment.

D. ADDITIONAL PROVISIONS OF THE ACT. In addition to Sections 23 and 24, the AECA addresses the purposes of FMS and the use of credits and guaranties in numerous other sections of the AECA as follows:

1. Purposes for which Military Sales by the U.S. are Authorized. According to Section 4 of the AECA, defense articles and services may be sold to friendly countries as follows: (1) for internal security, (2) for legitimate self-defense, (3) to permit the recipient country to participate in regional or collective arrangements consistent with the Charter of the United Nations or as requested by the United Nations to maintain or restore international peace and security, and (4) for the purposes of enabling foreign military forces in less developed friendly countries to construct public works and to engage in other activities helpful to economic and social development.

2. Violations. Section 3(c)(1)(A) of the AECA requires that no credits (including participation in credits) may be issued and no guaranties may be extended for any foreign country if such country uses the defense articles or services in substantial violation of an agreement under Section 4 of the AECA (as noted in paragraph 1. above), transfers the articles or services without the consent of the President, or fails to maintain the security of the articles or services. Also, according to Section 3(f) of the AECA the President shall terminate all sales, credits, and guaranties to any government which aids or abets, by granting sanctuary from prosecution to any individual or group which has committed an act of international terrorism unless the President finds that national security requires otherwise.

3. Prohibition Against Discrimination. Section 5 of the AECA concerns prohibition against discrimination. No sales should be made and no credits (including participation in credits) or guaranties extended to or for any foreign country which through its laws, regulations, official policies, or governmental practices prevents any U.S. person from participating in the furnishing of defense articles or services on the basis of race, religion, national origin, or sex.

4. Foreign Intimidation and Harassment of Individuals in the U.S. Section 6 of the AECA concerns foreign intimidation and harassment of individuals in the U.S. No credits or guaranties may be extended to any country determined by the President to be engaged in a consistent pattern of acts of intimidation or harassment directed against individuals in the U.S.

5. Prohibition Against Certain Military Export Financing by Export-Import Bank. Section 32 of the AECA specifically prohibits Export-Import Bank financing of defense articles or services to economically less developed countries.

6. Authorization and Aggregate Ceiling on Foreign Military Sales Credits. Section 31 of the AECA establishes the authorization and aggregate ceiling on FMS credits. For example, Section 31 normally indicates the

maximum total amount of direct credits (Section 23) and the total principal amount of guaranteed loans (Section 24) authorized to be issued. This section also indicates the minimum amounts of credits/loans to be extended to selected countries and applicable extended repayment terms.

7. Foreign Military Sales Credit Standards. Section 34 of the AECA prescribes that the President shall establish standards and criteria for credit and guaranty transactions in accordance with the foreign, national security and financial policies of the U.S. Executive Order 11958 delegates this authority to the Secretary of State with the qualification that to the extent the standards and criteria for credit and guaranty transactions are based upon national security and financial policies, the Secretary of State shall obtain the prior concurrence of the Secretary of Defense and the Secretary of Treasury, respectively.

8. Fiscal Provisions Relating to Foreign Military Sales Credits. According to Section 37 of the AECA, cash payments received and advances received from direct credits shall be available solely for payments to suppliers and refunds to purchasers and shall not be available for financing credits and guaranties. Amounts received from foreign governments and international organizations as repayments for credits extended pursuant to Section 23 (direct credits), and other collections, such as fees and interest shall be transferred to miscellaneous receipts of the U.S. Treasury. However, if Guaranty Reserve (Section 24) funds have been used for a borrower's overdue payment to the Federal Financing Bank, subsequent amounts received from the borrower shall be merged with the Reserve and shall be available for any purposes for which funds are normally available.

9. Coproduction/Licensed Production. Section 42(b) of the AECA prescribes that direct credits and guaranteed loans may not be used to finance coproduction or licensed production of any defense article of U.S. origin outside the United States unless the Secretary of State notifies the Congress in advance of the proposed transaction on employment and production within the United States. Section 42(c) of the AECA provides that funds made available under the AECA may be used for procurement outside the United States only if the President determines that such procurement will not result in adverse effects upon the economy or the industrial mobilization base of the United States.

SECTION II - ELIGIBILITY

A. NEED FOR FINANCING. To the extent feasible, foreign governments purchasing U.S. defense articles and services should be encouraged to pay cash. This helps to reduce the number of demands on an always limited availability of credit and also helps customers to obtain their purchases at the lowest overall cost. In those cases where cash purchases are not feasible, the purchasing country should be encouraged to use private financing (without U.S. Government guaranty), thus helping to conserve limited FMS credit resources. Credit financing will normally be extended when it has been determined that purchases of defense items cannot be financed reasonably by other means, taking into account any U.S. military and economic assistance that such

countries may be receiving, and indigenous private financing. In addition to being evaluated for consistency with U.S. foreign policy interests (including human rights), other proposed arms purchases by the country and the suitability of items being purchased will also be taken into account. Of particular attention is the level of weapons sophistication and the capability of the country to maintain, support, and employ the items effectively. FMS credit assistance will not be extended solely to consummate a sale.

B. USE OF FINANCING FOR ESSENTIAL ITEMS. Loans issued under the AECA may be used to finance major defense items of U.S. origin. Such items may be categorized as either investment or major attrition items. "Investment" items are equipment and related supplies and services which increase the recipient's military force capability. This category includes unit equipment, war reserve equipment, replacement of obsolete equipment by improved types, initial spare parts programmed for delivery concurrent with related major items, and training associated with the introduction of a new or improved capability. "Major attrition" items are those which replace an existing type of equipment which is worn out, damaged or lost. Normally, credit financing is not approved for purchases of training, spare parts ammunition, consumables, or expendable items for "major attrition" categories. Occasionally an exception to this policy is granted to permit credit financing for the purchase of items such as technical manuals and initial training in the operation and maintenance of defense equipment, initial (up to one year) stocks or spare parts, initial stocks of ammunition (up to one year for training and/or basic reserve stocks), and other consumable or expendable items logically included in the initial purchase of a weapon system or equipment package. Such an exception may be warranted to ensure that the purchasing country obtains the capability to utilize new equipment and to permit a single method of financing for all items included in a major purchase.

C. DENIAL OF FMS CREDIT. FMS credit financing shall not normally be approved when: (1) the transaction would place an undesirable burden on a purchasing country's foreign exchange resources, create excessive claims on future budgets (e.g., induced expenditures for maintenance, spare parts, replacement, and indirect support and organizational costs), or otherwise materially interfere with its development; (2) it is to be used to finance production or coassembly/coproduction projects overseas; and (3) there is not a reasonable expectation of loan repayment.

D. EXCEPTIONS.

1. Basis for Exception. Special circumstances may arise which justify exceptions to normal policy and allow approval of FMS credit financing of consumables, training, or other operations and maintenance (O&M) costs. Following are examples of situations which may, in combination with other factors, form the basis for justifying an exception:

a. An abrupt adverse military or security development experienced by the borrowing country.

b. An abrupt adverse economic development, or the imposition on less developed countries of a burden which, without resort to loan financing, might otherwise simply be shifted to a U.S. economic or concessionary aid program.

c. Unprogrammed major overhaul of aircraft, ships or other major equipment, particularly when such overhaul would preclude or delay purchase of new end items.

d. To provide a transition funding source for those O&M items previously financed under MAP to countries which no longer receive such assistance.

2. Requests for Exception. Security assistance organizations (SAOs) should ensure that the host government is aware of the basic U.S. policy on the uses for which FMS credit financing may be applied. Any requests for exceptions to this policy must be fully justified and submitted through the Chief of the U.S. Mission to the DSAA for interagency coordination and approval/disapproval. No commitment whatsoever should be made to the host government prior to receipt of the response from the DSAA.

SECTION III - PROCESS AND PROCEDURES

A. GENERAL. According to Section 25 of the AECA, no later than 1 February of each year, the President shall transmit to the Congress, as a part of the annual presentation of security assistance programs proposed for the next fiscal year, a report which among other things provides an estimate of the aggregate dollar value and quantity of defense articles and services, military education and training, grant military assistance, and credits and guaranties to be furnished by the United States to each foreign country and international organization in the next fiscal year. OASD/ISA and OASD/ISP in concert with the DSAA annually consolidates various inputs and recommendations into the Security Assistance Planning, Programming and Budgeting (PPB) process. The programmed loan amounts, by country, which are requested by the administration, are based upon information initially submitted to the Department of State in the Annual Integrated Assessment for Security Assistance (AIASA) which is prepared by the country team. Ultimately, an executive branch position is established which is reflected in the Congressional Presentation Document (CPD) for a given fiscal year. The CPD, among other things, specifies recommended FMS credit programs for individual countries.

B. CONGRESSIONAL AUTHORIZATION AND APPROPRIATION. Upon receipt of the executive branch draft (recommended) legislation and the CPD, the Congress conducts hearings on the security assistance program -- giving particular attention to FMS credit financing. The subsequently approved authorization and appropriation acts cite a dollar amount ceiling for the FMS credit program with some constraints, specified amounts, or special provision for selected countries or regions. Within the constraints which may be imposed by the Congress in any given fiscal year the Department of State, with input from the Departments of Defense and Treasury, determines (and DSAA reprograms as may be necessary) the loan amounts that individual countries shall receive. In this process, it considers the pertinent economic, military, and political factors. The President has delegated to the Secretary of Defense the authority to issue and guarantee loans to eligible recipients in accordance with the AECA. The Secretary of Defense has re delegated this authority to the Director, DSAA.

C. APPORTIONMENT. Upon receipt of the Department of State's program approval and apportionment request document, the Office of Management and Budget (OMB) issues an apportionment document to DSAA. In the instance of a DoD guaranteed loan, there is no apportionment of appropriated funds; the apportionment document is an allocation of program value. However, if the loan to be issued is a DoD direct loan, the apportionment document provides the DSAA with an apportionment of appropriated funds in the amount equal to the principal amount of the loan to be issued.

D. IMPLEMENTATION AND MANAGEMENT OF LOANS. Within DSAA the Financial Reports and Credit Program Division (FR&CPD) implements and manages both direct loans and guaranteed loans. For direct loans, the FR&CPD prepares the loan agreement, obtains signatures, disburses loan funds, bills the borrower, and collects loan payments. For guaranteed loans, the FR&CPD prepares a Guaranty Agreement to the Federal Financing Bank (FFB), and the FFB prepares the loan agreement, obtains signatures, disburses loan funds, bills the borrower, and collects loan payments. An example of an FFB guaranty loan agreement between the borrower and the FFB is at Table Table 9-III-1, and an example of a DoD guaranty document executed between DSAA and the FFB is at Table 9-III-2. An example of a DoD direct loan document is at Table 9-III-3.

E. ISSUANCE OF FMS LOANS.

1. Federal Financing Bank Loans.

a. Guaranty Fee. The AECA, Section 24, requires recipients of guaranteed FMS loans to pay a fee for such guaranties. Accordingly, recipients of DoD guaranteed loans issued by the FFB must remit payment of the guaranty fee to the DSAA. This one-time (non-refundable) fee is currently set at one-fourth of one percent of the principal amount of the loan.

b. Signature Authorizations. Three authorizations (which may be incorporated into a single document) are required from the borrowing country before an FFB loan agreement may be implemented. The required authorizations are as follows:

(1) Authorization for a designated person to sign the loan agreement. (Most FMS loans are signed by the borrowing country's ambassador, or defense attache at its embassy in Washington, D.C.)

(2) Authorization for a designated person to sign the promissory note that accompanies the loan agreement.

(3) Authorization for a designated person(s) (an alternate is advisable) to sign requests for disbursements (drawdowns) from the loan.

c. Guaranty. Upon signature by authorized representatives of the FFB and the borrowing country, and upon receipt of the required guaranty fee, the DSAA then issues its guaranty document to the FFB.

d. Legal Opinion. Following issuance of the guaranty, the Office of the OSD General Counsel prepares and submits to the FFB a legal opinion document. Upon completion of this required document, and assuming that all preceding actions are also completed, funds from the FFB loan are then available for use by the borrowing country.

2. Direct Loans. The DSAA issues direct loans to eligible borrowing countries, utilizing the annual appropriation as discussed in paragraph B., above. As in the case of Federal Financing Bank loans, three authorizations as described in paragraph E.1.b., above, are required from the borrowing country before loan funds may be disbursed.

3. Interest Rates.

a. Applicability. All loans must be repaid with interest unless payment is waived by the Congress.

b. Interest on DoD Direct Loans. Interest charged on direct loans is at a single fixed rate as determined by the Department of Treasury to be the cost of money to the U.S. Government as of the last day of the month preceeding the date of consummation of the loan agreement. Interest rates at less than the cost of money to the U.S. Government must be in the national interest and must be so justified by the President to the Congress.

c. Interest on DoD Guaranteed Loans Issued by FFB. Interest rates on FFB guaranteed loans are based upon the cost of money to the U.S. Government plus an administrative fee (currently one-eighth of one percent). Individual fixed interest rates are calculated on the day each incremental disbursement is processed from the loan. After all loan funds have been disbursed, the FFB computes a weighted average interest rate.

4. Repayment.

a. Repayment Period. Loans are normally repaid in five to nine years following a grace period of one or two years on repayment of principal. The AECA requires that all direct loans be repaid over a period not to exceed twelve years unless legislated otherwise by the Congress. The same twelve year limitation has been extended to guaranteed loans except for countries specified by statute. Historically, the Congress has authorized longer repayment terms for specific countries. The repayment of these loans are made over a period of twenty years following a grace period of ten years on repayment of principal. (NOTE: Semi-annual interest payments are required on the principal amount of loan funds disbursed during the grace period).

b. Frequency of Payments. Repayments of FMS loans are made in equal semi-annual installments. Billing statements (a courtesy rather than a requirement of FMS loan agreements) are submitted to borrowing countries 30 - 45 days prior to payment due dates.

F. APPROVAL OF FMS CREDIT-FINANCED PURCHASES.

1. Funding Limitation. All purchases (from either U.S. military departments or U.S. commercial suppliers) that are to be financed from FMS loans must be approved in advance by the DSAA. Such approvals will be limited by the overall availability of FMS credits. DSAA policy precludes approval of credit financed purchases in excess of available credit funds.

2. Credit Financing of New FMS Cases. For purchases initiated through the U.S. military departments, the borrower must cite FMS credit financing in its request for an LOA.

3. Conversion of FMS Cases from Non-Credit to FMS Credit Financing. For FMS credit financing of cases originally issued under cash/dependable undertaking terms, the purchasing country must submit requests for conversion to DSAA, together with a copy of the pertinent DD Form 1513.

G. COMMITMENT OF FMS CREDIT FUNDS.

1. Commitment Policy. The DSAA will commit the appropriate amount of FMS loan funds to finance each approved purchase. DSAA policy generally requires the FMS loan funds be committed to loans in their order of issuance. This policy is intended to preclude the necessity for the simultaneous administration of multi-year programs. Exceptions to this policy must be justified to the DSAA by the borrower.

2. Expiration of Commitment Period - DoD Direct Loans. Direct loans must be fully committed to specific procurements via FMS cases with U.S. MILDEPs or procurement contracts with U.S. commercial suppliers prior to the loan commitment period expiration date -- normally two years from the date of the loan. Loan funds are committed at the time the DD Form 1513 processes through DSAA for countersignature or when the borrowing country makes a formal request (with a copy of the proposed contract) to purchase directly from U.S. commercial suppliers. If the borrower does not accept the DD Form 1513 or does not consummate its contract with the commercial supplier, the funds may be decommitted. Loan funds not yet committed at the loan expiration date may be cancelled and thus lost from use by the borrowing country. Unlike guaranteed loans, there is no firm expiration date for requesting disbursements from direct loans against those commitments.

3. Expiration of Commitment Period - FFB Loans. FFB loans do not have a commitment period in the context as described in paragraph G.2. for DoD direct loans. Section 1.1 of each FFB loan agreement (Table 9-III-1 defines a "commitment period") which in actuality is a time limitation on the disbursement of FFB loan funds and is discussed in paragraph H.2., below.

H. DISBURSEMENT OF FMS LOAN FUNDS.

1. General Policy. While the DSAA records and maintains commitments of FMS loan funds by specific loan, this commitment by specific FMS loan is used as a planning function and does not mean that the borrowing country must cite that loan when cash disbursements are required. DSAA policy generally requires that disbursements for approved purchases be processed from loans in their order of issuance without regard to the specific loan under which the commitment for the sale is recorded. This policy is intended to disburse oldest loan funds first thereby precluding the necessity for simultaneous administration of multi-year programs. Exceptions to this policy must be justified by the borrower.

2. Expiration of Disbursement (FFB Loan Commitment) Period. Section 1.1 of each FFB loan agreement (Table 9-III-1) defines a period through which the FFB is committed to disburse loan funds. Loan funds remaining undisbursed after the expiration date are lost from the borrower's use. However, if the borrowing country is unable to disburse all of the funds committed under the loan before the expiration date it may request an extension to the expiration date via an amendment to the loan agreement. Requests for such a amendment

must be in writing from the borrowing country and must be submitted to the Department of State (or to the DSAA) for interdepartmental coordination and processing of the amendment document by the FFB. Amendments to the FFB loans require signatures by authorized representatives of the borrowing country, the FFB and the DSAA.

3. Requests for Disbursement of Loan Funds. All requests for disbursement of FMS loan funds must be submitted to the DSAA by the borrowing country in the letter format set forth in the applicable FMS loan agreement. Each request for payment of FMS loan funds to the Security Assistance Accounting Center (SAAC) for amounts due on FMS cases must indicate the FMS case designator(s) and the dollar amount(s) to be disbursed for each case. Procedures for requesting disbursements to commercial suppliers are discussed in paragraph I.1. of this section.

4. Methods of Disbursement. All disbursements from FFB loans are accomplished by electronic wire transfer. The FFB does not process disbursements by issuance of checks. Disbursements from direct loans are accomplished by issuance of checks through the USAF Disbursing Office at Bolling, AFB.

5. Limitation on FFB Disbursements. Not more than one FFB disbursement shall be requested by the borrower in any single month, except that an advance of \$500,000 or more may be requested at any time.

6. Restriction on Use of FMS Loan Funds for Costs of Transporting FMS Credit-Financed Cargoes.

a. When ocean transportation is used, all items purchased with FMS loan funds must be transported by U.S. flag vessels. (NOTE: FMS loan agreement documents contain provisions for certain waivers which, if approved, permit shipment of up to 50% of FMS loan financed cargo on vessels of the borrowing country, and in certain instances such cargo may be transported on vessels of a third country. Such waivers are discussed later in Section IV of this chapter. In no instance may FMS loan funds be used to pay cost of transportation provided by a vessel of non-U.S. registry.)

b. FMS loan funds may be used to pay air transportation costs only if U.S. flag aircraft are used.

I. DIRECT COMMERCIAL PURCHASES

1. Policies and Procedures. For FMS credit financing of purchases directly from U.S. commercial suppliers, the purchasing country must make a formal request through the DSAA. The request must be accompanied by a copy of the proposed contract. Materiel and services purchased must be of U.S. origin and the contract must be between the borrower and a U.S. firm incorporated and actively doing business in the U.S. FMS credit funds will not be approved for funding commercial letters of credit. Prior to disbursement of FMS loan funds, the contractor must certify that items and/or services supplied are U.S. source end-products. DSAA policy precludes the use of FMS credit funds for direct commercial purchases of less than \$500,000. Upon approval of FMS loan financing, the DSAA notifies both the purchaser and the supplier of its approval action. A sample of the letters to each is at Tables 9-III-4 and 9-III-5, respectively.

a. Supporting Documents and Statements. Requests for payment of FMS loan funds to U.S. commercial suppliers must be accompanied by certain documents/statements as set forth in the Annexes and Attachments to each FMS loan agreement. These supporting documents must be provided to the DSAA by the Borrower, and not by the commercial supplier. These include but are not limited to the following:

(1) Invoice. An invoice, which has been prepared in accordance with the relevant provisions of the purchase agreement between the borrower and the commercial supplier, covering the materiel and services for which payment is to be received from the subject loan. The invoice should, as a minimum (a) list items for which payment is requested or identify the work in progress for which payment is requested; (b) reflect the amount and date payment is due; (c) indicate by separate entry the amount included in the invoice for ocean or air transportation and related costs to ports outside the United States; and (d) state the name of the carrier(s) of the materiel from the U.S. port of embarkation.

(2) Bill of Lading. A copy of each ocean or air bill(s)-of-lading (a rated "onboard" bill-of-lading) to substantiate transportation charges shown on the invoice. If an invoice has no cost entry for transportation from a United States port of embarkation, the supplier will include a certification with the invoice as follows:

The (Commercial Supplier) acknowledges that United States Government funds are being used by the (Borrower) to finance the materiel included in this invoice, and certifies that no charges of any nature are included for transportation from a United States port of embarkation.

(Signed)
(Commercial Supplier)

(3) Audit/U.S. Source Product Certification. A certificate must accompany each invoice, or a one-time certificate applicable to the entire DSAA approved contract between the borrower and the commercial supplier must be submitted to the DSAA through the borrower, granting DSAA access to the commercial supplier's records and certifying that the items financed are of U.S. origin. The required certificate must be as follows:

The (Commercial Supplier) agrees that authorized representatives of the Government of the United States shall have access to and the right to examine any directly related books, documents, papers, or records which involve transactions relating to this sale for a period of three years immediately following the receipt of final payment therefore, and also confirms that the materiel for which payment is requested are United States source end products.

(Signed)
(Commercial Supplier)

(4) Commissions/Fees. Before the DSAA will approve the use of FMS loan funds to finance a purchase directly from a commercial supplier, the borrower must obtain from the supplier and provide to the DSAA a statement which certifies the amount (if any) of sales commissions and/or contingent

fees contained in the contract price. As set forth in paragraph B below, the DSAA will not approve for FMS credit financing any direct commercial purchase which contains sales commissions and/or contingent fees exceeding \$50,000. The form and content of the required certification is as follows:

The (Commercial Supplier) hereby confirms that the contract price includes sales commissions and contingent fees in the aggregate amount of \$ (Amount).

(Signed)
(Commercial Supplier)

The (Commercial Supplier) hereby confirms that no sales commissions or contingent fees are included in the contract price.

(Signed)
(Commercial Supplier)

(5) Payment in Advance. If a commercial supplier requires payment in advance for work yet to be performed, as distinguished from payment for delivery of defense items or reimbursement in the form of progress payments for work or services performed, the supplier must include with the invoice a statement as follows:

The (Commercial Supplier) will maintain the full amount of the advance in a segregated account which will be applied solely to the performance of the supplier's obligation under the Purchase Arrangement with the (Borrower).

(Signed)
(Commercial Supplier)

2. Agent Fees. DSAA will disapprove FMS credit financing for any commercial contract that contains sales commissions or contingent fees that exceed \$50,000. This policy applies to all commercial purchases financed with FMS credit funds, and is reflected in all FY 1983 and subsequent FMS loan agreements. It is not the intent of the DSAA to limit the amount of commissions or fees which suppliers may pay to an agent upon consummation of the sales agreement, but rather it is intended to place a dollar limitation upon the amount of FMS loan funds which a borrowing country may use to pay such costs. Such commissions decrease the buying power of FMS loan funds, thereby reducing the advantages which borrowers may achieve from the FMS loan. For related reasons, DoD regulations have long limited the amount of agents commissions payable for FMS transactions. Under the Defense Acquisition Regulation (DAR), Section 6-1305, sales commissions in excess of \$50,000 on contracts implementing FMS transactions are not allowable costs.

J. OFFSHORE PROCUREMENT (OSP).

1. Statutory Requirement. Section 42(c) of the AECA provides that "funds made available under this Act may be used for procurement outside the United States only if the President determines that such procurement will not result in adverse effects upon the economy of the United States or the industrial mobilization base, with special reference to any areas of labor surplus

or to the net position of the United States in its balance of payments with the rest of the world, which outweigh the economic or other advantages to the United States of less costly procurement outside the United States."

2. OSP Determinations. The authority for issuance of OSP determinations has been delegated to the Director of DSAA with concurrence of the Departments of State and Treasury. The granting of such determinations has historically been infrequent.

K. REPAYMENTS OF FMS LOANS.

1. Payment Due Dates. Repayments on FMS loans are due on or before the dates specified in the promissory notes and are repeated in both the FFB and the DSAA billing statements.

2. Extensions. Repayments falling due on a Saturday, Sunday, holiday or other day on which the Federal Reserve Bank (FRB) of New York is not open for business, shall be made on the first business day thereafter. Such extension of time is included in computing interest in connection with such payment, but excluded from the next interest period.

3. Late Repayments. If the borrower fails to make a repayment when due, the amount payable is the overdue installment of principal or interest, plus interest thereon at the rate specified in the promissory note from the due date to the date of actual payment.

4. Repayments Overdue One Year or More. Overdue repayments which continue in arrears for one year or more are subject to the sanctions of the "Brooke Amendment" which is an integral part of each annual foreign assistance appropriation act. The Amendment states: "No part of any appropriation contained in this Act shall be used to furnish assistance to any country which is in default during a period in excess of one calendar year in payment to the United States of principal or interest on any loan made to such country by the United States pursuant to a program for which funds are appropriated under this Act." When triggered, the Brooke Amendment provides that new FMS credit cases will not be offered, new commercial purchases will not be approved for loan financing, new IMET programs will not be implemented, new AID-funded programs will not be offered or implemented, new FMS loans will not be issued, and any other assistance programs which are funded by foreign assistance appropriations will not be implemented.

5. DSAA Role as Guarantor of FFB Loans. Overdue repayments on FFB (guaranteed) loans which remain unpaid ten days after the payment due-date are paid by the DSAA from its Guaranty Reserve Fund. This action does not in any way relieve the borrowing country from its obligation to repay -- interest continues to accrue on the overdue amount until the repayment is received from the borrowing country.

TABLE 9-III-1

DOD GUARANTEED LOAN AGREEMENT
ISSUED BY THE FEDERAL FINANCING BANKLOAN AGREEMENT

LOAN AGREEMENT made and entered into as of the _____ day of _____ between the _____ ("Borrower") and the Federal Financing Bank ("FFB").

WHEREAS, The Borrower desires to enter into purchase contracts ("Purchase Arrangements") with Military Departments and Agencies of the United States Department of Defense ("DoD"), various United States commercial suppliers, or both of them for the purchase of defense articles and defense services of United States Origin (with regard to articles and services financed hereunder, hereinafter collectively referred to as "Defense Items"); and

WHEREAS, the Borrower has requested a loan from the FFB to finance payments required to be made by the Borrower under the Purchase Arrangements; and

WHEREAS, it has been determined by the Defense Security Assistance Agency ("DSAA") of the DoD that the aforesaid requested loan will facilitate the purposes of the Arms Export Control Act, as amended ("AECA").

NOW, THEREFORE, in consideration of the premises and of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

SECTION 1. COMMITMENT

1.1 Subject to the terms and conditions of this Loan Agreement ("Agreement"), the FFB agrees to make advances to the Borrower from time to time the date of this Agreement to and including _____ in an aggregate principal amount not to exceed _____ (U.S. \$), the obligation of the FFB under this section being hereinafter called the "Commitment".

1.2 The Commitment shall be used only to procure Defense Items purchased under Purchase Arrangements approved by the DSAA for this purpose. The current DSAA procedures for obtaining this approval are, without being incorporated herein, attached hereto as Exhibit A.

1.3 Before requesting any advance hereunder, the Borrower shall execute and deliver to the FFB a promissory note ("Note") substantially in the form attached hereto as Annex I.

1.4 (a) Each advance hereunder shall be made upon the delivery to the FFB of a letter request from the Borrower, and a certificate from the DSAA approving the requested advance. The letter request and certificate shall be in the form set forth in Annex II and shall be delivered to the FFB not less than four business days before the Disbursement Date. The current DSAA procedures for obtaining this certificate are, without being incorporated herein, attached hereto as Exhibit B.

TABLE 9-III-1. DoD Guaranteed Loan Agreement Issued by the FFB.

(b) Not more than one advance shall be requested in any single month, except that an advance of \$500,000 or more may be requested at any time.

(c) Each letter request shall state the amount of the advance, and the date the advance is to be made ("Disbursement Date"). If, because the letter request was not timely delivered, the FFB is unable to make an advance on the Disbursement Date, it may, unless notified otherwise by the Borrower, make the advance as soon as possible thereafter.

SECTION 2. REPAYMENT AND ASSIGNABILITY.

2.1 (a) The Borrower hereby agrees to repay the principal of the advances made under this Agreement semi-annually in accordance with the repayment schedule set forth in the Note ("Schedule"), and to pay interest on such principal as provided in the Note. All payments of principal and interest shall be made in immediately available funds of lawful money of the United States of America, at the Federal Reserve Bank of New York, as provided in Annex II hereof.

(b) If on any installment date in the Schedule the Borrower shall not have availed itself of the Commitment in an aggregate amount (less repayments previously made) equal to the principal which is repayable on such date, the Borrower shall, on such installment date, repay the aggregate amount (less repayments previously made) to which it has availed itself of the Commitment, plus accrued interest thereon. If thereafter the Borrower shall avail itself of the Commitment in an amount which would have been payable on a prior installment date but for the provisions of the immediately preceding sentence, such amount, plus accrued interest thereon, shall be repayable on the next succeeding installment date and the scheduled principal repayable on that date shall be increased by such amount.

(c) If by the final date specified in Section 1.1 hereof the Borrower has not availed itself of the entire amount of the Commitment, the installments of principal in the Schedule shall be reduced in the inverse order of the maturity thereof to the extent of the unused balance of the Commitment.

2.2 Whenever any payment under the Note shall be due on a Saturday, Sunday, or day on which the FFB of the Federal Reserve Bank of New York are not open for business, such payment shall be made on the first day thereafter on which the FFB and the Federal Reserve Bank of New York are open for business, and such extension of time shall be included in computing interest in connection with such payment, but excluded from the next interest period.

2.3 If the Borrower fails to make payment when and as due of any installment of principal or interest under the Note, the amount payable shall be the overdue installment of principal or interest, plus interest thereon at the rate specified in the Note, from the due date to the date of payment. If the Borrower's failure to pay such installment or any part thereof continues for sixty days, the Borrower shall pay an additional charge of 4% per annum on

TABLE 9-III-1. (Continued)

such installment or part thereof for each day thereafter until payment is made.

2.4 The FFB may sell or assign the Note at any time, in whole or in part. However, if the FFB intends to sell or assign the Note or any part thereof to any entity other than an agency of the United States, the FFB shall give the Borrower written notice thereof not less than fifteen days prior to the date of the intended sale or assignment; in that event, the Borrower shall have the option, to be exercised by giving written notice to the FFB at least five days prior to the intended sale or assignment, to purchase the entire Note on such terms and conditions as are established by the FFB.

SECTION 3. REPRESENTATIONS AND WARRANTIES.

The FFB has entered into this Agreement and will make the loan provided for herein on the basis of the following representations and warranties of the Borrower:

(a) The Borrower has full power, authority and legal right to incur the indebtedness contemplated in this Agreement on the terms and conditions contained herein, and to execute, deliver and perform this Agreement and the Note.

(b) The execution, delivery and performance of this Agreement and the Note will not violate any provisions of, and have been duly and validly authorized under, the laws of the Borrower, and all actions necessary to authorize the borrowings hereunder and the execution, delivery and performance of this Agreement and the Note have been duly taken.

(c) This Agreement has been, and the Note when issued will be, duly executed and delivered by persons duly authorized, and this Agreement constitutes, and the Note when issued will constitute, the valid, legal and binding obligation of the Borrower, enforceable in accordance with their respective terms.

SECTION 4. CONDITIONS OF LENDING.

4.1 The obligation of the FFB to make the initial advance hereunder is subject to the conditions precedent that, prior to the first disbursement, it shall have received, satisfactory to it in form and substance:

(a) The guaranty of the United States ("Guaranty"), executed by DoD, guaranteeing the FFB against all political and credit risks of nonpayment of the obligation of the Borrower to the FFB hereunder;

(b) An opinion of the General Counsel of DoD, or the designee of the General Counsel acceptable to the FFB, to the effect that (i) DoD has full power, authority and legal right to execute, deliver and perform the Guaranty, (ii) the Guaranty has been executed in accordance with the provisions of the Act and DoD has not, in issuing the Guaranty, exceeded the maximum amount of

TABLE 9-III-1. (Continued)

guaranties authorized to be issued under the Act, (iii) the Guaranty has been duly executed and delivered by a duly authorized representative of DoD, and (iv) the Guaranty constitutes the valid, legal and binding obligation of the United States, enforceable in accordance with the terms thereof and backed by the full faith and credit of the United States;

(c) Evidence of the authority of each person who (i) signed this Agreement on behalf of the Borrower, (ii) signed the Note, and (iii) will sign on behalf of the Borrower, any notices, requests for advances, or other documents contemplated by this Agreement; and

(d) The Note executed by the duly authorized representative of the Borrower.

4.2 The obligation of the FFB to make any advance hereunder is subject to the further conditions precedent that:

(a) No event of default within the meaning of Section 6 hereof shall have occurred.

(b) The FFB shall have received a letter request executed by the duly authorized representative of the Borrower and certified by the DSAA in the form specified in Annex II.

(c) All legal matters incident to the Guaranty, the Note, and this Agreement shall be satisfactory to the Counsel of the FFB.

SECTION 5 . COVENANTS.

The Borrower covenants and agrees that from the date of this Agreement and so long as any amounts remain unpaid on the note or otherwise under this Agreement:

(a) All payments of principal and interest on the Note and other fees and expenses shall be made free and clear of, and without deduction for, any taxes, levies, duties, fees, charges, deductions, withholdings, restrictions or conditions of any nature whatsoever now or hereafter imposed, levied, collected or assessed with respect thereto, by or with request to the Borrower or any authority thereof or therein;

(b) Any claim which it may not or hereafter have against any person, corporate or other entity (including without limitation, the United States, DoD, the FFB, any assignee of the FFB, and any supplier of Defense Items in connection with any transaction, for any reason whatsoever, shall not affect the obligation of the Borrower to make the payments required to be made to the FFB under this Agreement or the Note, and shall not be asserted as a defense to the payment of such obligation or as a setoff, counterclaim, or deduction against such payments;

TABLE 9-III-1. (Continued)

(c) It will pay all taxes, now or hereafter in effect, imposed with respect to this Agreement or the Note by any government other than the Government of the United States of America and will save and hold harmless any holder of the Note from all losses or liabilities resulting from any delay or omission to pay such taxes; and

(d) Any legal action or proceeding against it by the FFB with respect to this Agreement or the Note may be brought in the Superior Court of the District of Columbia or in the United States District Court for the District of Columbia or in the courts of the Borrower, as the FFB may elect, and by execution and delivery of this Agreement, the Borrower submits to each jurisdiction. In the case of the Superior Court of the District of Columbia or of the United States District Court for the District of Columbia, the Borrower consents to the service of process out of said courts by mailing copies of such process by registered United States mail, postage prepaid, to it at its address set forth in Section 8.3 hereof.

SECTION 6. DEFAULTS.

Upon the occurrence of any of the following events of default:

(a) If the Borrower fails for a period of ten calendar days to make any payment of principal or interest on the Note when due;

(b) If a default shall have occurred on any other loan to the Borrower by the FFB, a holder of the Note, or the United States of America or any agency thereof;

(c) If any representation or warranty made by the Borrower herein or in any certification of the Borrower required herein proves to be at any time incorrect in any material respect;

(d) If (i) the Borrower defaults in the performance of any of the provisions in Section 1, 2 or 7 hereof, (ii) the FFB receives a certificate to that effect from DSAA, and (iii) such default shall continue unremedied for thirty calendar days after written notice thereof shall have been given to the Borrower; or

(e) If the Borrower defaults in the performance of any other provisions in this Agreement and such default shall continue unremedied for thirty calendar days after written notice thereof shall have been given to the Borrower;

then, and in each and any such event, the holder of the Note may declare immediately due and payable the unpaid principal and accrued interest on the Note and any other note or other indebtedness of the Borrower held by the holder of the Note and such amount shall become immediately due and payable without protest, presentment, notice or other demand of any kind, all of which are hereby expressly waived by the Borrower, and if such event occurs before the Commitment or any other loan commitment of the holder of the Note to the Borrower has been fulfilled, the holder of the Note may terminate or

TABLE 9-III-1. (Continued)

suspend such commitments. The Borrower shall pay all costs and expenses, including attorney fees incurred in the collection of amounts due hereunder after default.

SECTION 7. TRANSPORTATION.

7.1 All Defense Items to be transported from the United States by ocean vessel shall be transported in vessels of United States registry unless a waiver is obtained from DSAA or the Maritime Administration, U.S. Department of Transportation ("MARAD"). The current DSAA and MARAD procedures for obtaining a waiver are, without being incorporated herein, attached hereto as Exhibit C. In each instance where a supplier will arrange ocean transportation for Defense Items being purchased, the Borrower shall give written notice of this requirement to the supplier: (a) for Purchase Arrangements already entered into, within ten days of the date hereof, and (b) for Purchase Arrangements hereafter entered into, on the date the Purchase Arrangement is consummated.

7.2 The Borrower shall provide the following information to the Director, Office of Market Development, MARAD, with respect to any ocean or air shipments of Defense Items from the United States: (a) FMS Case Identifier, (b) FAS value of cargo, (c) supplier, (d) freight forwarder, (e) freight cost, (f) name of vessel or airline, (g) vessel/aircraft flag of registry, (h) date of loading, (i) port or place of loading, (j) port or place of final discharge, (k) cargo description, (l) gross weight of cargo, and (m) cubic measurement of cargo. This information shall be provided as soon as possible and in any event not later than 90 days from the date of shipment, and shall contain a reference to this Agreement.

7.3 Advances hereunder may be used to pay ocean or air freight costs only when the articles being transported are Defense Items being carried on vessels or aircraft of United States Registry.

SECTION 8. MISCELLANEOUS.

8.1 Upon the execution of this Agreement, the Borrower shall pay DSAA \$ in payment of the fee charged by DoD with respect to the Guaranty.

8.2 No omission or delay on the part of the FFB in exercising any right hereunder shall operate as a waiver of such right or any other right hereunder. The rights and remedies prescribed herein are cumulative and not in limitation of or substitution for other rights or remedies of the FFB.

8.3 Any notice, demand or other communication hereunder shall be deemed to have been given if in writing and actually delivered at the addresses shown below:

- (a) In the case of the Borrower to:
- (b) In the case of MARAD:
Director, Office of Market Development Maritime Administration
U.S. Department of Transportation Washington, D.C. 20590

TABLE 9-III-1. (Continued)

(c) In the case of the FFB to:
 Secretary,
 Federal Financing Bank
 Main Treasury Building
 Washington, D.C. 20220

or to such other addresses as may be specified in writing.

8.4 This Agreement and the Note shall be construed and interpreted in accordance with the laws of the United States of America, and if none is applicable, with those of the District of Columbia, United States of America.

8.5 This Agreement shall be binding upon and inure to the benefit of the Borrower and the FFB and their respective successors and assigns, except that the Borrower may not assign its rights hereunder without the prior written consent of the FFB. All agreements, covenants, representations and warranties made herein shall survive the delivery of the Note and the making of the advances hereunder.

8.6 This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but all the counterparts shall together constitute a single instrument. Annexes I and II attached hereto are, by this reference, made a part of this Agreement.

8.7 All notices, demands, or other communications given under this Agreement, unless submitted in the English language, shall be accompanied by an English translation and such translation shall govern.

8.8 In case one or more of the provisions contained in this Agreement or the Note should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein or therein shall not in any way be affected or impaired.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers and representatives on the day and year first above written.

GOVERNMENT OF

BY _____

FEDERAL FINANCING BANK

BY _____

TABLE 9-III-1. (Continued)

FFB NOTE: FMS-

ANNEX I

PROMISSORY NOTE

FOR VALUE RECEIVED, THE GOVERNMENT OF _____ ("Borrower") hereby promises to pay to the Federal Financing Bank ("FFB") such sums as shall be advanced by the FFB hereunder. The FFB shall not be obliged to advance more than _____ dollars (U.S. \$) not to make any advance after _____.

Advances shall bear interest payable on _____ and _____ of each year, commencing _____, on the unpaid principal balance of each advance from time to time outstanding. A separate interest rate shall be established for each advance at the time thereof by the Secretary of the Treasury pursuant to Section 6(b) of the Federal Financing Bank Act of 1973. After all advances under this Note have been made, the FFB shall establish a single equivalent interest rate for application against all principal outstanding thereafter, in lieu of the several separate rates. Interest shall be calculated on the basis of a year of 365 days and the actual number of days elapsed. The total amount of advances hereunder shall be repaid, without right of prepayment, in accordance with the Schedule on the reverse side of this Note.

All payments of principal shall be endorsed by the FFB or its assigns on the reverse side of this Note. Both principal and interest shall be paid in lawful money of the United States in immediately available funds at the Federal Reserve Bank of New York.

This Note is issued pursuant to the Loan Agreement dated _____ between the Borrower and the FFB, and is subject to the terms and entitled to the benefits of that agreement.

GOVERNMENT OF

Date: _____ By _____ (SEAL)

 TABLE 9-III-1. (Continued)

PRINCIPAL REPAYMENT SCHEDULE

FFB NOTE: FMS-

U.S. \$

The first \$	will be repaid on
The next \$	" " " "
" " "	" " " "
" " "	" " " "
" " "	" " " "
" " "	" " " "
" " "	" " " "
" " "	" " " "
" " "	" " " "
" " "	" " " "
" " "	" " " "
" " "	" " " "
" " "	" " " "
" " "	" " " "
" " "	" " " "
" " "	" " " "
The last \$	will be repaid on

TABLE 9-III-1. (Continued)

ANNEX II

FORM OF LETTER REQUEST FOR ADVANCE OF FUNDS

Secretary,
Federal Financing Bank
c/o United States Department of the Treasury
Washington, D.C. 20220

Dear Sir:

First
Paragraph

An advance of _____ is requested pursuant to the terms of the Loan Agreement of _____ between the Government of _____ and the Federal Financing Bank ("Agreement" and "Bank" respectively). The Disbursement Date of the advance shall be _____ 198_.

Second
Paragraph

(Use the appropriate combination of the following examples to express the desired distribution of the advance. Some changes may be required in order to reflect specific needs.)

For use where payment is to be made to the U.S. Department of Defense:

The Government of _____ hereby directs the Bank to transfer this advance to the account of the United States Department of Defense as may be required to meet obligations on the following FMS Cases:

<u>FMS Case</u>	<u>Military Department</u> (Army, Navy or Air Force)	<u>Amount U.S. \$</u>
1.		
2.		
3. etc.		

For use when payment is to be made to a commercial supplier by FFB wire transfer of funds directly to payee's bank:

The Government of _____ hereby directs the Bank to transmit \$ _____ of the advance to (Name of U.S. Corporation) by direct wire transfer to the (Name and full address of U.S. bank to which advance is to be sent) for credit to Account No. _____ of that corporation. (Also add any desired notification instructions.)

For use when payment is to be made to a commercial supplier by the U.S. Department of Defense subsequent to the transfer of funds from FFB to a trust fund account with the U.S. Defense Security Assistance Agency:

The Government of _____ hereby directs the Bank to transfer \$ _____ of the advance to Trust Fund Account No. _____ administered by the U.S. Department of Defense for the purpose of making payments to U.S. Commercial vendors on behalf of this Government.

Very truly yours,

GOVERNMENT OF _____

BY _____
(Name and Title Typed)

TABLE 9-III-1. (Continued)

DSAA CERTIFICATION APPROVING
REQUEST FOR ADVANCE OF
FUNDS

Secretary,
Federal Financing Bank
c/o United States Department
of the Treasury
Washington, D.C. 20220

Dear Sir:

Pursuant to Section 1.4 of the Loan Agreement dated _____ between the Government of _____ and the Federal Financing Bank ("Agreement", "Borrower", and "Bank" respectively), the Defense Security Assistance Agency ("DSAA") hereby approves the request for advance in the attached letter dated _____ from the Borrower, and certifies to the Bank that the Borrower has complied and is complying with all of the provisions of Sections 1.2 and 7 of the Agreement. In consideration of the making of the advance approved hereby, DSAA agrees to monitor the Borrower's compliance with Sections 1.2 and 7 of the Agreement and to notify the Bank immediately in the event that the Borrower fails to comply with any of the provisions of these sections.

Sincerely yours,

Defense Security Assistance
Agency

TABLE 9-III-1. (Continued)

REPAYMENT PROCEDURES

All repayments shall be in immediately available U.S. dollars at the New York Federal Reserve Bank, New York, New York, on the day payment is due. To this end, payment shall be made by either of the following methods.

The New York Federal Reserve Bank maintains accounts for many foreign central banks. The Borrower may make payment by a direct transfer from its central bank (or a central bank being utilized by it for that purpose) to the New York Federal Reserve Bank. In effecting the transfer, the central bank should use the exact credit information provided in the following paragraph and indicate to the New York Federal Reserve Bank that the funds are for credit to the United States Treasury, for credit to the account of the Federal Financing Bank.

The other method of payment is the use of the Federal Reserve wire payment system ("Fedwire") -- a system for making instantaneous transfers of funds between U.S. banks. If this system is used, the Borrower should instruct its local U.S. bank to transfer the funds to the New York Federal Reserve Bank by Fedwire on the payment date and to include in the wire the following credit information:

United States Treasury
New York, New York
021030004
TREAS NYC/(20180006)
For credit to the Federal Financing Bank
Treasury Annex No. 1
Washington, D.C. 20226

This information must be exactly in this form (including spacing between words or numbers) to insure timely receipt by the Federal Financing Bank.

Checks, drafts, and other orders for payment will not be accepted since they require collection and therefore do not constitute immediately available funds to the Federal Financing Bank.

Exhibit A

PROCEDURES FOR OBTAINING
DSAA APPROVAL FOR CREDIT
FUNDING OF PURCHASE ARRANGEMENTS

1. General.

The Defense Security Assistance Agency, Office of the Comptroller ("DSAA Comptroller"), is responsible for approving Purchase Arrangements ("case") for credit funding when U.S. Government financing is to be utilized. In reviewing requests for advances of funds, the DSAA Comptroller is guided by a general list of defense articles and defense services (referred to as Justification List) approved by the U.S. Department of State, and by U.S. Government policy pertaining to the sale of defense articles and services. Each purchase the Borrower wishes to fund under this loan must be approved by the DSAA Comptroller.

2. Purchases from Military Departments.

a. The U.S. Military Departments effect Foreign Military Sales ("FMS") by means of the Letter of Offer and Acceptance ("LOA"), Department of Defense Form 1513. Each LOA then becomes a case and is identified by a three digit alphabetic code referred to as ("case identifier"). If a Borrower desires to fund a case from this loan, it must so inform the Military Department prior to the issuance of the LOA. In turn, the Military Department will submit the LOA to the DSAA Comptroller for approval.

b. When the Borrower wishes to use this loan to pay amounts due under an FMS case which has already been established as a "cash" or "dependable undertaking" case, the Borrower must ask the pertinent Military Department to convert all or part of that case from cash to credit funding. The Military Department must also submit the case to the DSAA Comptroller for review and approval before the requested change in funding will be made.

c. For each case it approves for financing from this loan the DSAA Comptroller will reserve enough funds from the uncommitted loan balance to cover the entire estimated cost of the case, or, as the situation may be, that part of the case requested for credit funding. The portion of the loan so reserved then will be available only for such payments. Payments, either for deliveries of materiel or progress payments, from advances requested by the Borrower, will be made by the DSAA Comptroller against the amount committed for that purpose.

3. Purchases From Commercial Firms.

a. This loan may be used to finance procurement from U.S. Commercial Suppliers, provided such financing has been authorized by the DSAA. In order that DSAA may advise a Borrower whether it will approve use of this loan to finance a purchase, the Borrower must provide a copy of the contract or pro forma purchase order to the DSAA Comptroller for its review, preferably before

TABLE 9-III-1. (Continued)

the Borrower obligates itself to a purchase which it desires to be financed from this loan.

b. In addition to the approval mentioned above, the DSAA, at the time it certifies requests for advances (disbursements) of funds pursuant to Annex II, also will require from the Borrower properly executed invoices, bills-of-lading, and statements as may be applicable and substantially in the formats shown in paragraph 4 of Exhibit B (DSAA Requirements for Documentation to Support Requests for Advances).

c. For each commercial Purchase Arrangement approved, the DSAA Comptroller will identify it as a case and will provide to the Borrower a Purchase Arrangement Authorization letter in the form of the Attachment to this Exhibit. This letter will provide the case identifier assigned to the case. For each case it approves for financing from this loan, the DSAA Comptroller will reserve a sufficient amount of funds from the uncommitted loan balance to cover the estimated cost of the contract or purchase order, or, as the situation may be, that part of the contract or purchase order requested for credit funding. The portion of the loan so reserved then will be available only for such payments. Payments for deliveries, progress or advance payments, will be authorized by the DSAA Comptroller against the reserved portion of the credit.

d. The DSAA Comptroller, will also provide a letter to the commercial firm indicating DSAA approval of the Purchase Arrangement, and inform it of certain provisions of Sections 1.1, 1.2, 1.4, 6, and 7.3 of the Loan Agreement.

TABLE 9-III-1. (Continued)

Attachment to
Exhibit A

PURCHASE ARRANGEMENT AUTHORIZATION

Dear Sir:

Pursuant to the provisions of Section 1.2 of the Loan Agreement between your Government and the Federal Financing Bank, and in response to your recent request, the following Purchase Arrangement is hereby authorized:

<u>Supplier</u>	<u>Funds Reserved for this Contract/Purchase</u>	<u>Case Identifier Assigned to This Purchase</u>
-----------------	--	--

Sincerely,

(Signed)

(DSAA Comptroller's Office)

TABLE 9-III-1. (Continued)

and that payment is therefore due under the Purchase Arrangement
(Contract Number/Case Identifier) with the _____ (Supplier).

Sincerely,

GOVERNMENT OF _____

BY _____
(Name and Title)

4. Whenever funds from this loan are to be used to pay a commercial supplier, the Borrower shall also provide invoices, bills-of-lading, and statements in support of the letter request for an advance, as follows:

a. An invoice, which has been prepared in accordance with the relevant provisions of the Purchase Arrangement between the Borrower and the Commercial Supplier, covering the Materiel and services for which payment is to be received from this advance. The invoice should, as a minimum (1) list items for which payment is requested; (2) reflect the amount and date payment is due; (3) indicate by separate entry the amount included in the invoice for transportation and related costs; and (4) if transportation is invoiced for delivery of materiel to a port outside the United States, state the name of the carrier(s) of the materiel from the U.S. Port of Embarkation.

b. A copy of each Bill-of-Lading (rated, "on-board" bill-of-lading) connected with the invoice. If an invoice has no cost entry for transportation from a United States port of embarkation the supplier will include a certification with the invoice as follows:

The _____ (Commercial Supplier) acknowledges that United States Government funds are being used by the _____ (Borrower) to finance the materiel included in this invoice and certifies that no charges of any nature are included for transportation from a United States port of embarkation.

(Signed)
(Commercial Supplier)

c. Before DSAA authorizes the use of this loan to finance any purchase from a Commercial Supplier, the Borrower must provide two statements, signed by the Commercial Supplier, and substantially in the following format:

1. The _____ (Commercial Supplier) agrees that authorized representatives of the Government of the United States shall have access to and the right to examine any directly related books, documents, papers, or records which involve transactions relating to this sale for a period of three years immediately following the receipt of final payment therefor. The _____ (Commercial Supplier) confirms that the materiel for which payment is requested are United States source end products.

TABLE 9-III-1. (Continued)

2. The _____ (Commercial Supplier) hereby confirms that the contract price includes sales commissions and contingent fees in the aggregate amount of \$ (Amount) _____.

(Signed)
(Commercial Supplier)

or

The _____ (Commercial Supplier) hereby confirms that no sales commissions or contingent fees are included in the contract price.

(Signed)
(Commercial Supplier)

d. If a Commercial Supplier requires payment in advance for work yet to be performed, as distinguished from payment for delivery of defense items or reimbursement in the form of progress payments for work or services performed, the Borrower must include a statement signed by the Commercial Supplier and substantially in the format as follows:

The _____ (Commercial Supplier) agrees to maintain the full amount of this advance payment in a segregated account and apply the funds solely to the performance of obligations under this contract.

5. Whenever funds from this loan are to be used to pay a Military Department, the Borrower shall also provide an invoice (Quarterly Billing Statement - DD Form 645). Only when an initial payment ("Downpayment") is required by a LOA approved for credit funding will be DSAA Comptroller use such LOA as a basis for making payments.

6. Whenever funds from this loan are to be used to pay the Defense Property Disposal Service (DPDS), the Borrower can use a copy of the LOA received from the DPDS in support of the request for an advance. Since the DPDS normally requires payment with a Borrower's acceptance of a LOA, the DSAA Comptroller will make payment directly to the DPDS for LOA's it approves for financing from this loan.

TABLE 9-III-1. (Continued)

Exhibit C

PROCEDURES FOR OBTAINING OCEAN TRANSPORTATION WAIVERS

1. This Exhibit outlines the procedures for obtaining a waiver of the requirement that Defense Items be transported in privately owned vessels of United States registry.

2. If a waiver of the requirement for shipping materiel in ocean vessels of U.S. registry is necessary, the Borrower should request such waiver from either the Director, Defense Security Assistance Agency, Room 4E837, The Pentagon, Department of Defense, Washington, D.C. 20301, or the Director, Office of Market Development, Maritime Administration, U.S. Department of Transportation, Washington, D.C. 20590, as directed in paragraphs 3-5 below. Requests for waivers are categorized as: (a) general; (b) non-availability; and (c) security. A description of these waivers and the procedures connected with each follow.

3. General Waivers.

a. Consideration will be given to waiver applications to authorize ocean vessels flying the flag of the Borrower to participate in the transportation of cargo generated under the Agreement provided the Borrower does not discriminate against United States flag vessels in the carriage of the exports or imports of the Borrower. Approval may be granted for the Borrower's flag vessels to carry up to, but not in excess of 50 percent of the cargo under the Agreement. Ocean freight revenue is the main criterion for determining the flag participation but cargo valuation shall also be taken into consideration. Accordingly, throughout the life of the Agreement, U.S. flag vessels shall not receive less than 50% of the cargo valuation and ocean freight revenue insofar as practicable.

b. Applications for general waiver should be submitted as soon as practicable after determination has been made to use the Borrower's flag vessels but at least twenty-one (21) days in advance of intended shipping dates to enable verification of the treatment accorded vessels of U.S. registry and to process the application. Applications should be submitted to the Director, Defense Security Assistance Agency, Room 4E837, The Pentagon, Department of Defense, Washington, D.C. 20301, with a copy to the Director, Office of Market Development, Maritime Administration, U.S. Department of Transportation, Washington, D.C. 20590.

c. Subsequent to the granting of a general waiver, if it occurs that neither United States flag vessels nor the Borrower's flag vessels are available, consideration will be given to specific waiver applications to authorize, on a shipment-by-shipment basis, the use of third country flag vessels. Applications for the use of a third flag vessel under an approved general waiver should be submitted at least 21 days prior to the intended shipping date to allow time to process the application. If a waiver is granted to allow the use of a third flag vessel for a particular shipment under an

TABLE 9-III-1. (Continued)

existing general waiver, the cargo carried by the third flag vessel shall be recorded against the Borrower's flag vessels' portion of the cargo available under the general waiver.

4. Non-Availability Waivers.

a. Consideration will be given to waiver applications to authorize use of other than United States flag vessels in those cases of non-availability of United States flag vessels or in instances of non-availability of United States flag vessels at reasonable rates.

b. Applications for non-availability waivers to permit use of the Borrower's flag vessels need not be submitted if a general waiver has been approved and the Borrower will use U.S. flag vessels to carry over 50 percent of the cargo under the Agreement. Applications are required where a general waiver (1) has not been applied for, (2) has not been approved, or (3) has been approved but, on a shipment-by-shipment basis, U.S. flag vessels are not available or not available at reasonable rates and shipments on Borrower's flag vessels will exceed 50 percent of the cargo under the Agreement. If a general waiver has been approved but U.S. flag vessels are not available or not available at reasonable rates, effort should be made to ship defense articles under the Borrower's portion of the general waiver. Thus, applications for non-availability waivers, where a general waiver has been approved, should be submitted only under unusual circumstances.

c. Applications on the basis of non-availability of vessels of United States registry must establish and document that the Borrower has made a reasonable, timely and bona fide effort to arrange shipment on ocean vessels of United States registry and that such ocean vessels are not available. Such applications must be submitted at least 21 days in advance of the intended shipping date to enable verification of non-availability of vessels of United States registry and to process the application.

d. Applications on the basis of non-availability of vessels of United States registry at reasonable rates must establish and document all applicable comparative rates and should be submitted at least 21 days in advance of the intended shipping date to enable verification of non-availability of vessels of United States registry at reasonable rates and to process the application.

e. Applications for non-availability waivers must be submitted by the Borrower, or on its behalf by the shipping agent or supplier, on a shipment-by-shipment basis. Applications should be submitted to the Director, Office of Market Development, Maritime Administration, U.S. Department of Transportation, Washington, D.C. 20590, with a copy to the Director, Defense Security Assistance Agency, Room 4E837, The Pentagon, Department of Defense, Washington, D.C. 20301.

f. Each application for a non-availability waiver should contain the following information:

TABLE 9-III-1. (Continued)

1. Identification and address of the applicant
2. Recipient country
3. Date and source of loan (FFB, etc.)
4. Supplier and/or exporter
5. List and description of commodities to be shipped
6. FAS value of commodities
7. Shipping date
8. Discharge port
9. Discharge port
10. Estimated ocean freight cost
11. Proposed vessel(s) to be used
12. Weight of shipment
13. Cube measurement of shipment
14. Original point of production

5. Security Waivers.

a. Where sabotage may reasonably be expected, or a State of emergency exists, so that extraordinary security precautions are required, consideration will be given to authorized vessels flying the Borrower's flag to transport a specific shipment or series of shipments of cargo financed with this loan.

b. Applications for security waivers need not be submitted if a general waiver has been approved and the Borrower will use U.S. flag vessels to carry over 50 percent of the value of the cargo being financed under the Agreement. Applications are required where a general waiver (1) has not been applied for, (2) has not been approved, or (3) has been approved but, on a shipment-by-shipment basis, use of the Borrower's flag vessels will exceed 50 percent of the cargo under this Agreement. If a general waiver has been approved, defense articles and equipment involving special security or safety requirements should be shipped under the Borrower's portion of the cargo available under the general waiver. Therefore, waiver applications for security or safety reasons where a general waiver has been approved should be submitted only under unusual circumstances.

c. Applications for security waivers must provide information about the specific security or safety requirements involved, as well as other identifying information about the shipment(s).

d. Security waiver applications should be sent by the Borrower to the Director, Defense Security Assistance Agency, Room 4E837, The Pentagon, Department of Defense, Washington, D.C. 20301, with a copy to the Director, Office of Market Development, Maritime Administration, U.S. Department of Transportation, Washington, D.C. 20590. Applications should be forwarded at least 21 days in advance of the intended shipment date(s) to enable verification of the security or safety requirements and to process the application.

TABLE 9-III-1. (Continued)

TABLE 9-III-2

GUARANTY

FOR VALUE RECEIVED, the Defense Security Assistance Agency of the Department of Defense ("DSAA"), hereby unconditionally and irrevocably guarantees to the Federal Financing Bank ("FFB"), under the authority of Section 24 of the Arms Export Control Act, as amended ("Act"), the due and punctual payment of any and all amounts due: (1) on the promissory note ("Note") in the principal amount of up to \$ _____ dated _____ issued to the FFB by _____ ("Borrower") pursuant to the Loan Agreement between the FFB and the Borrower dated ("Agreement"); and (2) the FFB from the Borrower pursuant to the Agreement.

This Guaranty is a guaranty of payment covering all political and credit risks of nonpayment, including any nonpayments arising out of any claim which the Borrower may now or hereafter have against any person, corporation, or other entity (including, without limitation, the United States, the FFB and any supplier of defense items) in connection with any transaction, for any reason whatsoever. This Guaranty shall inure to the benefit of and shall be enforceable by the FFB, its successors or assigns. This Guaranty shall not be impaired by any law, regulation or decree of the Borrower now or hereafter in effect which might in any manner change any of the terms of the Note or Agreement. The obligation of the DSAA hereunder shall be binding irrespective of the irregularity, invalidity or unenforceability under any laws, regulations or decrees of the Borrower of the Note, the Agreement or other instruments related thereto.

The DSAA hereby waives diligence, demand, protest, presentment and any requirement that the FFB exhaust any right or power to take any action against the Borrower and any notice of any kind whatsoever other than the demand for payment required to be given to the DSAA hereunder in the event of default on a payment due under the Note.

In the event of failure of the Borrower to make payment, when and as due, of any installment of principal or interest under the Note, the DSAA shall make payment immediately to the FFB upon demand to the DSAA after the Borrower's failure to pay has continued for 10 calendar days. The amount payable under this Guaranty shall be the amount of the overdue installment of principal and interest, plus any and all late charges and interest thereon as provided in the Agreement. Upon payment by the DSAA to the FFB, the FFB will assign to the DSAA, without recourse or warranty, all of its rights in the Note and the Agreement with respect to such payment.

In the event of a default under the Agreement or the Note by the Borrower and so long as this Guaranty is in effect and the DSAA is not in default hereunder:

- (i) The FFB or other holder of the Note shall not accelerate or reschedule payment of the principal or interest on the Note or any other note of the Borrower guaranteed by the DSAA except with the written approval of the DSAA; and

TABLE 9-III-2. Guaranty.

- (ii) The FFB shall, if so directed by the DSAA, invoke the default provisions of the Agreement, and shall suspend any further payments under its Commitment until the FFB has been advised by the DSAA that it may resume payments under its Commitment.

The FFB's rights under this Guaranty may be assigned to any individual, corporation, partnership, or other association doing business in the United States of America. In the event of such assignment the DSAA shall be promptly notified. The FFB will not agree to any material amendment of the Agreement or Note or consent to any material deviation from the provisions thereof without the prior written consent of the DSAA.

Any notice, demand, or other communication hereunder shall be deemed to have been given if in writing and actually delivered to the Comptroller, DSAA, The Pentagon, Washington, D.C. 20301, or the successor, or such other place as may be designated in writing by the Comptroller, DSAA or the successor thereof.

By acceptance of the Note, the FFB agrees to the terms and conditions of this Guaranty.

DATED: _____

BY: _____

TABLE 9-III-2. (Continued)

TABLE 9-III-3
DOD DIRECT LOAN

CREDIT AGREEMENT
BETWEEN
THE GOVERNMENT OF THE UNITED STATES OF AMERICA
AND
THE GOVERNMENT OF _____
RELATING TO THE PURCHASE OF DEFENSE ITEMS

TABLE 9-III-3. DoD Direct Loan.

CREDIT AGREEMENT BETWEEN THE
GOVERNMENT OF THE UNITED STATES AND
THE GOVERNMENT OF

DATED

INDEX

	<u>Page</u>
Premises	1
Loan Commitment	1
Purchase Arrangements	1
Disbursements	2
Marine Transportation	3
Assignment of Repayments	3
Principal Repayments and Interest	3
Representations and Warranties	5
Default	5
Miscellaneous	6

ANNEXES

Promissory Note and Repayment Schedule	A
Requirements from Commercial Suppliers	B
Marine Transportation Waiver Procedures	C
Designation of Authority	D

TABLE 9-III-3. (Continued)

CREDIT AGREEMENT, made and entered into the _____ between the Government _____ represented by its Ministry of Defense and the Government of the United States of America, represented by the Department of Defense of the United States of America.

WITNESSETH

WHEREAS, the Government of _____ (hereinafter sometimes referred to as the "Borrower") desires to enter or has entered into purchase contracts (hereinafter referred to as "Purchase Arrangements") with the Military Departments and Agencies of the United States Department of Defense (hereinafter referred to as "DoD") and/or various United States Commercial Suppliers for the purchase of defense articles and defense services of United States origin (hereinafter collectively referred to as "defense items"); and

WHEREAS, the Borrower has requested the Government of the United States of America (hereinafter sometimes referred to as the "Lender") to finance payments required to be made by the Borrower under the Purchase Arrangements; and

WHEREAS, the aforesaid requested credit will facilitate the purpose of the United States Arms Export Control Act, as amended;

NOW THEREFORE, in consideration of the premises and the mutual covenants hereinafter set forth, and in implementation of, and subject to the provisions of the Mutual Defense Assistance Agreement

1. Loan Commitment. (a) Subject to the terms and conditions hereof, the Lender agrees to make advances to the Borrower from time to time in an aggregate principal amount up to, but not exceeding (hereinafter called the "Commitment").

(b) Before requesting any advance hereunder, the Borrower shall simultaneously herewith execute and deliver to the United States Government a single Promissory Note ("Note") substantially in the form attached hereto as Annex A and dated as of the date of execution of this Credit Agreement.

(c) Advances made to the Borrower shall be authorized in accordance with Requests for Disbursements, which shall be prepared by the Borrower in the form of Exhibit 2 of Annex B and forwarded to the Lender for each advance. Each advance shall bear interest, as provided in paragraph 6 (a), commencing with the Disbursement Date thereof.

2. Purchase Arrangements. The aforesaid Commitment shall be available only to finance the purchase of defense items by the Borrower pursuant to Purchase Arrangements authorized for such financing by DoD which are entered into by the Borrower on or before _____. Each authorization for the Borrower to enter into a Purchase Arrangement in implementation of this Credit Agreement shall be separately communicated by DoD in writing to the Borrower

TABLE 9-III-3. (Continued)

(substantially in the form of Exhibit 1 to Annex B), which authorization shall specify the case identifier assigned by DoD to, and the amount of credit authorized for, the approved Purchase Arrangement.

3. Disbursements. Each advance hereunder by the Lender shall be made in accordance with the following procedures:

(a) Disbursements to commercial suppliers --

(1) Each advance shall be made on such date (hereinafter referred to as a "Disbursement Date") as may be designated by the Borrower in the Requests for Disbursement submitted by the Borrower to the Lender from time to time.

(2) Each Request for Disbursement shall specify the amount of the advance to be made by the Lender on the Disbursement Date, shall specify the commercial supplier to whom the disbursement is to be remitted by the Lender, and shall be forwarded to the Lender in sufficient time to allow five (5) working days before the Disbursement Date.

(3) Each Request for Disbursement shall be sent to the Comptroller, Defense Security Assistance Agency, The Pentagon, Washington, D.C. 20301.

(4) Supplier invoices shall be prepared in accordance with the procedure set forth in Annex B hereto.

(b) Disbursements to the Military Departments and Agencies of DoD --

(1) The DoD will bill the Borrower for payments under authorized Purchase Arrangements in the same manner as for "dependable undertaking" terms of sales under Foreign Military Sales procedures, and will transmit a copy of each billing to the Comptroller, Defense Security Assistance Agency. Each billing will designate a Disbursement Date.

(2) Upon receipt of any such billing, the Borrower shall follow the procedures set below:

(a) Each advance shall be made on such Disbursement Date as may be designated by the Borrower in the Request for Disbursement submitted by the Borrower to the Lender from time to time.

(b) Each Request for Disbursement shall specify the amount of the advance to be made by the Lender on the Disbursement Date, shall specify the DoD Agency or Military Department to whom the disbursement is to be remitted by the Lender, and shall be forwarded to the Lender in sufficient time to allow five (5) working days before the Disbursement Date.

(c) Each Request for Disbursement shall be sent to the Comptroller, Defense Security Assistance Agency, The Pentagon, Washington, D.C. 20301.

TABLE 9-III-3. (Continued)

(d) If the advance specified is less than the full amount of that billing, the Borrower shall directly pay the difference, from other funds available to the Borrower, on or before the Disbursement Date to the billing office of the DoD.

4. Marine Transportation.

(a) All defense articles, the purchase of which is to be financed hereunder, and which may be transported by ocean vessel, shall be transported in vessels of United States registry unless a waiver of this requirement is obtained. In no event, however, will any part of any advance hereunder be used to finance the transportation of defense articles in carriers of non-United States registry. Marine Transportation Waiver Procedures are at Annex C hereto.

(b) The Borrower or its commercial suppliers shall be responsible for obtaining export licenses for defense items financed hereunder, when transported by means other than the United States Defense Transportation System.

5. Assignment of Repayments. This Agreement evidences the legal and binding obligation of the Borrower to make repayments to the Lender for disbursements made by the Lender in accordance with the terms hereof, The Lender may sell or assign, in whole or in part, its rights to said repayments and may, with respect to such sale or assignment, guarantee payment of the same.

6. Principal Repayments and Interest.

(a) The Borrower shall repay the disbursements made by the Lender in accordance with the Principal Repayment Schedule, which is attached to the Note, and shall pay interest _____ semi-annually on _____ commencing _____ at the rate of percent per annum, using a 365 day factor on the amount from time to time cumulative advances exceed repayments of principal.

(b) If on any installment repayment date set forth in the Principal Repayment Schedule the Borrower shall not have availed itself of the Commitment of the Lender in an aggregate amount (less repayments previously made) equal to the aggregate installment of principal which is repayable on such date to the Lender, the Borrower shall, on such installment repayment date, repay to the Lender the full amount (less repayments previously made) to which it has availed itself of the Commitment of the Lender to such date, together with the interest accrued thereon. If at any time thereafter the Borrower shall avail itself of the Commitment of the Lender in an amount which would have been repayable on a prior installment repayment date but for the provisions of the immediately preceding sentence, such amount, together with the interest accrued thereon, shall be repayable on the next succeeding installment date of the Principal Repayment Schedule occurring after the disbursement of such amount and the said aggregate installment of principal repayable under the Principal Repayment Schedule to the Lender on that date shall be increased by such amount.

TABLE 9-III-3. (Continued)

(c) If by the date specified in paragraph 2, the Borrower shall not have entered into authorized Purchase Arrangements in an aggregate amount equal to the entire amount of the Commitment, the installments of principal repayment to the Lender set forth in the Principal Repayment Schedule shall be reduced in the inverse order of the maturity thereof to the extent of the unused balance of the Commitment.

(d) Whenever any repayment to be made by the Borrower shall be due on a Saturday, Sunday, or public holiday under the laws of the Lender, such repayment may be made on the next succeeding business day, and such extension of time shall in such case be included in computing interest in connection with such repayment but excluded from the next interest period, if any.

(e) The Borrower may prepay the credit extended under this agreement in part or in full on any interest payment date without penalty or premium, but such prepayment must be accompanied by payment of interest on the amount prepaid to the date of repayment and must be applied to the satisfaction of installments of principal repayments in the reverse order of their maturities.

(f) All repayments by the Borrower on account of principal or interest shall be in lawful money of the United States of America and in immediately available funds, free and clear of, and without deduction for, any and all taxes, levies, imposts, deductions and withholdings whatsoever imposed, levied, collected or assessed with respect thereto by any central or local authority of.

(g) In case of failure of the Borrower to make payment when due and as due, of any installment or installments of principal or of any interest under the Note, the aggregate amount payable shall be the amount of the overdue installment or installments of principal or of overdue interest, or overdue principal and interest, as the case may be, plus interest thereon at the rate specified in the Note, from the due date to the date of payment. In the event that the amount of an installment payment made by the Borrower is insufficient to satisfy the aggregate amount of principal and interest then due, the installment payment amount shall first be applied to satisfy the interest due, and the remaining portion of the installment payment, if any, shall be applied to satisfy the principal amount of such installment. If the Borrower's failure to pay such installments or any part thereof continues for sixty days, the Borrower shall pay an additional charge of four percent (4%) per annum on such installments or part thereof for each day thereafter until payment is made.

7. Representations and Warranties.

(a) The Borrower represents and warrants that the making and performance of this Agreement have been duly authorized in accordance with its laws and shall furnish to the Lender upon request evidence, satisfactory to the Lender, (substantially in the form of Annex D) of the authority of the person or persons who will sign the Notes and Requests for Disbursement provided for herein on behalf of the Borrower, together with the authenticated specimen signature, in duplicate, of each of the latter.

TABLE 9-III-3. (Continued)

(b) This Agreement shall inure to the benefit of the holders of the Note, their respective successors and assigns. This Agreement and the Note shall be deemed to be contracts under the law of the District of Columbia and for all purposes shall be construed in accordance with said law. The Borrower agrees that jurisdiction may be taken by courts in the District of Columbia with respect to matters involving the Note, provided such Note is held by an individual, partnership, corporation, or other private legal entity.

(c) The Borrower shall in all cases pay when and as due the principal and interest on the Note issued hereunder, notwithstanding any claims which the Borrower may now or hereafter have against any supplier of the defense items, DoD, the Lender, or any other persons or entity in connection with any other transaction, for any reason whatsoever.

8. Default. Upon the occurrence of any of the following events of default:

(a) If the Borrower fails for a period of ten (10) days to make any payment of principal of, or interest on, the Note when due;

(b) If any representation or warranty made by the Borrower herein or any certificate furnished by the Borrower pursuant hereto proves to be at any time incorrect in any material respect, or;

(c) If the Borrower defaults in the performance of any other term, covenant or undertaking contained in this Credit Agreement, and such default shall continue unremedied for 30 days after written notification thereof shall have been given to the Borrower by the Lender; then, and in any such event, the holder of the Note may declare immediately due and payable the unpaid principal of, and accrued interest on, the Note held by such holder, and such amounts shall become immediately due and payable without protest, presentment, notice or other demand of any kind, all of which are hereby expressly waived by the Borrower, and the Lender may terminate its Commitment hereunder.

9. Miscellaneous. No failure to exercise and no delay in exercising on the part of the DoD, any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege preclude any other or further exercise thereof, of the exercise of any other power or right. The rights and remedies herein provided are cumulative and not exclusive of any rights or remedies provided in this Credit Agreement.

10. All communications and other documents required or permitted hereunder, unless submitted in the English language, shall be accompanied by one English translation for each copy of such documents to be furnished and, in the event of conflict, the English version shall govern. Except as otherwise provided herein, all notices, requests or demands hereunder shall be deemed to have been given or made upon the mailing of the same, postage prepaid, or in the case of telegraphic notice, on delivery to the telegraphic company, addressed in the case of the Borrower, to and in the case of the Lender to the Director, Defense Security Assistance Agency (DSAA), The Pentagon, Washington, D.C. 20301.

TABLE 9-III-3. (Continued)

11. This Agreement may be executed in any number of counterparts and by the parties hereto on separate counterparts, each of which shall be deemed an original but all such counterparts to constitute one and the same instrument.

12. Annexes A through D attached hereto are, by this reference, made a part of this Agreement.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement this

GOVERNMENT OF THE UNITED
STATES OF AMERICA

ANNEX A

PROMISSORY NOTE

(Date)

U.S. Washington, D.C.

FOR VALUE RECEIVED, the undersigned, the Government of _____ (herein called the "Borrower"), hereby promises to pay to the order of the Government of the United States of America (herein called the "Lender") such sums as may be advanced hereunder by the Lender. The Lender shall not be obliged to advance more than the sum of _____ (U.S. \$) (herein referred to as the "Commitment").

Advances shall be made from time to time by the Lender in accordance with the terms of the Credit Agreement dated between the Borrower and the Lender. Advances shall bear interest payable on _____ of each year on the unpaid principal balance from date hereof at the rate of _____ percent per annum using a 365 day factor, both principal and interest to be payable in lawful money of the United States of America to the Comptroller, Defense Security Assistance Agency, (DSAA), The Pentagon, Washington, D.C. 20301.

Whenever any payment under this Note shall be due on a Saturday, Sunday, or public holiday under the laws of the United States of America, such payment may be made on the next succeeding business day, and such extension of time shall, in such case, be included in computing interest in connection with such payment, but excluded from the next interest period, if any. In case of failure of the Borrower to make payment when and as due, of any installment or installments of principal and interest under this Note, the amount payable shall be the amount of the overdue installment or installments of principal and interest, plus interest thereon at the rate specified herein, from the due date to the date of the payment.

The total amount advanced hereunder shall be repaid, with right of prepayment on any interest payment date, in accordance with the Principal Repayment Schedule which is attached. Prepayments shall be accompanied by payment of interest on the amount prepaid to the date of prepayment and shall be applied to the installments hereof in the reverse order of their maturity. All payments of principal and interest on this Note are payable in immediately available funds, free and clear of, and without deduction for, any taxes, levies, imposts, deductions, and withholdings whatsoever now or hereafter imposed, levied, collected or assessed with respect by any central or local authority of the Borrower and shall be paid free from all restrictions of any central or local authority of the Borrower.

If less than the total of _____ is advanced, the Principal Repayment Schedule shall be reduced in the reverse order of the maturity thereof to the extent of the unused balance of the commitment.

TABLE 9-III-3. (Continued)

Upon the occurrence of any event of default specified in the said Credit Agreement, the entire unpaid principal hereof and interest thereon to the date of payment may be declared to be forthwith due and payable as provided in said Credit Agreement. The Borrower agrees to pay all out-of costs and expenses in connection with collection after default of this Note (including the reasonable fees and out-of-pocket expenses of counsel) as well as all stamp and similar taxes, if any, now or hereafter in effect, and to save the holder of the Note harmless from any and all liabilities with respect to or resulting from any delay or omission to pay such taxes.

GOVERNMENT OF

BY _____
(Name Typed)

(Title)

PRINCIPAL REPAYMENT SCHEDULE

The first \$		shall be repaid on
The next \$	" "	" "
" "	" "	" "
" "	" "	" "
" "	" "	" "
" "	" "	" "
" "	" "	" "
" "	" "	" "
" "	" "	" "
" "	" "	" "
" "	" "	" "
" "	" "	" "
" "	" "	" "
" "	" "	" "
" "	" "	" "
The last \$	" "	" "

TABLE 9-III-3. (Continued)

ANNEX B

DSAA REQUIREMENTS
FOR SUPPORTING INVOICE DATA
FROM COMMERCIAL SUPPLIERS

When funds from this Credit Agreement are to be used to pay a commercial supplier, the Borrower must provide the following supporting documents and certificates along with the letter requesting the advance.

1. To be Prepared by the Commercial Supplier.

a. An invoice, which has been prepared in accordance with the relevant provisions of the Purchase Agreement between the Borrower and the Commercial Supplier, covering the materiel and services for which payment is to be received from this advance. The invoice should, as a minimum (1) list items for which payment is requested or identify the work in progress for which payment is requested; (2) reflect the amount and date payment is due; (3) indicate by separate entry the amount included in the invoice for ocean or air transportation and related costs to points outside the United States; and, (4) state the name of the carrier(s) of the materiel from the United States port of embarkation.

b. A copy of each ocean or air Bill(s) of Lading (a rated "on-board" bill of lading) to substantiate transportation charges shown on the invoice. If an invoice has no cost entry for transportation from a United States port of embarkation the supplier will include a certification with the invoice as follows:

The (Commercial Supplier) acknowledges that United States Government funds are being used by the (Borrower) to finance the materiel included in this invoice and certifies that no charges, of either a direct or indirect nature, for transportation from a United States port of embarkation are included and required of the (Borrower) in connection with this invoice.

(Signed)
(Commercial Supplier)

c. A statement by the Commercial Supplier accompanying each invoice, or made part of a contract approved by DoD between the Borrower and the Commercial Supplier covering the materiel and services for which payment is requested:

" (Commercial Supplier) confirms that authorized representatives of the Government of the United States shall have access to and the right to examine any directly related books, documents, papers, or records which involve transactions relating to this sale for a period of three years immediately following the receipt of final payment therefore, and also confirms that the materiel for which payment is requested are United States source end products."

TABLE 9-III-3. (Continued)

d. A statement by the Commercial Supplier as follows:

" (Commercial Supplier) hereby confirms that the contract price includes sales commissions and contingent fees in the aggregate amount of \$ (Amount) ."

or

" (Commercial Supplier) hereby confirms that no sales commissions or contingent fees are included in the contract price."

e. If a Commercial Supplier requires payment in advance for work yet to be performed, as distinguished from payment for delivery of defense items or reimbursement in the form of progress payments for work or services performed, the supplier shall include with the invoice a statement setting forth the undertaking of the supplier to maintain the full amount of the advance in a segregated account which will be applied solely to the performance of the supplier's obligations under the Purchase Arrangement with the Borrower.

TABLE 9-III-3. (Continued)

Exhibit 1 to
Annex B

PURCHASE ARRANGEMENT AUTHORIZATION

Dear Sir:

In implementation of paragraph 2 of the Credit Agreement between your Government and the Government of the United States, and in response to your request of _____, the following Purchase Arrangement is hereby authorized:

Supplier	<u>Contract or Purchase Order Number</u>	<u>Funds Authorized for this Contract/Purchase</u>	<u>Case Identifier Assigned to This Purchase</u>
----------	--	--	--

TABLE 9-III-3. (Continued)

Exhibit 2 to
Annex B

REQUEST FOR DISBURSEMENT

Credit Agreement Number _____

A disbursement as noted below is hereby authorized pursuant to the terms of Credit Agreement (dated _____) between the Government of _____ and the Government of the United States of America.

The Government of _____ (Borrower) confirms that (the defense items set forth herein have been satisfactorily received) (the work or services for which progress payments are requested has been satisfactorily rendered) and that payment is due under the Purchase Arrangement, (Case Identifier) for the purchase of (defense items) (services) from _____ (Supplier), and certifies that the bill is correct, just, and has not been previously paid.

The Borrower further confirms that said Purchase Arrangement is one of the Purchase Arrangements approved and authorized by DoD pursuant to the aforesaid Credit Agreement, and that the cumulative total of this invoice and invoices previously paid by DoD against said Purchase Arrangement does not exceed the aggregate credit ceiling established by DoD for the said Purchase Arrangement.

Disbursement Amount \$ _____

Disbursement Date: _____

Pay to: _____

GOVERNMENT OF

ANNEX C

MARINE TRANSPORTATION WAIVER PROCEDURES

1. The following procedures and conditions shall be adhered to concerning marine transportation of defense articles, the purchase of which is to be financed under this agreement. All defense articles, which are transported by ocean vessel, shall be transported in privately owned vessels of United States registry unless a waiver of this requirement is obtained from the Director, Defense Security Assistance Agency, Department of Defense. Requests for waiver are categorized as general, non-availability or security as outlined below:

A. General Waivers.

Consideration will be given to a waiver application to authorize vessels flying the flag of the country to whom this agreement applies to participate in the transportation of cargo generated under this agreement provided the recipient country does not discriminate against United States flag vessels in the carriage of the exports or imports of the recipient nation. Approval may be granted for recipient country's vessels to carry up to, but not in excess of 50 percent of the cargo under this agreement. Ocean freight revenue is the main criterion for determining flag participation but cargo valuation shall also be taken into consideration. Accordingly, throughout the life of this agreement, U.S. flag vessels shall not receive less than 50% of the cargo valuation and ocean freight revenue insofar as practicable.

Applications for general waiver should be submitted as soon as practicable after determination has been made to use recipient country flag vessels but at least twenty-one (21) days in advance of intended shipping dates to enable verification of the treatment accorded vessels of U.S. registry and to process the application.

Subsequent to the granting of a general waiver, if it occurs that neither United States flag vessels nor recipient country flag vessels are available, consideration will be given to specific waiver applications to authorize, on a shipment-by-shipment basis, the use of third flag vessels. Applications for the use of a third flag vessel under an approved general waiver should be submitted at least 21 days prior to the intended shipping date to allow time to process the application. If a waiver is granted to allow the use of a third flag vessel for a particular shipment under an existing general waiver, the cargo carried by the third flag vessel shall be recorded against the recipient country flag vessels' portion of the cargo available under the general waiver.

The application for a general waiver and subsequent waivers for the use of third flag vessels should be submitted by the recipient country directing the shipment (or his freight forwarder) to the Director, Defense Security Assistance Agency, Room 4E837, The Pentagon, Washington, D.C. 20301, with a copy to the Director, Office of Market Development, Maritime Administration, U.S. Department of Commerce, Washington, D.C. 20230.

TABLE 9-III-3. (Continued)

B. Non-Availability Waivers.

Consideration will be given to waiver applications to authorize use of foreign flag vessels in those cases of non-availability of United States flag vessels or in instances of non-availability of United States flag vessels at reasonable rates.

Applications for non-availability waivers to permit use of recipient country flag vessels need not be submitted if a general waiver has been approved and the recipient country will use U.S. flag vessels to carry over 50 percent of the cargo under this agreement. Applications are required where a general waiver (1) has not been applied for, (2) has not been approved, or (3) has been approved but, on a shipment-by-shipment basis, U.S. flag vessels are not available or not available at reasonable rates and shipments on non-U.S. flag vessels will exceed 50 percent of the cargo under this agreement. If a general waiver has been approved, every effort should be made to ship defense articles and equipment, where U.S. flag vessels are not available or not available at reasonable rates, under the recipient country's portion of the cargo available under the general waiver. Therefore, applications for non-availability waivers, where a general waiver has been approved, should be submitted only under unusual circumstances.

Applications on the basis of non-availability of vessels of United States registry must establish and document that the recipient country has made a reasonable, timely and bona fide effort to arrange shipment on vessels of United States registry and that such vessels are not available. Such applications must be submitted at least 21 days in advance of the intended shipping date to enable verification of non-availability of vessels of United States registry and to process the application.

Applications on the basis of non-availability of vessels of United States registry at reasonable rates must establish and document all applicable comparative rates and should be submitted at least 21 days in advance of the intended shipping date to enable verification of non-availability of vessels of United States registry at reasonable rates and to process the application.

Applications for non-availability waivers must be submitted on a shipment-by-shipment basis. Applications should be submitted to the Director, Defense Security Assistance Agency, Room 4E837, The Pentagon, Washington, D.C. 20301 with a copy to the Director, Office of Market Development, Maritime Administration, U.S. Department of Commerce, Washington, D.C. 20230.

Each application for a non-availability waiver should contain the following information.

1. Identification and address of the applicant
2. Recipient country
3. Date and source of loan (FFB, etc.)
4. Manufacturer and/or exporter
5. List and description of commodities to be shipped
6. FAS value of commodities
7. Shipping date

TABLE 9-III-3. (Continued)

8. Loading port
9. Discharge port
10. Estimated ocean freight cost
11. Proposed vessel(s) to be used
12. Weight of shipment
13. Cube measurement of shipment
14. Original point of production

C. Security Waivers.

Consideration will be given to waiver applications to authorize vessels flying the flag of the country to whom the agreement applies on the basis of reasonable security needs in regards to the cargo and the arrival of such cargo at its destination. A security waiver may be requested for a specific shipment or series of shipments under this agreement where sabotage may reasonably be expected or a state of emergency exists.

Application for security waivers need not be submitted if a general waiver has been approved and the recipient country will use U.S. flag vessels to carry over 50 percent of the cargo under this agreement. Applications are required where a general waiver (1) has not been applied for, (2) has not been approved, or (3) has been approved but, on a shipment-by-shipment basis, use of recipient country flag vessels will exceed 50 percent of the cargo under this agreement. If a general waiver has been approved, every effort should be made to ship those defense articles and equipment involving special security or safety requirements under the recipient country's portion of the cargo available under the general waiver. Therefore, waiver applications for security or safety reasons where a general waiver has been approved should be submitted only under unusual circumstances.

Applications on the basis of security must provide the specific security or safety requirements and information involved in the shipment(s) to be made at least 21 days in advance of the intended shipment(s) dates to enable verification of the security or safety requirements and to process the application.

The application should be provided by the recipient country to the Director, Defense Security Assistance Agency, Room 4E837, Department of Defense, Washington, D.C. 20301, with a copy to the Director, Office of Market Development, Maritime Administration, U.S. Department of Commerce, Washington, D.C. 20230.

2. In order to monitor the use of marine transportation under this agreement, pertinent information should be forwarded as early as possible but not later than 90 days after shipment to the Director, Office of Market Development, Maritime Administration, U.S. Department of Commerce, Washington, D.C. 20230, for all shipment of goods financed in whole or in part with credit and/or Guaranteed Loan funds. The following information must be reported:

- (A) Date and Source of Loan (FFB, etc.)
- (B) FAS Value of Cargo
- (C) Manufacturer

TABLE 9-III-3. (Continued)

- (D) Freight Forwarder
- (E) Ocean Freight Cost
- (F) Name of Vessel
- (G) Vessel Flag of Registry
- (H) Date of Loading
- (I) Port of Loading
- (J) Port of Final Discharge
- (K) Cargo Description
- (L) Gross Weight of Cargo
- (M) Cubic Measurement of Cargo

A properly rated and legible copy of the ocean bill of lading in English will suffice so long as all the above information is contained thereon.

ANNEX D

DESIGNATION OF AUTHORITY

1. The Borrower shall provide to DSAA a written communication that evidences the authority for incumbents of specifically named offices or specifically named individuals to sign the credit documents on its behalf. As a minimum the communication will contain the following:

Director
 Defense Security Assistance Agency
 Room 4E837, The Pentagon
 Washington, D.C. 20301

Dear Sir:

The following officials of the Government of _____ are duly authorized to execute and deliver documents as indicated below in connection with a credit agreement in the amount of _____ between the Government of the United States and this Government:

a. CREDIT AGREEMENT:

(Person's Name(s) and/or Title(s) of Office(s))

b. PROMISSORY NOTE:

(Person's Name(s) and/or Title(s) of Office(s))

c. REQUESTS FOR DISBURSEMENT AND SUCH OTHER DOCUMENTS AS MAY BE REQUIRED UNDER THIS CREDIT AGREEMENT:

(Person's Name(s) and/or Title(s) of Office(s))

Very truly yours,

Date: _____ BY (Signature)
 (Name and Title Typed)

2. The designation of authority letter shall be signed by an appropriate person empowered under the laws of the Borrower to delegate to selected officials authority to sign debt obligations or the other documents as stated in the name of its Government. The Borrower shall submit a designation of authority letter to DSAA containing the names and signatures of newly designated officials whenever changes occur.

TABLE 9-III-3. (Continued)

TABLE 9-III-4

DSAA SAMPLE LETTER APPROVING USE OF FMS LOAN FINANCING

In reply refer to:
I- _____

Dear Sir:

Pursuant to the provisions of Section 1.2 of the Loan Agreement between your Government and the Federal Financing Bank, and in response to your recent request, we hereby approve the use of FMS loan financing for the following Purchase Arrangement:

<u>Supplier</u>	<u>Funds Reserved for this Contract/Purchase</u>	<u>Case Identifier Assigned to this Purchase</u>
-----------------	--	--

Sincerely,

Chief, Financial Reports
and Credit Program Division
Office of the Comptroller

TABLE 9-III-4. DSAA Sample Letter Approving Use of FMS Loan Financing.

TABLE 9-III-5

DSAA SAMPLE LETTER APPROVING USE OF FMS LOAN FINANCING
FOR DIRECT COMMERCIAL PURCHASESIn reply refer to:
I-

Dear Sir:

The Government of _____ has informed us of a purchase arrangement with your company and has requested the Defense Security Assistance Agency to approve financing of the purchase with funds available to them through a U.S. Government loan. The purchase arrangement is identified as follows:

<u>Contract and/or Date of Purchase</u>	<u>Items to be Financed</u>	<u>Amount Approved for Financing</u>	<u>Case Identifier Assigned</u>
---	-------------------------------------	--	---

Since payment may be remitted directly to you by the U.S. Government, we would like to apprise you of the pertinent procedures and requirements relative to such loan financing as contained in the following paragraphs.

Funds from the loan are available to finance purchases of items and services that are U.S. source end products. Ocean or air freight costs may be paid with loan funds only when such costs relate to the subject contract and the carriers are of U.S. registry. Cargo insurance costs may be paid with loan funds, and it is expected that such insurance will be placed with companies incorporated in the U.S. to the extent possible. In no instance may sales commissions or other contingent fees which are or will be paid by your company in connection with this contract exceed \$50,000.00.

Funds authorized under this loan will be available to the Borrower until all loan funds have been disbursed, the loan is terminated, or an event of default has occurred on the part of the Borrower. Additionally, although we have set aside loan funds in the amount shown above for this purchase, this reservation is for loan administration purposes only and should not be construed as a firm commitment. The reservation may be amended by the Borrower at any time to accommodate revised priorities.

The U.S. Government is not a party to the subject purchase. However, to ensure that borrowers utilize loan funds only for the purposes intended by law, and for which the loan was authorized, certain supporting documents will be required from your company.

The Defense Security Assistance Agency (DSAA) is responsible for approving each purchase that will be financed with loan funds, and for authorizing disbursements of funds from the subject loan. Payments to your company will be governed by the sales agreement between your company and the Borrower, and may include downpayments and progress payments; however, FMS credit funds may not be used for the purpose of securing commercial letters of credit.

TABLE 9-III-5. DSAA Sample Letter Approving Use of FMS Loan Financing for Direct Commercial Purchases.

Invoices and supporting documents submitted for payment must be submitted to the Borrower, who will certify them as correct and proper and forward them to the DSAA.

The DSAA is responsible for authorizing disbursements of funds from the subject loan agreement. Before such disbursements can be authorized the Commercial Supplier must submit the following documents to the Borrower for presentation to DSAA:

a. An invoice, which has been prepared in accordance with the relevant provisions of the purchase agreement between the Borrower and the Commercial Supplier, covering the materiel and services for which payment is to be received from the subject loan. The invoice should, as a minimum (1) list items for which payment is requested or identify the work in process for which payment is requested; (2) reflect the amount and date payment is due; (3) identify the bank and account number to which payment should be wire transferred; (4) indicate by separate entry the amount included in the invoice for ocean or air transportation and related costs to ports outside the United States; and, (5) state the name of the carrier(s) of the materiel from the U.S port of embarkation.

b. A copy of the signed, rated, on-board bill-of-lading to substantiate transportation charges shown on the invoice. If an invoice has no cost entry for transportation from a United States port of embarkation, the supplier must include a certification with the invoice as follows:

The (Commercial Supplier) acknowledges that United States Government funds are being used by the (Borrower) to finance the materiel included in this invoice, and certifies that no charges of any nature are included for transportation from a United States port of embarkation.

(Signed)

(Commercial Supplier)

c. A statement accompanying each invoice, or made part of the contract approved by DSAA between the Borrower and the Commercial Supplier, covering the materiel and services for which payment is requested:

The (Commercial Supplier) agrees that authorized representatives of the Government of the United States shall have access to and the right to examine and directly related books, documents, papers, or records which involve transactions relating to this sale for a period of three years immediately following the receipt of final payment therefore, and also confirms that the materiel for which payment is requested are United States source end products.

(Signed)

(Commercial Supplier)

TABLE 9-III-5. (Continued)

d. Prior to final approval and disbursement of loan funds the supplier must provide through the borrower a statement substantially in the format as follows:

The (Commercial Supplier) hereby confirms that the contract price includes sales commissions and contingent fees in the aggregate amount of \$ (Amount).

(Signed)

(Commercial Supplier)

or

The (Commercial Supplier) hereby confirms that no sales commissions or contingent fees are included in the contract price.

(Signed)

(Commercial Supplier)

e. If a Commercial Supplier requires payment in advance for work yet to be performed, as distinguished from payment for delivery of defense items or reimbursement in the form of progress payments for work or services performed, the supplier shall include with the invoice a statement as follows:

The (Commercial Supplier) will maintain the full amount of the advance in a segregated account which will be applied solely to the performance of the supplier's obligation under the Purchase Arrangement with the (Borrower).

(Signed)

(Commercial Supplier)

Should you have any questions concerning this matter, please advise us by telephone at (202) 694-3317, or in writing, to Defense Security Assistance Agency, Architect Building, Suite 535, 1400 Wilson Boulevard, Arlington, VA 22209.

Sincerely,

Chief, Financial Reports
and Credit Program Division
Office of the Comptroller

Copy to:
Maritime Administration
Office of Market Development
Room 7211
400 7th Street, S.W.
Washington, D.C. 25090

TABLE 9-III-5. (Continued)

SECTION IV - TRANSPORTATION

A. GENERAL. Public Resolution 17 (48 Stat. 500), 46 U.S.C. 1241-1, expresses the sense of Congress that export cargo generated as a result of loans made by federal instrumentalities should be carried exclusively in U.S. flag vessels. FMS loan agreements, both DoD direct and FFB guaranteed, require that all items financed with these funds, which are transported by ocean vessel, shall be transported in privately owned vessels of U.S. registry unless a waiver of this requirement is granted by the DSAA or the Maritime Administration (MARAD), U.S. Department of Commerce. Section 901(b) of the Merchant Marine Act of 1936, as amended, 46 U.S.C. 1241, requires "at least 50 per centum" of such cargo be transported on U.S. flag privately-owned vessels. When FMS LOAs are changed from cash financing to FMS credit financing it is the recipient's responsibility to assure that the U.S. flag shipping requirements are followed.

B. MARINE TRANSPORTATION WAIVER PROCEDURES. The following procedures and conditions shall be adhered to concerning marine transportation of defense articles, the purchase of which is to be financed under a loan agreement. All defense articles, which are transported by ocean vessel, shall be transported in privately owned vessels of U.S. registry unless a waiver of this requirement is obtained. Requests for waiver are categorized as general, non-availability, or security as outlined below:

1. General Waivers.

a. Consideration will be given to a waiver application to authorize vessels flying flags of the country to whom the loan agreement applies to participate in the transportation of cargo generated under the loan agreement provided the recipient country does not discriminate against U.S. flag vessels in the carriage of the exports or imports of the recipient nation. Approval may be granted for the recipient nation's vessels to carry up to, but not in excess of 50 percent of the cargo under this agreement. Ocean freight revenue is the main criterion for determining flag participation but cargo valuation shall also be taken into consideration. Accordingly, throughout the life of this agreement, U.S. flag vessels shall not receive less than 50 percent of the cargo valuation and ocean freight revenue insofar as practicable.

b. Applications for general waiver should be submitted as soon as practicable after determination has been made to use the recipient country flag vessels but at least twenty-one (21) days in advance of intended shipping dates to enable verification of the treatment accorded vessels of U.S. registry and to process the application.

c. Subsequent to the granting of a general waiver, if it occurs that neither the U.S. flag vessels nor recipient country flag vessels are available, consideration will be given to specific waiver applications to authorize, on a shipment-by-shipment basis, the use of third country flag vessels. Applications for the use of a third country flag vessel under an approved general waiver should be submitted at least 21 days prior to the

intended shipping date to allow time to process the application. If a waiver is granted to allow the use of a third country flag vessel for a particular shipment under an existing general waiver, the cargo carried by the third country flag vessel shall be recorded against the recipient country flag vessels' portion of the cargo available under the general waiver.

d. The application for a general waiver and subsequent waivers for the use of third country flag vessels should be submitted to the Director, Defense Security Assistance Agency, Room 4E841, Department of Defense, Washington, D.C. 20301, with a copy to the Director, Office of Market Development, Maritime Administration, U.S. Department of Transportation, Washington, D.C. 20590.

2. Non-Availability Waivers.

a. Consideration will be given to waiver applications to authorize use of foreign flag vessels in those cases of non-availability of U.S. flag vessels or in instances of non-availability of U.S. flag vessels at reasonable rates.

b. Applications for non-availability waivers to permit use of recipient country flag vessels need not be submitted if a general waiver has been approved and the recipient nation will use U.S. flag vessels to carry over 50 percent of the cargo under this agreement. Applications are required where a general waiver (1) has not been applied for, (2) has not been approved, or (3) has been approved but, on a shipment-by-shipment basis, U.S. flag vessels are not available or not available at reasonable rates and shipments on non-U.S. flag vessels will exceed 50 percent of the cargo under this agreement. If a general waiver has been approved, every effort should be made to ship defense articles and equipment, where U.S. flag vessels are not available or not available at reasonable rates, under the recipient country's portion of the cargo available under the general waiver. Therefore, applications for non-availability waivers, where a general waiver has been approved, should be submitted only under unusual circumstances.

c. Applications on the basis on non-availability of vessels of U.S. registry must establish and document that the recipient nation has made a reasonable, timely and bona fide effort to arrange shipment on vessels of United States registry and that such vessels are not available. Such applications must be submitted at least 21 days in advance of the intended shipping date to enable verification of non-availability of vessels of U.S. registry and to process the application.

d. Applications on the basis on non-availability of vessels of United States registry at reasonable rates must establish and document all applicable comparative rates and should be submitted at least 21 days in advance of the intended shipping date to enable verification on non-availability of vessels of United States registry at reasonable rates and to process the application.

e. Applications for non-availability waivers must be submitted on a shipment-by-shipment basis. Applications should be submitted to the Director, Office of Market Development, Maritime Administration, U.S. Department of Transportation, Washington, D.C. 20590, with a copy to the Director, Defense

Security Assistance Agency, Room 4E481, Department of Defense, Washington, D.C. 20301.

f. Each application for a non-availability waiver should contain the following information:

- (1) Identification and address of the applicant
- (2) Recipient country
- (3) Date and source of loan (FFB, etc.)
- (4) Manufacturer and/or exporter
- (5) List and description of commodities to be shipped
- (6) FAS value of commodities
- (7) Shipping date
- (8) Loading port
- (9) Discharge port
- (10) Estimated ocean freight cost
- (11) Proposed vessel(s) to be used
- (12) Weight of shipment
- (13) Cube measurement of shipment
- (14) Original point of production

3. Security Waivers.

a. Consideration will be given to waiver applications to authorize vessels flying the flag of the country to whom the agreement applies on the basis of reasonable security needs in regards to the cargo and the arrival of such cargo at its destination. A security waiver may be requested for a specific shipment or series of shipments under this agreement where sabotage may reasonably be expected or a state of emergency exists.

b. Application for security waivers need not be submitted if a general waiver has been approved and the recipient nation will use U.S. Flag Vessels to carry over 50 percent of the cargo under this agreement. Applications are required where a general waiver (1) has not been applied for, (2) has not been approved, or (3) has been approved but, on a shipment-by-shipment basis, use of recipient country flag vessels will exceed 50 percent of the cargo under this agreement. If a general waiver has been approved, every effort should be made to ship those defense articles and equipment involving special security or safety requirements under the recipient country's portion of the cargo available under the general waiver. Therefore, waiver applications for security or safety reasons where a general waiver has been approved should be submitted only under unusual circumstances.

c. Applications on the basis of security must provide the specific security or safety requirements and information involved in the shipment(s) to be made at least 21 days in advance of the intended shipment(s) dates to enable verification of the security or safety requirements and to process the application.

d. The application should be provided to the Director, Defense Security Assistance Agency, Room 4E481, Department of Defense, Washington, D.C. 20301, with copy to the Director, Office of Market Development, Maritime Administration, U.S. Department of Transportation, Washington, D.C. 20590.

C. REPORTS TO U.S. DEPARTMENT OF TRANSPORTATION. In order to monitor the use of marine transportation under this agreement, pertinent information should be forwarded as early as possible but not later than 90 days after shipment to the Director, Office of Market Development, Maritime Administration, U.S. Department of Transportation, Washington, D.C. 20590, for all shipments of goods financed in whole or in part with credit and/or Guaranteed Loan funds. The following information must be reported:

1. Date and source of loan (FFB, etc.)
2. FAS value of Cargo
3. Manufacturer
4. Freight forwarder
5. Ocean freight cost
6. Name of vessel
7. Vessel flag of registry
8. Date of loading
9. Port of loading

CHAPTER TEN

TRAINING PROGRAM MANAGEMENT

SECTION I - INTERNATIONAL MILITARY EDUCATION AND TRAINING (IMET)
--

A. INTRODUCTION.

1. International Military Education and Training Program Guidance. This section provides guidance and instructions for providing military training and training aids to foreign countries as grant aid in a manner that will ensure the greatest benefit to the program.

2. General Authority. The International Military Education and Training (IMET) Program is authorized by Chapter 5, Part II of the Foreign Assistance Act of 1961, as amended, and provides for military education and training on a grant basis to military and related civilian personnel of friendly countries.

3. Scope of Program. Such training and education may be provided through attendance at military educational and training facilities in the United States (other than service academies) and abroad; attendance in special courses of instruction at schools and institutions of learning or research in the United States and abroad; and observation and orientation visits to military facilities and related activities in the United States and abroad. As used in this chapter, the term "Continental United States," (CONUS), excludes Hawaii; the term "United States," or "U.S.," includes both Alaska and Hawaii.

4. Purposes. Education and training activities conducted under this chapter shall be designed to encourage effective and mutually beneficial relations and increased understanding between the United States and foreign countries; to improve the ability of participating foreign countries to utilize their resources, including defense articles and defense services obtained by them from the U.S., with maximum effectiveness, thereby contributing to greater self-reliance by such countries; and to increase the awareness of nationals of foreign countries participating in such activities of the basic issues involving internationally recognized human rights.

B. OBJECTIVES OF IMET. Within the above purposes, the objectives of providing grant aid training to foreign countries are:

1. Operation and Maintenance Skills. To create skills needed for effective operation and maintenance of equipment acquired from the U.S.

2. Effective Management. To assist the foreign country in developing expertise and systems needed for effective management of its defense establishment.

3. Development of Training Capability. To foster development by the foreign country of its own indigenous training capability.

4. Provide an Alternative to Soviet Military Training. To reduce indigenous country training dependence on the USSR and its allies.

5. Rapport and Understanding. To promote better understanding of the U.S., including its people, political system, and other institutions. Initially, all of the objectives stated above should be pursued simultaneously, with emphasis shifting progressively from operations and maintenance to management of in-country capabilities, and finally to preserving military rapport and understanding of the U.S. The ultimate objective is to limit programs to the latter and should be pursued as rapidly as possible, consistent with the achievement of overall objectives.

C. AREAS OF EMPHASIS. To the extent consistent with the purposes of IMET, emphasis will be placed as follows:

1. Individuals Likely to Occupy Key Positions: Training of individuals who are likely in the future to occupy positions of influence or prominence within the foreign country's armed forces.

2. Encouragement of Professionalism: Training which encourages military professionalism and the interchange of military doctrine, particularly by attendance at U.S. service schools at the advanced career, command and staff and war college levels.

3. Management of Resources: Training related to the management of resources at all levels within the foreign defense establishment.

D. CONSTRAINTS AND DSAA APPROVAL. Foreign military trainees (FMTs) are admitted to a wide range of the courses available through the MILDEPs, consistent with U.S. foreign policy, national security and broad considerations in the areas of technology transfer, disclosure, and human rights.

1. DSAA Approval. Requests for the following types of training, however, must be approved by DSAA on a case-by-case basis and must include specific justification:

a. Training not Related to Objectives. Training which is not clearly related to achievement of the objectives set forth in paragraph B, above.

b. Training for the Purpose of Obtaining a Degree. Training at U.S. military or civilian schools leading to a degree or credits toward a degree, as opposed to specific military training. Justification should include the rationale for providing the training under IMET and not FMS, an indication of the benefits to both the country and the U.S., and a statement regarding the intended utilization of the FMT after completion of the training. Finally, the justification should also include the number of IMET graduates and/or students that have been enrolled in the same curriculum or field during the previous five years, to include students undergoing training, and why it is considered necessary to train additional personnel. (Note: DSAA approval for degree training at U.S. military schools is contingent on a specific and demonstrated country requirement which necessitates education up to and including a master's degree for persons who perform designated functions).

- c. Training at U.S. Civilian Schools. All training at U.S. civilian schools.
- d. Training of Civilians. Civilians nominated or proposed for training under IMET must have a direct relationship to the foreign country's defense establishment (cannot be waived).
- e. Non-Career Personnel. Training in the U.S. for military personnel without career status.
- f. Skills Used in Civil Sector or for Civic Action. Training in basic skills normally used by both the military and civilian sectors; also training which, even though uniquely military in nature, is primarily for the purposes of civic action or nation building.
- g. Availability or Establishment of In-Country Facilities. Training available in country at military or civilian educational and training facilities, or any training for which the foreign country possesses the technical competence and economic capability for establishing in-country training facilities.
- h. Sufficient Trained Personnel Available. Training already provided in a quantity which, taking into account reasonable attrition, is sufficient to meet basic military requirements of the requesting country.
- i. Orientation Tours (OT). When requesting DSAA approval for orientation tours/visits to various U.S. military installations and activities, certification by the U.S. ambassador of the importance of the tour to the country's effort must be provided with supporting rationale, to include proposed itinerary and areas of interest.
- j. English Language Training (ELT). Except as specifically authorized elsewhere in this chapter, English language training not in support of the in-country ELT program or in support of specific U.S. training.
- k. Non-Utilization of Skills. Any training where, on the basis of experience, it appears unlikely that the skills produced will be utilized properly by the requesting country.
- l. Police Training and Related Programs. Any police, internal intelligence or surveillance, or civilian law enforcement training conducted in a foreign country or in the U.S., as indicated by restrictions placed on such training by Section 660 of the FAA. "Police" as used in this prohibition includes military as well as civilian police if the military police perform civilian law enforcement functions. Neither the name given to a unit by the foreign government nor the ministerial authority under which it operates is sufficient in and of itself to determine whether a particular force is a "police unit." The determining factor is the nature of the function performed by that unit. Certification is required from the country that the student(s) to attend military police training will not be involved with or assigned to a unit performing in any civilian law enforcement functions for a period of at

least two (2) years. A similar certification is required for any training provided on an individual rather than a unit basis, if the individual is from a unit which performs on-going civilian law enforcement functions.

m. Intelligence and Other Sensitive Training. The scope of military intelligence training normally available to FMIs is limited to that which is directly related to combat or operational intelligence. Tactical intelligence training provided under security assistance programs will not be extended to include training in support of national intelligence programs of foreign countries. All requests for intelligence training provided by the MILDEPs will be reviewed carefully by the cognizant MILDEP to insure compliance with this paragraph. Other potentially sensitive training requests should be addressed to DSAA for appropriate guidance, processing, or decision.

n. Repetitive Training. Repeated participation by foreign individuals in orientations and/or the same training courses.

o. Training in Support of FMS Equipment. Training in support of FMS equipment purchases should be programmed and accomplished as a part of the overall FMS agreement. IMET should not be used to support major equipment purchases unless specifically approved by DSAA and included as a part of the FMS agreement.

p. Minimum Duration of Student Training in U.S. Prior DSAA approval is required to program students for training in the U.S. for less than eight weeks total duration if all or part of the overseas travel is paid by IMET. Mandatory CONUS personnel processing or English language training will not be considered as part of the eight-week requirement. This limitation does not apply to orientation training.

q. Deployment of DoD Personnel or Teams. All training which requires U.S. personnel to travel to another country to conduct the training must be approved by DSAA prior to programming the training or making any offer or commitment to the foreign government(s) involved. See paragraph E.2. for specific criteria regarding MTTs.

2. Requests for Waivers. Requests for waivers to the above constraints will be submitted to DSAA as soon as the requirement for such training is known. Notification will include complete justification for the training.

3. Programming. Training program lines resulting from waived constraints approved by DSAA will be identified by placement of an "A" in column 58 of "4" and "Q" cards.

E. TRAINING GUIDANCE.

1. Student Training.

a. Training at U.S. Military Facilities and Civilian Institutions. Under budget project and generic code N10, individuals are trained at U.S. military facilities and civilian institutions in the U.S. or abroad. Included are formal courses of instruction, observer training (OBT), on-the-job training (OJT), and orientation training tours (OT). For accounting purposes,

costs related to the Informational Program are also charged to this account. For programming instructions, see paragraph K of this chapter.

(1) U.S. Military Service Schools. Foreign military trainees (FMTs) desiring to attend U.S. military service schools must meet the same qualifications as U.S. personnel. These requirements are set forth in applicable school catalogs, DoD Instruction 5010.16-C, "Defense Management Education and Training," and other media. Questions concerning specific entrance requirements should be addressed to the military department having cognizance over the particular training facility.

(2) U.S. Civilian Schools. Training at non-military institutions is authorized only if equivalent training is not available at U.S. military facilities. DSAA approval is required prior to programming. (Resulting approval will be indicated by placement of an "A" in column 58 of "4" and "0" cards.)

b. English Language Training. Technical control of the English language training program is the responsibility of the Defense Language Institute English Language Center (DLIELC). All English language training -- basic, intermediate and advanced -- provided to achieve the English comprehension level required for entry into technical training, and provided in CONUS under the provisions of International Military Education and Training or Foreign Military Sales, will be conducted by DLIELC. Exceptions to this may be approved on a case-by-case basis by the Director, DSAA.

(1) Minimum English Comprehension Level (ECL). It is the responsibility of the foreign country to ensure that trainees meet the ECL required for attendance at the particular course of instruction, regardless of how or where the language training is conducted. Except as may be specifically authorized elsewhere in this manual, 55 is the minimum ECL cut-off score for entry into English language courses other than language instructor or refresher training at the Defense Language Institute English Language Center (DLIELC). Exceptions to this requirement require prior DSAA approval and will be granted only where clearly justified by unusual circumstances. Countries permitted to attend DLIELC under the minimum ECL cut-off score of 55 will be notified at the beginning of each fiscal year (IMET only).

(2) Foreign Countries' Responsibility. With few exceptions, all foreign countries are considered to possess the resources (e.g., public and private schools, commercial institutions) needed to provide the necessary English language training to meet the ECL requirement set forth above, without external assistance. Countries will be expected to increase their English language training capability above the minimum ECL requirement outlined above. Assistance may be provided under this program by training of instructors at DLIELC, by providing English language mobile training teams (MTTs) or field training services (FTS), and by providing appropriate training aids. Information on these MTTs and FTS is contained in DLIELC 1025.1-M.

(3) Specialized English Language Training (SET). Provided the general ECL requirements have been met, SET may be provided in those cases where the military department concerned determines that exceptional fluency or specialized vocabularies are essential to safety and/or effective participation in the course of instruction. The annotation SR (SET required) or SA

(SET advised) will appear in the ECL/SET REQ column of the MASL for these courses. Specialized English language (technical terminology) training and supplemental technical terminology training may be conducted by agencies other than DLIELC when the following conditions are met:

(a) The trainees have achieved the prerequisite English comprehension level proficiency as prescribed by Service regulations, for entry into technical training.

(b) Such training is given in conjunction with equipment-specific "hands on" training or familiarization, and

(c) Such training is effective and economical to the U.S. and/or foreign government and meets the technical standards set by DLIELC.

(4) Security Assistance Organization (SAO) Responsibility. SAOs are responsible for ensuring that trainees meet the minimum ECL prescribed by the MILDEP for each course of instruction or for entry into DLIELC, as outlined in Section E.1.b.(1) above. Tests to determine the ECL of foreign selectees are provided by DLIELC, together with instructions for administering the tests. ECL minimums by course are listed in the Military Articles and Services List (MASL), published by DSAA, effective FY 84 and beyond.

(5) Service Waivers. Requests for waivers to minimum course ECL prerequisites to training provided by MILDEPs will be made to the cognizant MILDEP.

(6) English Language Training by Commercial Contract. In those cases where the Director, DSAA, approves that English language training be provided by a commercial contract, DLIELC will provide technical advice and assistance during the contracting process. When English language training is contracted, DLIELC will periodically evaluate the English language training program to insure it is meeting the needs of the students.

(7) Test of English as a Foreign Language (TOEFL) and Graduate Record Examination (GRE). SAOs are authorized to program the cost of the TOEFL and the GRE as part of the course cost under IMET when required for entrance into military undergraduate or graduate training. Inclusion of the cost of the GRE for other than military graduate training will be authorized by DSAA on a case-by-case basis. Costs of travel by prospective FMTs to the testing site will not be funded under IMET.

c. Indigenous Training.

(1) In-Country Training Capability. As a basic objective, development of country self-sufficiency depends largely upon the quantity and quality of instructors available to operate in-country training establishments.

(2) Instructor Training. Country personnel designated for instructor assignments should be given priority consideration for U.S. training. If MILDEPs offer specialized instruction for the development of instructor personnel, these courses should be used to the fullest extent possible in developing and maintaining an effective recipient country instructor force.

(3) Assistance in Determining Deficiencies. In addition to specialized training for country personnel, MTTs or survey teams may be made available to eligible countries to assist in determining deficiencies, recommending corrective action, and providing instruction toward the objective of improving country training capability through instructor development.

d. Fifth Quarter Training.

(1) Fund Availability. Funds are made available for training under "Fiscal Limitation" .001, which identifies funds requiring obligation within the fiscal year for which appropriated. As a means of increasing course scheduling flexibility for IMET, training commencing between 1 October and 31 December may be programmed in either the preceding or current fiscal year program, thus providing a "fifth quarter" in which to implement training in a given fiscal year. Training having fifth quarter availability will be programmed with a "5" in column 70, and will be priced at budget year prices.

(2) Obligation of Funds. When fifth quarter training is programmed in the preceding year, funds must be obligated by 30 September of that year. Training in courses commencing between 1 January and 30 September must be included in the program of the fiscal year in which it commences. Particular problems should be referred to DSAA Comptroller for resolution.

(3) Restrictions. Fifth quarter programming applies to IMET individual student training courses only, and may not be used for orientation training, MTTs, or other training materials or services.

e. Defense Resources Management.

(1) Program Development. In developing programs for training in the field of resources management, care must be exercised to avoid "mirror imaging" of U.S. concepts, systems, and procedures which exceed the real needs or capabilities of the foreign country. There is no precise definition of what constitutes resources management or the skills associated with it. The following listing, therefore, is intended only as a guide to subjects generally considered to pertain to this field of activity.

(2) Planning. Defining defense objectives and making decisions among alternative courses of action to achieve these objectives.

(3) Programming. Establishing schedules for achieving objectives, collecting functions and activities sharing the same objective into families (programs), and estimating resource requirements for each.

(4) Budgeting. Formulating detailed yearly projections of resource requirements for the programs, obtaining and allocating associated funds, and balancing priorities in the competition for limited resources.

(5) Management of Capital Assets. Acquisition and disposition of goods and services. Management systems relating directly to tactical use of weapons and support systems are normally excluded.

(6) Management of Resources of Operating Activities, Including Employment of Manpower Resources. Administering the acquisition of consumable resources and their consumption in the execution of assigned missions.

(7) Accounting. Measuring results and status, usually in financial terms, for both organizational units and functional areas.

(8) Reporting. Transmitting financial and non-financial information on status and results of operations and investment to the appropriate levels of management.

(9) Evaluating. Analyzing defense activity performance and test results to determine the merit or degree of effectiveness of the activity or resources concerned.

(10) Auditing. Reviewing the accuracy of reported results and judging the adequacy of and compliance with established policies and procedures.

(11) Financial. Budget submissions, status reports on obligations and allotments, general ledger accounting, working capital fund reports.

(12) Manpower. Military and civilian authorization procedures, manpower status reports, management engineering methods.

(13) Supply. Item and weapon system supply management, inventory accounting, property disposal.

(14) Maintenance. Field maintenance management procedures, depot maintenance industrial fund, standard cost accounting and workloading.

(15) Facilities. Management reports, contract construction procedures.

(16) Acquisition. Contractual procedures, cost information reports.

(17) Research and Development Test and Evaluation. R&D concept papers, project control documents, test design, analysis, reliability.

f. On-the-Job Training. On-the-Job Training (OJT), or qualification training for CONUS Air Force courses, is training conducted on a planned program of supervised instruction devoted to practical application of a previously achieved skill usually related to a formal course of instruction. Programmed OJT will normally supplement formal technical training received at a school. This training will be planned in advance in the country's training program and will include detailed requirements for training in specific areas of interest and on types of material used by the country concerned. OJT conducted independently and not in conjunction with formal courses of instruction will be authorized in the U.S. only when no course covering the desired training is available. OJT in overseas schools and installations will be provided in accordance with the policies established by the Commander of the Unified Command concerned.

2. Mobile Training Teams (MTTs). MTTs are provided under budget project/generic code N20, and are composed of MILDEP personnel on temporary duty for the purpose of training foreign personnel.

a. Approval Criteria. As with any other aspect of a particular IMET country program, the decision to use MTTs should be based on consideration of all of the advantages and disadvantages inherent in the use of the particular MTT at a particular time, and in a particular country. A fundamental objective of IMET is to reach foreign military personnel who are, or are likely to be, influential in their services/countries by having them attend professional level CONUS training. The intent is to expose the foreign trainee to the American people, their way of life, institutions, beliefs, and aspirations. While this objective is not exclusive or overriding with respect to other considerations, it must be considered when selecting MTTs versus CONUS training. Moreover, any decision to use MTTs solely for their apparent cost benefits runs the risk of detracting from accomplishment of overall IMET objectives. With the availability of FMS/IMET pricing and MAP merger authority, every attempt should be made to provide MTTs through FMS rather than IMET, since these means of providing MTTs are almost equally financially attractive to the purchasing recipient country.

b. Other Criteria Bearing on MTTs. Within the guideline established above, MTTs should be considered when one or more of the following factors are clearly present:

(1) The training must be accomplished in the most rapid manner possible or in response to a particular threat or adverse condition affecting the security of the country concerned.

(2) The training is of relatively short duration and must reach a large number of trainees and entails extensive use of interpreters or language-qualified team members.

(3) The training can only be conducted on equipment or in facilities located in the foreign country.

c. Authorization Criteria. MTTs may be authorized for deployment to foreign countries and also to U.S. installations and facilities as follows:

(1) Requirements Beyond In-Country U.S. Capability. Overseas deployment would be for specific training requirements in country which are beyond in-country U.S. resources and for which it is more expeditious, practical, and economical to bring the capability to the country.

(2) Equipment Transfers. Overseas deployment would be for training in support of FMS-furnished equipment when a DSAA waiver is obtained or for training associated with MAP equipment transfers wherein the recipient country may be assuming ownership of U.S.-furnished equipment at other than a U.S. facility.

(3) Surveys. Overseas deployment would be for the purpose of conducting in-country training surveys to determine specific country training needs, determine capability and quantity requirements which are beyond the

country capability to assess, and are associated with equipment deliveries or assistance leading to self-sufficiency.

(4) U.S. Installations. CONUS deployment would be for the purpose of providing training to foreign personnel at U.S. installations and facilities in those instances when the equipment used for training is either owned by or allocated for delivery to the foreign recipient.

d. As a matter of policy, IMET will not be used to fund MTTs from DoD schools.

e. Implementation. MTTs are implemented by the MILDEP concerned and may be drawn from service resources in the U.S. or overseas, as necessary.

f. Duration. IMET MTTs are authorized on a temporary duty basis for a period not to exceed six months. MTT assistance required for a period in excess of six months or identical follow-up teams are not authorized. Requirements for long term assistance exceeding six months should be met by training country personnel in the skills represented on the SAO JTD and/or programming of engineering and technical services specialists.

g. Subsistence, Per Diem, and Transportation. Subsistence expenses, or per diem allowance in lieu thereof, obligated in one fiscal year for MTTs cannot be extended into the succeeding fiscal year. Therefore, personnel on MTT duty must terminate their TDY and return to home station prior to 30 September, unless action has been taken to reprogram the team in the new fiscal year, subject to the six month restriction contained in paragraph "f" above, receipt of Continuing Resolution Authority (CRA) or other budget authority in the new fiscal year, and DSAA approval has been granted. Transportation costs for round trip team travel are chargeable to the fiscal year of the start of the TDY.

h. Coordination and Preparation. Use of MTTs requires special coordination and preparation with country personnel prior to team arrival. Establishment of the team mission in precise terms, to include availability of training equipment by type, student availability, capability, ECL, training facilities, transportation, communications, and team living arrangements should be the subject of country-SAO discussion prior to programming, and should be finalized prior to the team's arrival.

i. Programming Instructions. Compliance with paragraph D.1.r. of this section is required prior to programming MTTs under IMET. MTTs will be programmed under generic codes N2A-N2V. Refer to Appendix D, Table D-9 of this Manual and Table 10-II-4 of this chapter for further definition and breakdown of these generic codes.

(1) Duration and Numbers in Team. MTTs will be programmed to indicate duration in weeks and number of team members. The cost of teams in terms of duration in weeks and number of team members will include:

- | | |
|--|---|
| -- Transoceanic Travel (round trip) | -- In-Country Travel |
| -- Station and Travel Per Diem Allowance | -- Official Baggage, including excess, if justified |
| -- CONUS Travel and Team Orientation | -- Salaries of DoD Civilians |

(2) TDY Per Diem Allowances Outside CONUS. Per diem allowance costs during TDY travel outside CONUS will be computed according to rates shown in current Joint Travel Regulations (JTR) for military personnel, and according to rates shown in current Standard Regulations, Government Civilians, Foreign Areas (published by the Department of State), for U.S. Government civilians.

(3) CONUS Travel Rate. Cost of CONUS travel of team members will be programmed at an estimated rate which includes cost of commercial air transportation, official baggage (not to exceed 150 pounds), and per diem.

(4) Teams Furnished from Overseas. Cost of teams furnished from overseas will be computed using commercial air (tourist rate) transportation, per diem, and excess baggage.

(5) Overseas In-Country Travel. In addition to the factors indicated above, \$15.00 per man per week is authorized for programming purposes to cover overseas in-country travel, if the actual cost is unknown.

(6) Official Baggage. When the nature of a team requires official baggage not to exceed 150 pounds or five pieces of checked baggage per man (84 pounds excess), \$150.00 overseas round trip per man is authorized for programming purposes. Cost estimates for team baggage which exceed 150 pounds or five pieces of checked baggage per man will be obtained from the MILDEP concerned prior to programming.

(7) Joint MTTs. A joint MTT will be programmed using the appropriate MASL line of the MILDEP having the predominant number of members. In the event of a balanced team, use the MASL line of the MILDEP counterpart to the requesting foreign country service.

(8) Column Utilization When Programming MTTs. When programming MTT requirements, only the cost to cover transportation (including authorized excess baggage) and per diem for team members will be programmed in columns 51 through 56 of the country program. Costs for MTT deployment orientation/training and training aids (including packing, crating, handling and transportation (PCH&T)) which must accompany the MTT if it is to properly carry out its function will be programmed as follows:

(a) Predeployment Orientation/Training. Predeployment orientation/training costs for team members will be reflected as "unit cost" and programmed in columns 36 through 43 of the country program.

(b) Training Aids. Training aids (including PCH&T) will be programmed separately in the country program under generic code N2, description: MTT-TRNG AIDS (MASL Item-ID 309000-CONUS, 319000-O/S). This program line will show the next appropriate sequential "alpha" in column 65 of the worksheet control number. Only those training aid requirements for use by the MTT which cannot be predetermined and requisitioned under FMS will be included under this procedure, subject to approval by DSAA.

j. Not Authorized for Technical Assistance. MTTs are not authorized for the purpose of providing "technical assistance."

3. Technical Assistance. Technical assistance teams (TATs) and technical assistance field teams (TAFTs) are provided under generic code M, and are normally requested at the time major equipment is ordered.

a. Technical Assistance Teams (TATs) are composed of U.S. DoD personnel deployed to a foreign country in a TDY status to place into operation, maintain and repair equipment provided under foreign military sales (FMS) or grant aid programs. TATs are not considered to be security assistance training and are not provided under IMET.

b. Technical Assistance Field Teams (TAFTs) are composed of U.S. DoD personnel deployed in a PCS status for the purpose of providing in-country technical support to foreign personnel on specific equipment, technology, weapons, and supporting systems, when MTTs and ETSSs are not appropriate for the purpose requested. TAFTs are not considered to be security assistance training and, therefore, are not provided under IMET.

4. Field Training Services (FTS). Budget project N30 provides funds for DoD Engineering and Technical Services Specialists (ETSS) and Contract Field Services (CFS) personnel, as specified below:

a. DoD Engineering and Technical Services Specialists (ETSS). ETSS are DoD military and civilian personnel technically qualified to provide advice, instruction, and training in the installation, operation, and maintenance of weapons, equipment, and systems.

(1) Administration. ETSS will be attached to the SAO rather than assigned and carried on the Joint Table of Distribution (JTD). They will not be provided as an augmentation to the SAO staff to perform duties which are normally the responsibility of that staff. They will not be used for follow-on retraining or in advisory roles, except in rare instances when the recipient country is not capable of providing qualified personnel from its own resources or of hiring qualified personnel from non-indigenous sources and the SAO recommends it in the interest of the U.S. ETSS provided as English language instructors, supervisors, or advisors on detached duty status from DLIELC will be attached to the SAO, as specified above.

(2) Duration. ETSS may be provided for periods up to but not exceeding one year, unless specifically approved by DSAA. In those rare cases where the technical services are required for periods in excess of one year, ETSS personnel will be attached to the SAO for operational control and administrative and logistical support.

(3) Programming Instructions. ETSS will be programmed under generic code N30.

(a) Requirements. ETSS personnel will be programmed on the basis of man-month requirements. The program cost will include:

CONUS Travel,
Transoceanic Travel (round trip),
In-Country Travel,
Station Allowance (military or civilian),
Overseas Allowance (military or civilian),

Official Baggage, including excess, if justified,
Salaries of DoD Civilians.

(b) In-Country Travel. For programming purposes, a factor of \$40.00 per man per month is authorized to cover the cost of in-country travel, if the actual cost is unknown.

(c) CONUS Travel. For programming purposes, a factor of \$320.00 is authorized to cover the cost of CONUS travel.

(d) Overseas Living Allowance. For programming purposes, a factor of \$210.00 per man per month is authorized as a living allowance.

(e) Official Baggage. For programming purposes, \$150.00 round trip per man is authorized for official baggage (five pieces of checked luggage, not to exceed 150 pounds total; 84 pounds excess).

b. Contract Field Services (CFS) Personnel. CFS are furnished under contract with private industry. They provide advice, instruction, and training in the installation, operation, and maintenance of weapons, equipment, and systems. CFS will be utilized only when necessary for accomplishment of a military mission, provided that it can be clearly shown that personnel of the required skill are not available from DoD resources and the MILDEP involved determines that satisfactory provision of services by DoD personnel is not practicable. Conditions of CFS must be approved by DSAA.

(1) Programming Instructions. CFS requirements will be programmed on the basis of man month requirements. The program cost will include:

Transoceanic Travel (round trip),
Contract Cost (per month),
Living Allowance,
Official Baggage, including excess, if justified.

(a) Contract Cost. Contract cost will be based on a per month rate and will include cost of transportation from home office to the U.S. port of embarkation, less the living allowance payment (in local currency) described below.

(b) Local Currency Living Allowance. A daily living allowance (payable in local currency) is authorized for CFS Personnel. For programming purposes, a factor of \$210.00 per man per month is authorized (payable in local currency) as a living allowance. The \$210.00 factor will be programmed as a dollar requirement.

(c) Official Baggage. Unless other and more accurate cost requirements are known, program \$150.00 round trip per man for official baggage (150 pounds total, 84 pounds excess). CFS may be programmed on a one-year basis in a fiscal year program for total man-month cost regardless of whether the duration (man-month service) extends into the subsequent fiscal year.

5. Orientation Tours (OT). This category includes orientation tours and, for programming and accounting purposes, related Informational Program requirements.

a. Orientation Tours and Policy Guidance.

(1) Objective. The objective of orientation tours is to provide selected students an opportunity to become acquainted with U.S. military doctrine, techniques, procedures, facilities, equipment, organization, management practices, and operations through short term orientation as opposed to attending longer term formal courses. In addition to the purely military objectives to be achieved through orientation training, it is intended that orientation tours serve to enhance mutual understanding, cooperation, and friendship between U.S. forces and those of participating nations. The number of orientation tours and the number of personnel comprising the tour should be kept to a minimum since tours are expensive in terms of U.S. service support personnel and IMET funds. Moreover tours should not comprise a major portion of an established program nor be a routine use of country program funds.

(2) Country Team Evaluation. OTs for IMET funding should be programmed only after the U.S. ambassador attests to their importance to the country's efforts with adequate supporting rationale provided by the SAO to DSAA for approval.

(3) Foreign Participants. The basic premise under which OTs are offered is that only officers holding important positions, or those with the possibility of holding such positions shall be selected. Visits by foreign military cadets to U.S. service academies are not authorized under IMET. Participation in orientation tours should be limited to officers occupying important positions but below the U.S. equivalent of Chief of Staff or Chief of Naval Operations. Visits of foreign officers equivalent to a Chief of Staff or Chief of Naval Operations are conducted at the invitation and expense of the U.S. MILDEP concerned. Based on DSAA approval, IMET funds may be considered on a case-by-case basis to finance portions of such visits, after they have been approved by the appropriate service chief.

(4) Student Selection. Selection of students for orientation training and the design of itineraries should be made on the basis of maximum accomplishment of orientation training objectives as outlined in paragraph B. Where tour objectives are specific in terms of exposure to specialized techniques, procedures, and facility operation, the schedule should be designed accordingly, as opposed to tours in which the objective is intended to be broad exposure to concepts, higher level decision making, management, and staff operation. In no instance should tour itineraries reflect a tourist orientation schedule in which the tour objectives are obscure. Visits to large metropolitan centers which do not directly relate to orientation training objectives should be avoided. DSAA approval of orientation tour itinerary and areas of interest is required prior to implementation.

(5) Approval of Exceptions. Requests for OTs which fall short of the objectives as stated herein will be forwarded to DSAA with supporting rationale and justification for approval prior to any proposal to country officials which could be construed as an agreement to provide a tour.

(6) Official Entertainment. Official entertainment in connection with OTs (luncheons, dinners, receptions) should be in keeping with the grade and position of the tour participants. Protocol activities of this nature should be arranged on an austere basis. Activities which could be interpreted as being lavish should be avoided.

(7) Size of Tour Groups. Large group OTs should be discouraged. Experience indicates that orientation tours for large groups are difficult to manage and usually result in a bland experience for the majority of participants, at a disproportionate cost.

(8) Assignment of Executive Agency and Escort Officers. An executive agency is assigned to conduct and provide escort officers for OTs in the CONUS. The executive agency is the MILDEP having primary interest in the tour, or the MILDEP selected by DSAA as executive agency to implement a specific tour. Every effort will be made to provide escort officers fluent in the language of the tour participants when lack of English fluency of the participants makes a language qualified escort essential to tour objectives. Normally, an SAO representative should not be used as escort officer. However, in exceptional cases, the executive agency may consider an SAO representative to serve as an escort officer when fully justified, e.g., because of special qualifications, workload, unusual rapport with key host country personnel, and associated projects/contacts which might be beneficially exploited to the U.S. advantage. The SAO representative selected as an escort officer will be under the complete jurisdiction of the executive agency and will remain with the tour at all times until the tour participants return to host country. TDY travel and per diem costs for the escort officer for the duration of the tour are chargeable to IMET funds, and will be programmed as a separate program line in the country program under budget project N70. U.S. personnel other than bona fide escort officers designated or agreed to by the executive agency for tour implementation are not authorized to accompany tour groups. A factor of \$600.00 per man week is authorized for programming (N7B) when escort officer services are required in connection with orientation tours. The dollar value of escort officers is programmed in columns 51-56 of cards 4 or Q, as applicable.

(9) Leave for Participants. Leave may be taken by tour participants at the conclusion of an OT at no additional expense to IMET, when authorized in student Invitation Travel Orders (ITO).

b. Types of Tours. OTs for Distinguished Visitors (DV), and orientation training tours are authorized for IMET programming. When submitting orientation tour requirements, the positions held by the visiting officers will be indicated for the type of tour selected.

(1) Orientation Tours for Distinguished Visitors. OTs for DVs are authorized for the purpose of providing an OT for senior country officials holding positions of major importance and higher authority below the equivalent U.S. position of Chief of Staff or Chief of Naval Operations. Requests for OTs at the Chief of Staff and higher levels will not be funded under IMET and should be referred to the corresponding U.S. element for action. DV tours are restricted to not more than one per service per year, subject to MILDEP capability to implement the tour. DV tours are normally for a period not to exceed 14 calendar days plus overseas travel time and to not more than five

visitors per tour. Travel arrangements (mode of transportation for trans-oceanic and domestic travel) and accommodations should be comparable to those provided U.S. personnel under similar circumstances. Instructions contained in paragraphs 5.a.(1), (2), and (3) above, apply.

(2) Orientation Training Tours (OTTs). OTTs are authorized for the purpose of providing an orientation tour for selected officers who may become future leaders and policy makers, but do not presently qualify as a DV. Tours should be restricted in number to the extent possible and limited primarily to foreign military participants. The overall target should be to reduce the cost of the tour by restricting the number of participants involved. Instructions contained in paragraphs 5.a.(1), (2), and (3) above, apply.

6. Observer Training. Observer training is training during which the student observes methods of operation, techniques, and procedures as a medium of instruction. Observer training is not related to a formal course of instruction although it sometimes supplements or follows a student's formal training.

a. Conditions for Authorization. Observer training will be authorized only when no course covering the desired training is available. This includes specialist-type training.

b. Exclusions. In addition, certain observer training explicitly excludes "hands on" training. For example, foreign personnel enrolled under medical observer training will be prohibited from actual practice with patients.

7. DoD Informational Program (IP). In accordance with DoD Directive 5410.17, each trainee attending a formal course in the U.S. is given the opportunity to participate in the IP. The objective of the program is to assist trainees in acquiring a balanced understanding of U.S. society, institutions, and goals, in addition to their military experience while in the U.S. In addition, the program gives foreign personnel the opportunity to gain maximum benefits from their learning experience by participation in extracurricular activities arranged by the MILDEP in order to facilitate their adjustment to their new surroundings. Activities such as visits to private homes, local industries, industrial and cultural exhibits, farms, schools, historical points of interest, sports events, and civic activities are to be encouraged. In the interest of fostering understanding and goodwill, the program should include frank explanation and free discussion with the trainees of our governmental structure, our judicial system, the two-party system, the role of our free press and other communications media, minority problems, the purpose and scope of labor unions, our economic system, our educational institutions, and the way in which all of these elements reflect the U.S. commitment to the basic principles of internationally recognized human rights.

a. Responsibility for Implementation. MILDEPs are responsible for implementation of the IP. Cost factors for implementing the program will be included in and derived from the course tuition costs. Commanders of U.S. training installations will designate a foreign training officer (FTO) for consolidated administration of FMTs and to conduct the IP.

b. Funding. Extraordinary expense funds (N60), as limited by foreign assistance appropriations and foreign assistance acts, are also authorized for use in conducting certain IP activities for IMET FMTs.

c. Scope of Funded Activities. IP activities include transportation, meals, lodging, admissions, programs, and related incidental expenses. The student will be required to assume personal costs for laundry, cleaning, telephone services, and all other costs not directly associated with the programmed tour. IP funds may be used to finance the cost of distinctive medallions, plaques, ornaments, or mementos which serve to commemorate the student's experience in participating in a particular IP activity. They should be distinctive in design and nominal in cost so as to eliminate the feeling on the part of FMTs that reciprocation is required.

(1) Use of Local Civic Groups. IP activities should make maximum use of local civic groups, organizations, agencies, facilities, and historical attractions. Of particular interest is the development of a student sponsorship program to include both U.S. military and civilian participants. Emphasis should be placed on activities in the civilian sector of the community in which the trainee is training as a means of providing the best possible exposure to the civilian aspects of the program. When program objectives cannot be fully satisfied in the local area, visits to other communities are authorized.

d. Visits to Washington, DC. A major goal of the IP is to enable officer students and, when justified and approved by DSAA, selected senior enlisted students to visit Washington, DC. A maximum of four days for this aspect of the tour is authorized, not to include travel time. Training schedules, weather, and other variables may preclude achievement of this goal. In this regard, priority attention is to be given to fulfillment of the primary training objective for which the student was sent to the CONUS, with the IP assuming a subordinate role.

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

f. Duty Status of Trainees. Trainees participating in IP tours are considered to be in a duty status. The living allowances authorized for IMET trainees at their training centers (see Table 10-II-2 of this chapter) will be continued throughout the duration of the tour.

g. Participation of Dependents. Dependents who accompany or join FMTs in the U.S. will be encouraged to participate in IP activities, but at no additional cost to the program.

8. Country Liaison Personnel. Use of foreign personnel as liaison officers to assist U.S. training activities with FMT administration is authorized only after the MILDEP concerned has acknowledged the need for assistance and has the capability to provide logistic support. Liaison personnel will normally be authorized only in those instances in which a country is scheduled to train a large number of students or where student background warrants liaison personnel assistance. Programming procedures for travel and

living allowance are the same as for FMTs, if funded under IMET. Liaison personnel will be programmed under generic code N10. Liaison officers will not be authorized to pursue a course of instruction concurrently with liaison duties.

F. GENERAL GUIDANCE CONCERNING STUDENTS.

1. Selection and Utilization of Trainees.

a. Selection of Trainees. To the extent practicable, personnel trained under the auspices of the IMET program, and particularly those attending CONUS schools, will be selected from career personnel likely in the future to occupy key positions in the foreign country's defense establishment. Except as may be authorized specifically by DSAA, the requirement for selection of career personnel is mandatory for attendance at professional level schools (e.g., command and staff or equivalent and higher, and college level).

b. Utilization of Trainees. Under the direction and supervision of Commanders of Unified Commands, SAOs are responsible for obtaining appropriate assurances that personnel trained under the auspices of this program are properly and effectively utilized. Such utilization is defined as prompt employment of the individual in the skill for which trained for a period of time sufficient to warrant the expense to the U.S.

(1) A system of periodic review of trainee assignments should be incorporated into SAO operating procedures. As a guide, optimum assignment periods are considered to be three years for flight instruction and highly technical training such as missile training, and not less than two years for other training, particularly instructor training.

(2) To the extent consistent with available resources, SAOs are expected to maintain surveillance over utilization of U.S. trained personnel, with emphasis on the more critical and higher level skills and personnel attending CONUS schools. Periodic reports rendered by appropriate foreign authorities normally will satisfy this requirement.

2. Student Security Screening. A security screening of trainees will be accomplished by U.S. officials in country prior to issuance of the ITO for all scheduled training, regardless of level of classification. Additional information is required for trainees attending classified courses.

a. Attendance in Classified Courses. The SAO must receive a statement in writing from the foreign government that the government concerned sponsors the trainee, that the trainee has been subjected to a security screening and that the level of security clearance granted by his government does not constitute a security risk to the United States, that the information to be obtained during the training will not be released to another nation without the specific authority of the U.S. Government, that classified information will be provided the same degree of security afforded it by the U.S. Government, and that any proprietary rights involved (patented/copyrighted or not) will be respected and protected. When this certification is obtained, the applicable statement will be checked in Block 8 of the ITO, DD Form 2285 (Figure 10-II-1, this chapter).

b. Access to Classified Material. The security certification described above does not constitute a U.S. clearance as the basis upon which to release classified material to the trainee. When classified instruction is requested, action will be taken with the MILDEP concerned to establish the authority and determine the classification of material to be released during training, based on a need to know and disclosure agreements with the country making the request.

3. Transportation and Accommodations for FMTs. It is DoD policy to encourage foreign countries to assume the cost of transportation for their students so that IMET funds are utilized to permit higher numbers of students to be enrolled in training.

a. Travel within Student's Country. The program will not pay travel costs of trainees traveling within their own country.

b. Use of Foreign Flag Carriers. Whenever possible, SAOs assigned to countries which have national flag carriers with routes to or part way to the U.S. will obtain agreement from the host countries to transport their respective trainees on such carriers at no cost to the U.S.

c. Modes of Transportation when Furnished by the U.S. Travel between home country and the training center for those FMTs provided transportation by the U.S. Government will be the most direct route, except as specified below.

(1) Travel to/from CONUS by Military Airlift Command (MAC) Aircraft. FMTs are authorized to travel by MAC aircraft. Transportation of FMTs including those whose country elects to pay the cost of the transportation will be at common user rates.

(2) Travel to/from CONUS by U.S. Commercial Air or Surface. Travel to and from the U.S. will be via U.S. Government transportation (MAC) to the fullest extent feasible. When the use of U.S. Government transportation for the entire trip does not permit the trainee to meet course or class convening dates, combinations of U.S. commercial air or surface common carrier (tourist class) and government transport will be used. Where this combination has been used, U.S. Government transportation for the return travel to the home country will be utilized to the fullest extent possible.

(3) Travel within CONUS. Transportation to and from training installations within the U.S. generally will be by surface common carrier or commercial aircraft. Travel by privately owned vehicle (POV) may be authorized except in those instances in which it would be prejudicial to the best interests of the U.S. Government. Reimbursement for travel by POV will be as specified in the Joint Travel Regulations (JTR) and the Joint Security Assistance Training (JSAT) Regulation.

d. Funded Travel. Transportation may be funded except for those students from countries with which the U.S. has reached agreement for such countries to pay transportation expenses.

e. Transportation for Dependents of Trainees. Transportation for dependents of trainees will not be provided at U.S. Government expense. If

the trainee elects to bring his dependents to the U.S. (or to an overseas training installation), he may be allowed the cost of his transportation as prescribed in his ITO so that he may travel with his dependents. When this option is selected, the student will be encouraged to utilize U.S. flag carriers to the maximum extent possible.

f. Transportation for Emergency Leave. Round trip transportation costs for a trainee returning to his homeland on emergency leave will be paid by the trainee or his government if he is to return to the U.S. for continuation of training.

g. Deviations From Planned Travel Routes. When a trainee is permitted by his government to deviate from the most direct route for the purpose of visiting other countries, U.S. sponsorship will terminate at the point and time of such deviation. Further, should a trainee elect to remain at a point enroute to his homeland beyond the time normally required to make travel connections, funding of allowances during that excess time is not authorized.

h. Enroute Accommodations. Accommodations on U.S. installations provided to foreign students enroute will be commensurate with those provided U.S. personnel of equivalent grade.

i. Travel to Non-Resident SAO. SAOs responsible for managing an IMET program for a country in which it is not resident may program transportation to/from that SAO for briefing/debriefing of IMET FMTs, so long as there is no U.S. representation in the country of the IMET trainee that could provide the service and when requested by the Ambassador. This does not apply for cost sharing countries.

4. Living Allowances for FMTs. The IMET living allowance is a standard rate, equally applicable to all countries, and is intended to cover an average cost differential of the trainee living away from his home station. It is not a substitute for normal compensation. Responsibility for timely payment of sufficient overall compensation to allow for decent living standards and effective completion of the training rests with the trainee's country. It is DoD policy to encourage foreign countries to assume the cost of all living allowances so that IMET funds are utilized to permit higher numbers of students to be enrolled in training.

a. Entitlements for Trainees in Travel Status. For IMET-paid travel, trainees are entitled to living allowances in a travel status, to include the day of departure from home country (JTR rate), through the day of arrival at their first training location. Living allowance in training status will commence the day after arrival at the training location. Living allowance in a travel status will resume the day of departure from the last training location and terminate the day of arrival in home country, excluding any leave period authorized by trainee's government following termination of training. In no case will the program pay travel costs or living allowances of trainees traveling within their own country.

(1) Transoceanic Costs Borne by Foreign Country. Trainees whose travel to the U.S. is paid by their own government are entitled to living allowances in a travel status to include the day of departure from the U.S. entry port enroute to the training location, through the day of arrival

at the training location. Living allowance in a travel status will resume the day of departure from the last training location and include the day of arrival at the U.S. departure point. This policy also applies to FMTs whose country pays a portion of the transoceanic travel costs, e.g., from homeland to London and return.

b. Entitlements for Trainees in Training Status. A living allowance will be programmed for all trainees in a training status, unless otherwise directed, as indicated in paragraph F.4., above. See Table 10-II-2 of this chapter. For programming purposes, a standard factor will be used for officers and for enlisted personnel, on the assumption that quarters are available, mess is not available for officers; quarters and mess are available for enlisted personnel. For enlisted personnel, the full entitlement is not paid directly to the trainee. Enlisted personnel are paid a reduced stipend per week for the purchase of personal items of health and comfort, with the remainder programmed for reimbursement to the appropriate MILDEP for laundry and subsistence. Where it is known in advance that quarters and/or mess are not available, the appropriate factors in Table 10-II-2 of this chapter will be used for programming. Where it is determined that dependents are authorized to accompany trainees, i.e., those attending selected courses designated by the MILDEPs as indicated in Note 4 of Table 10-II-2 of this chapter, the "with-dependents" rate will be used.

c. Non-Authorized Living Allowances. Living allowances are not authorized for:

- (1) Periods of unauthorized absence from duty.
- (2) Excess travel time not authorized by the administrative authority of the MILDEP concerned when proceeding by other than U.S. government transportation.
- (3) Periods of delay not in connection with training except for hospitalization or outpatient care.
- (4) Trainees whose country assumes the payment of all living costs.
- (5) Periods of training conducted in the home country of the trainee, except for Panamanian IMET students attending Panama Canal Area Military Schools (PACAMS).
- (6) Periods of leave for individuals on orientation tours.
- (7) Periods of leave authorized by trainee's government following termination of all training courses.

d. Leave with Living Allowances. IMET trainees who receive living allowances while in training status may be granted leave with living allowances within CONUS during authorized holidays, during periods between consecutive courses, and during periods of delay while awaiting transportation at the port of departure for their home country. The SAO and the MILDEPs are jointly responsible for reviewing scheduled sequences of training for individual FMTs to determine whether additional training courses or on-the-job training/observer training (OJT/OBT) could be programmed to fill gaps between courses prior to preparation of the ITO for all FMTs.

e. Advance Payment of Living Allowances. Advance payment of living allowances not to exceed \$100 may be made to trainees at the port of entry or the first training location for trainees in the U.S. and at the first training activity for overseas trainees. MILDEPs may authorize advance payment of allowances which may accrue during the remaining authorized periods following the termination of training.

f. Settlement of Claims. Vouchers for settlement of outstanding entitlements for IMET students will be submitted via the SAO to the nearest U.S. paying agent for payment to the trainees in local currency at the authorized exchange rate. If it is determined that an IMET trainee who has departed the CONUS or overseas training activity was overpaid in CONUS or at the overseas activity by an amount in excess of any amount otherwise owed to the trainee upon submission of the final travel voucher by the SAO in country, no attempt will be made to collect the overpayment from the trainee. The MILDEP concerned will determine whether a funding adjustment via an IMET Order is necessary for the worksheet control number (WCN) series concerned.

5. Baggage Weight Allowance for FMTs.

a. Authorized Baggage.

(1) Authorized Weight Allowance. The baggage allowances outlined below are total allowances, excess baggage being the difference between the baggage permitted by the transportation carrier and the total allowance. These allowances apply for that portion of the travel costs payable from U.S. funds. NOTE: Baggage sizes and dimensions are to conform to carrier stipulations.

(a) A total baggage weight allowance of 100 pounds, not to exceed three (3) pieces of checked baggage, is authorized for FMTs when training is less than 40 weeks.

(b) An additional 30 pounds for flying training equipment, not to exceed a total of four (4) pieces of checked baggage, are authorized for students enrolled in flying training of less than 40 weeks.

(c) When duration of training is 40 weeks or longer, a baggage allowance of 150 pounds, not to exceed five (5) pieces of checked baggage, is authorized. IMET-sponsored foreign personnel on duty at U.S. training installations as liaison officers are authorized a baggage allowance of 150 pounds, not to exceed five (5) pieces of checked baggage.

(2) Instructional Course Materials. The cost of shipment of student retainable instructional materials (RIM) will be included in the tuition rates for all formal courses, based on standard rates set by Section 71106 of DoD 7290.3-M.

(a) Weight Allowances. The following weight allowances apply to shipment of instructional material:

1. 200 pounds for all courses the MILDEPs consider to be in the PME category (as approved by DSAA) and which will appear in the MILDEP appendices to the JSAT Regulation.

2. 50 pounds for all other courses.

(b) Packing and Labelling. This material is to be packaged and labelled at the training installation and shipped via the most expeditious means to the SAO of the country for delivery to the FMT, or to the official address for classified material. A copy of the student's ITO will be placed inside the package. Use of the APO/FPO address of the sponsoring SAO is authorized; packages must be addressed to the SAO, not to the FMT.

(c) Personal/Unauthorized Matter. The training installation will ensure that no personal effects or other unauthorized matter is shipped with the instructional material.

(d) Cost to Students. Students wishing to send their instructional materials via international mail, and/or send instructional materials in excess of the total maximum allowance, will do so at their own expense.

b. Unauthorized Baggage. Shipment of baggage in excess of the weight allowance contained in 5a(1) above is not authorized. Disposition of unauthorized baggage will be made at the expense of the trainee or his government. Commanding officers of the training or administrative installation should ensure that unauthorized baggage is shipped at the trainee's expense prior to his departure from the installation. Trainees reporting to ports of departure with unauthorized baggage will be requested to forward the unauthorized baggage by commercial means at their expense. If lack of time prohibits this, unauthorized baggage will be taken into custody by the traffic representative, and the trainee will be given a receipt for the baggage. The trainee will remain on the scheduled flight or carrier. After departure of the carrier, the traffic representative will deliver the unauthorized baggage to the nearest appropriate foreign consulate.

c. Guest Instructors at Panama Canal Area Military Schools (PACAMS). Shipment of household goods from the Panama Canal area to their home country is authorized for Latin American guest instructors who have completed a tour of duty at PACAMS. The net weight allowance is 2000 pounds for married guest instructors and 200 pounds for single guest instructors. A net weight allowance of 4,000 pounds is authorized for married Latin American guest instructors assigned as Deputy Commandant at PACAMS. In addition to net weights listed above, weight allowances are authorized for crating and packing materials on the same basis as for U.S. military personnel and in accordance with the JTR. Shipment of household goods in excess of authorized net weight will be at the expense of the guest instructor or his government. Shipment will be by surface common carrier. Air freight may be used only when surface common carrier is not available.

6. Uniforms and Personal Clothing. Except for charges for uniforms required for students in the Inter-American Air Forces Academy (IAAFA), furnishing uniforms or any items of personal clothing, other than special items of training clothing or equipment, is not authorized.

7. Visits to Canada and Mexico. Foreign trainees attending instruction in the CONUS may be authorized visits of not over 72 hours to Canada and

Mexico. They must comply with all immigration and customs regulations. Such visits will not affect the trainee living allowances.

8. Dependents of Trainees. Dependents will be discouraged from accompanying or joining trainees except in those cases where the MILDEP concerned determines for specific trainees and courses that housing and other amenities are available and presence of dependents will make an important contribution to the student's learning experience. Where dependents are authorized by the MILDEP, i.e., for officers attending selected courses as indicated in Note 4 of Table 10-II-2, a living allowance may be paid in accordance with rates established in this table. In no event, however, will transportation of dependents be at U.S. expense.

9. Disposition of FMTs in Event of an Emergency. In the event of a national emergency, procedures and policy for the disposition of trainees and other foreign military visitors in the U.S. and at U.S. installations abroad will be promulgated by DSAA.

10. Requests for Political Asylum. Procedures for handling requests for political asylum and temporary refuge are outlined in DoD Directive 2000.11.

G. EXTRAORDINARY EXPENSES. Extraordinary Expenses (budget project N60) are defined as those expenses incident to representational activities for FMTs. They include costs of commandant's welcome, receptions, banquets for civilian and military sponsors, class/seminar dining-ins, faculty-student luncheons, graduations, and other similar activities which bridge cultural differences and enhance the relationship between school officials, local community supporting participants, and foreign students while attending courses of instruction in U.S. and overseas facilities. N60 funds are limited by legislation contained in Section 636(g) of the Foreign Assistance Act of 1961 and related appropriation acts.

1. Use in Connection with IP and Orientation Tours. Extraordinary Expense funds may also be used for activities described in paragraph G. above, in connection with IP and orientation tours. Conditions contained in Section E.6. will guide such arrangements. The expenditures of N60 funds for other than students sponsored under IMET is not authorized. However, joint activities with FMS funded foreign trainees are often cost effective. In that case, IMET N60 funds and IP funds are pro-rated on the basis of respective number of IMET and FMS students.

2. Determining Amount. In determining the amount of N60 funds intended to be used for representational type activities, the following guidelines pertain:

a. Basic Allowance. An amount of \$1.00 for each officer and 50 cents for each enlisted trainee per course week is allowed.

b. Senior Officers and Senior Civilian Personnel. (Lt Colonels/Commanders and civilian equivalents, and above). When Senior and nondistinguished visitors are on an orientation tour or IP activity, the allowable N60 expenditure will not exceed \$9.00 per individual per installation per activity, not to exceed \$18.00 per day per individual.

c. Foreign Individual Member of OT/DV. For each foreign individual member of an OT/DV, as described in paragraph E.5., the expenditure of representation funds is authorized at a rate not to exceed \$18 per individual per installation per activity visited and not to exceed \$36 per day per individual.

d. Use for Contingencies. N60 funds may also be used to finance the cost of certain contingency expenditures when they clearly support overall training objectives and are within the legislative constraints contained in the Foreign Assistance Act. Disbursement of funds under these circumstances is authorized only after approval by DSAA.

3. Programming. Programming of dollar requirements will be accomplished by MILDEPs as prescribed in paragraph J. of this section. Legislative restrictions on extraordinary expense funds require that ceilings for representation expenses be provided to MILDEPs by DSAA once worldwide requirements are measured against the legislative limitation.

H. OTHER TRAINING SUPPORT. Budget project N70 provides funds for U.S. military guest officers, supplies and materials used exclusively for IMET (excluding training aids), and student support costs.

1. Costs of Facilities Used for Both IMET and FMS Training. Costs related to constructing, extending, refurbishing, or maintaining U.S. training facilities used for both IMET and FMS training will be shared between the IMET and FMS customer countries on a pro rata basis. Such costs should be financed initially by the appropriate MILDEP and the course costs charged for training at these facilities will be adjusted to provide reimbursement to the MILDEP appropriation.

2. Medical Costs. A factor of \$35.00 per student training line (exclusive of orientation) is authorized for programming purposes under generic code N7E (MASL IIN 365003/365004) for medical treatment in U.S. government facilities for IMET trainees. Funds for costs such as burial expense or other student support costs will be programmed under generic code N7F on a case-by-case basis only after DSAA approval.

3. Supplies and Training Materials (Generic N7C). Costs of supplies and training materials (excluding training aids) may be financed when authorized by DSAA. When requirements in these areas exist, supporting documentation will be provided through the appropriate Unified Command to DSAA for approval prior to programming. When third country training requirements exist for supplies and training materials (N7C) and services (N7E), the SAO will submit a request for offshore procurement certification in accordance with DoD Directive 2125.1 to DSAA, with information copies to the appropriate MILDEP and Unified Command.

I. TRAINING MATERIALS.

1. Used for In-Country English Language Training. Training aids and devices, books, and other publications, to include training films, for use in establishing or supporting in-country English language training programs, may be programmed and funded under Budget Project N90 as part of the IMET program of eligible countries.

2. Purchase through FMS Channels. Other training aids and devices and books, maps, and other publications should be obtained through FMS channels. Requests for exceptions to this policy will be considered on a case-by-case basis upon receipt of complete written justification. The justification must include statements as to why the provision of training materials under the IMET program is necessary, why it is in the U.S. interest, and the impact on the country training program (i.e., specific courses and training that will be deleted and how this training will be accomplished). Exceptions will be granted on a one-time basis and will not apply automatically to similar future requirements.

3. Programming of Training Materials. Training materials programmed under budget project N90 should be identified to DSAA when requesting funding, with an indication that the materials support the in-country English language program.

J. PROGRAM DEVELOPMENT, SUBMISSION, AND MANAGEMENT.

1. Purpose. The purpose of the following discussion 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 MILDEPs. Further, more specific programming guidance is contained in paragraph K. of this section.

2. Development Guidance.

a. Sources. In addition to guidance and instructions contained in this manual, the following documents provide information for the development of training programs: (1) The Military Articles and Services List (MASL), and (2) JSAT Regulation (AR 12-15, OPNAVINST 4950.1H, and AFR 50-29).

b. Refinements of Budget Year Program. The refinement of the budget year program should be accomplished prior to 30 May at the training workshops conducted between January through April. The workshops are hosted, coordinated, and participated in by the Unified Command, with representation from DSAA and MILDEPs for the purpose of determining training capability and to provide policy and procedural and technical advice. The submission to DSAA of refined budget year and plan year training requirements resulting from the training workshop review will be completed and processed to DSAA through the MILDEPs by 30 June.

c. Availability of Detailed Data to MILDEPs. Detailed training data for the first plan year program will be made available by SAOs to MILDEPs for processing to DSAA by 31 October, or as may be directed.

3. General Programming Instructions. In addition to individual courses of instruction available from MILDEPs for foreign students, other categories of training assistance which may be required in developing the program are contained in the MASL in line-item detail. A summary of all categories of training N10 through N70 is shown in Appendix D, Table D-9 and Table 10-II-4 of this chapter. This summary provides a reference for identifying specific training contained in the MASL.

a. Identification of Requirements. Detailed identification and explanation of the requirement(s) involved will be provided for each of the following line items when submitted for programming under IMET. When support is associated with a type of aircraft, specific support details included in these items must be identified as follows:

- (1) Observer or qualification training (OBT).
- (2) On-the-job training (OJT) not in conjunction with formal course of instruction.
- (3) MTTs -- especially where description does not adequately identify team as to specific type (e.g., MTT -- other).
- (4) Services.
- (5) Other Training Support/Costs.
- (6) Supplies/Materials.
- (7) Field Training Services.

b. Execution Agency Codes. For use in submitting requirements, Table 10-II-3 of this chapter prescribes the execution agency (EXA) identifier codes to be used to identify the agency responsible for providing the service, the funding command or agency, and the school or training activity at which services are expected to be performed.

4. Submission of Program Data. Planning year, budget year, current and all prior year training requirements under IMET will be recorded in the DSAA 1000 system. Training data for these programs will be maintained current by continual updating by the SAOs.

a. Channels of Submission. SAOs will submit initial budget year IMET requirements data and all subsequent changes thereto directly to the MILDEPs, with information copies to DSAA and the Unified Command. The MILDEPs will review submissions for availability of the training requested and transmit accepted requirements to DSAA.

b. Submission of Final Current Year Program Changes. Submission of final current year program changes (increases and/or additions) to IMET program requirements must arrive in DSAA not later than 15 August in order to be considered during the end-of-year closeout of that program on 30 September. Changes justified only on the basis of urgent military necessity will be considered after the 15 August cutoff date if approved in advance by DSAA and provided there is sufficient time to process the change and obligate the funds by the end of the fiscal year.

c. SAO Submission Instructions. As a minimum, the following data will be submitted to the MILDEPs by an SAO when requesting/programming training. Enter the Country, IMET, and Program Year and WCN (when known) in the message subject line.

(1) Program Additions. "4" Card.

<u>Card Column</u>	<u>Data Element</u>	<u>Instruction</u>
1	Card Code	Enter "4".
14-20	Item Identification Number	Enter IIN exactly as it appears in the MASL.
--	Course Title	Enter the course title as it appears in the MASL.
25	Student Code	Enter the appropriate student code as listed in Appendix D to this manual.
26-29	Quantity	Enter the number of students, or in the case of teams, the number of personnel on the team. Officers/enlisted/civilians are listed in separate program lines. For a training program dollar value line, no entry is made.
30	Program Originator	Enter the appropriate program originator code as listed in Appendix D.
33-34	Duration	Enter the duration from the MASL where listed. Where the duration in the MASL is variable (VA), enter the number of weeks for students, the number of man weeks for teams, and the number of man months for field training services (FTS).
51-56	Travel and Living Allowance	Enter the travel and living allowance cost (TLA) for each student or team member when programming training with the Army. Air Force and Navy do not require the SAO to provide the TLA cost unless the data varies from SAMM computation procedures or data as known by the MILDEPs. See Paragraph K for TLA computation procedures.
61-65	Worksheet Control Number	Enter the worksheet control number (WCN) as assigned by the SAO. Indicate sequential/follow-on courses in alphabetical sequence in the order in which the training is to be conducted:

1234L (language training)
 1234A
 1234B, etc.

Use 1234Y or Z for continuing sequential training funded in the new FY but originating in the previous FY.

<u>Card Column</u>	<u>Data Element</u>	<u>Instruction</u>
66	Implementing Agency Code	Enter the implementing agency code (first digit of the execution agency code) from the MASL.
70	Availability/Reporting Quarter	Enter "1" "2" "3" "4" or "5" (IMET only) to indicate the quarter in which the student will be available. Program all medical cost lines in the same quarter as the earliest programmed training.
72	Requirements Priority Code	Enter "A, B, C, or D" depending on the priority of the training requirement.

(2) Program Changes. "Q" Card.

<u>Card Column</u>	<u>Data Element</u>	<u>Instruction</u>
1	Card Code	Enter "Q".
2-5	Record Control Number	Enter the record control number (RCN) exactly as it appears in the DSAA detail listing.
61-65	Worksheet Control Number	Enter the worksheet control number (WCN) as it appears in the DSAA detail listing. If the WCN itself is being changed, enter the revised WCN.

Changes: Make desired changes to specific data elements by identifying the data element (card column/description) and providing the revised data entry. Do not give the amount of the actual change.

(3) Program Deletions. "R" Card.

<u>Card Column</u>	<u>Data Element</u>	<u>Instruction</u>
1	Card Code	Enter "R".
2-5	Record Control Number	Enter the RCN as it appears in the DSAA detail listing.
61-65	Worksheet Control Number	Enter the WCN as it appears in the DSAA detail listing.

d. MILDEP Submission Instructions. Following are detailed instructions for MILDEP preparation of each type of transaction.

(1) Program Additions. "4" Card.

<u>Card Column</u>	<u>Data Element</u>	<u>Instruction</u>
1	Card Code	Must be filled. Enter "4".
2-5	Record Control Number	Leave blank or enter RCN.
6	Blank	Leave blank.
7	Action Code	Leave blank.
8-13	Blank	Leave blank.
14-20	Item Identification Number	Must be filled. Enter Item ID number exactly as it appears in the same columns of the MASL.
21	Generic Code	Must be filled. Enter "N" (1st position only, of the generic code).
22	Blank	Leave blank.
23-24	Reason for Change Code	Must be filled. Enter appropriate code from list of reason for change codes in Appendix D.
25	Student Code	When applicable, enter appropriate code from list of student codes in Appendix D.
26-29	Quantity	Leave blank for dollar lines. Enter 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 Code	Must be filled. Enter appropriate code from list of program originator codes in Appendix D.
31-32	Country/Activity Code	Must be filled. Enter appropriate code from list of country/activity codes in Appendix D.
33-34	Duration	Enter duration from the MASL, where listed. Where duration in the MASL is variable (VA) enter the number of weeks to be programmed for students, the number of man weeks for teams, and the number of man months for field training services (FTS). Right justify and enter "Ø" in unused columns.
35	Type of Assistance Code	Must be filled. Enter appropriate code from list of type of assistance codes in Appendix D.
36-43	Unit Price	Enter course cost from the MASL where listed. When not indicated in the MASL, enter the unit price as determined by the MILDEP. Entries must be right justified. Leave dollar value lines blank.

<u>Card Column</u>	<u>Data Element</u>	<u>Instruction</u>
44	Blank	Leave blank.
45-46	Program Year	Must be filled. Enter last two digits of fiscal year in which the item is programmed or to be programmed.
47-50	Funding Date/Case	Enter the report or start date of the training (whichever is earlier) by month/day (MM/DD) in columns 47-50 for all unfunded training lines with confirmed quotas. The date entered will be for the first course in a series of training courses for the same student. This data element entry will be eliminated by DSAA when funding occurs. For FMS training only, enter the FMS case designator (last three digits of the FMS case number) in columns 48-50.
51-56	Travel and Living Allowance	Enter the appropriate travel and living allowance cost from Table 10-II-2 of this chapter for each student, or appropriate costs for mobile training team member. Where cross/sequential training is programmed, see Paragraph K for instructions.
57	Status Code	Leave blank. Status Codes are entered by DSAA to indicate funding status.
58	DSAA Waiver	An "A" will be entered by DSAA for training lines for which constraints were waived. An "R" is entered when a waiver is required.
59	Blank	Leave Blank.
60	TLA Command	(Optional) Entered by Army to indicate command receiving funding for travel and living allowance cost.
61-65	Worksheet Control Number	Must be filled. Enter Worksheet Control Number (WCN) assigned to the item in the training requirements worksheet. In the units position (column 65) enter sequential or follow-on courses in alphabetical sequence in the order in which the training is to be conducted: 1234L 1234A 1234B 1234C, etc. 1234Y or Z for continuing training programmed and funded in new FY 1234S - Late cancellation penalty 1234T - Attrition charge (continued on next page)

<u>Card Column</u>	<u>Data Element</u>	<u>Instruction</u>
		Where no sequential training is planned, leave the units position blank.
66-68	Execution Agency Code	Must be filled. Enter execution agency identifier from the MASL. Where cross training is involved, enter the identifier of the MILDEP that will conduct the majority of the training. The same execution agency identifier will be used for all training lines in the cross training sequence. See Table III of this chapter.
69	Change Originator Code	Must be filled. Enter appropriate code from list of change originator codes in Appendix D.
70	Availability/Reporting Quarter	Must be filled. Enter number 1, 2, 3, 4 or 5 (IMET only) to indicate the quarter in which student availability occurs. All medical cost lines will be programmed for the same quarter as the earliest programmed training.
71	Fiscal Code	Leave Blank. Data will be entered by DSAA when funded.
72	Requirements Priority Code	Must be filled. Enter "A" "B" "C" or "D" as appropriate for priority of training requested.
73-80	Total Cost	Enter total cost to the nearest dollar. Total cost is computed by multiplying the sum of the entries in columns 36-43 (unit price) and 51-56 (travel and living allowance cost) times the entry in columns 26-29 (quantity). Right justify, enter dollar position in column 80.

(2) Program Changes. Program changes are accomplished by a "Q" card. Q cards contain the same data element fields as 4 cards and should be completed according to the following instructions:

(a) Control Fields. The following control fields (data elements) must be entered in the Q card as they appear in the current Master File; if data on any of these control fields must be changed, a program deletion (R card) and a new addition (4 card) must be submitted.

<u>Card Column</u>	<u>Instructions</u>
2-5	Record Control Number. The Record Control Number for a line is never changed, although it will be removed from the Master Program File if the line is deleted.
31-32	Country/Activity Code.
45-46	Program Year.

(b) Other Required Fields. In addition to the above control fields, the following fields are also required on all Q cards:

<u>Card Column</u>	<u>Instructions</u>
1	Must be filled. Enter "Q"
23-24	Must be filled. Enter appropriate reason for change code from list of codes in Appendix D.
69	Must be filled. Enter appropriate change originator code from list of codes in Appendix D.
70	Must be filled. Enter appropriate availability reporting quarter.

(c) Revisions to Data Elements. Enter only the revised data elements (complete field) in the remaining columns of the Q card. Leave unchanged any data elements that are not being revised.

1. When a change is required due to a revision in the MASL item identification or generic code, both the item identification (columns 14-20) and the generic code (column 21) must contain an entry. Leave columns 14-21 blank if there is no change in item identification and/or generic code.

2. For changes in quantity (columns 26-29) and/or total cost (columns 73-80), enter the revised quantity and/or the revised total and not the amount of the change.

3. For changes in unit price (columns 36-43) and travel and living allowance (columns 51-56), enter the revised unit price or revised TLA and not the amount of the change.

4. A change must be made to the funding date (columns 47-50), when the training moves into a later quarter. If the training has already been funded, a new funding date must be entered.

5. To blank out a data element entry, punch an asterisk (*) in the right-most column (units position) of the data element field. For example, enter an asterisk (*) in column 56 to delete travel and living allowance. Control fields or any other field where data is required to be filled cannot be blanked out with an asterisk.

6. Right justify entries for the following data element fields whenever a change is required.

<u>Card Column</u>	<u>Data Element Field</u>
25-29	Quantity
31-43	Unit Price
51-56	Travel and Living Allowance
73-80	Total Cost

(3) Program Deletions. Program deletions are accomplished by "R" cards. The following format and instructions apply:

<u>Card Column</u>	<u>Data Element</u>	<u>Instruction</u>
1	Card Code	Must be filled. Enter "R".
2-5	Record Control Number	Must be filled. Enter the RCN exactly as it appears in the DSAA detail listing.
6-22	Blank	Leave blank.
23-24	Reason for Change Code	Must be filled. Enter appropriate code from list of reason for change codes in Appendix D.
25-30	Blank	Leave blank.
31-32	Country/Activity Code	Must be filled. Enter code exactly as it appears in the DSAA detail listing.
33-44	Blank	Leave blank.
45-46	Program Year	Must be filled. Enter program year exactly as it appears in DSAA detail listing.
47-68	Blank	Leave blank.
69	Change Originator Code	Must be filled. Enter appropriate code from list of change originator codes in Appendix D.
70-80	Blank	Leave blank.

e. Confirmation.

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

(a) Posted to DSAA Master Program File.

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

2. Changes. Posting of changes will be recorded and confirmed as a two-part operation as follows. First, the program line being changed will be maintained in the DSAA data base and a card R prepared to indicate deletion of this existing program line. Action code "A" will be entered in card column 7. Second, card 4 will be prepared to indicate addition of a program line revised to reflect the changes 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 entered in card Column 7 of the confirming 4 card.

3. Program Amendment/IMET Orders. The procedure outlined above provides for confirmation of additions, deletions, and changes through return of cards 4 or R to the program originator concerned. A listing

of deletions and additions, called a "program amendment," provides the basis for manual review of changes effected to the program. Upon receipt of confirmation, card R must be processed by recipients before the card 4; otherwise, duplicate items could appear and create problems in deleting the proper data.

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

(c) Errors. Appropriate code will be entered in card column 7 and the cards 4, Q and R returned to the change originator. See Action Code in Appendix D.

(2) DSAA will prepare and mail the following ADP reports to each SAO.

(a) Item detail listings of the revised IMET country programs will be mailed on a monthly basis for one prior year, until program roll-up; for the current year; and for the budget year.

(b) Copies of IMET orders will be mailed after each weekly update of the DSAA Master Program File. IMET orders will be issued in accordance with Paragraph L of this chapter, for funded lines and changes to funded lines.

(c) Such other reports as may be requested.

f. Changes to Prior Year Programs.

(1) Within eight 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, ...N90, so that there will be one program line per implementing agency for each budget project within each country program. During the 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 unless approved by DSAA. All prior year changes will be submitted to DSAA by the implementing agencies. SAOs may submit changes generated by their management reviews, e.g., unperformed fifth quarter training, to the implementing agencies for review 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 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.

K. IMET PROGRAMMING INSTRUCTIONS.

1. Formal Training, U.S. (Generic Codes N1A-N1J). Formal training is programmed under generic codes N1A-N1J, see Appendix D, Table D-9 and Table 10-II-4 of this chapter. Two elements of cost are involved in determining the Total Cost entry to be entered in columns 73-80 of cards 4 or Q for students

who will train at U.S. schools and facilities. These cost elements are the IMET Unit Price and Travel and/or Living Allowance (TLA). Each of these two cost elements is computed on a "per person space" basis. The Total Cost entry, columns 73-80 of cards 4 or Q, is obtained by multiplying the sum of the IMET Unit Price in columns 36-43 and the TLA in columns 51-56 by the Quantity (number of personnel spaces) in columns 26-29, i.e., (IMET Unit Price + TLA) x Quantity = Total Cost. The following is cost factor guidance for deriving the two elements of cost involved in the Total Cost:

a. IMET Unit Price (Columns 36-43). The course cost, where listed in the IMET Military Articles and Services List (MASL), will be entered in columns 36-43.

(1) Where the MASL indicates "N/C" (no charge), no charge is made by the MILDEP for the training. Leave columns 36-43 blank for these items.

(2) Where the MASL indicates "EST" (Estimate), a unit price estimate is to be made by the program originator, and entered in columns 36-43. A number of variables normally are related to unit price determination, such as the number of personnel spaces or the length of the OJT. The basis for estimating the unit price will be provided in supplementary guidance furnished by the MILDEPs.

b. IMET Travel and Living Allowance (Columns 51-56). The unit (per personnel space) TLA cost is comprised of three cost elements -- travel, living allowance while in a training status, and special factors.

(1) First Training Destination Known. Where the first training destination in the United States is known at the time of programming or can be provided by the MILDEP at or prior to the annual training workshop, travel costs will be calculated in accordance with paragraphs (2)(a) and (b), below; otherwise, a composite travel cost factor provided by the MILDEPs in their supplementary guidance may be used.

(2) Cost Included in Travel. Travel includes the cost of transportation to and from the U.S., within the U.S., and baggage and living allowances during travel. Transportation by military or commercial aircraft (when authorized), ship, bus, rail, or other conveyance will be paid when the U.S. provides the transportation, as indicated in paragraph F.3. of this section. The following specific guidance is provided for calculating travel costs to and from the United States and within the United States.

(a) Travel to and from U.S. Round trip travel between the embarkation point in the recipient country and the gateway terminus (point of debarkation) in the U.S. will be programmed for all trainees, unless otherwise directed.

(b) Travel within CONUS. Round trip travel between the gateway terminus and the city nearest the training facility at which the initial training is to be conducted will be programmed for all trainees, unless otherwise directed. When the first destination is not known, an estimated cost will be added to cover the round trip travel, baggage and

living allowance while in a travel status. NOTE: In all cases students are required to travel over the most direct, least cost route.

(3) Living Allowances While in Training Status. A living allowance will be programmed for all trainees in a training status, unless otherwise directed, as indicated in paragraph F.4. of this section.

(4) Special Instructions.

(a) Cross Training, Sequence or Prerequisite Training. Cross training, sequence training, or prerequisite training is training following an initial course of instruction or preceding a course of instruction (prerequisite), without the trainee returning to home country between courses. When programming of this type is required, column 65 of cards 4 or Q is to be used by program originators to indicate whether the training is a single line item or whether cross training is involved. If cross training is programmed, the letter "A" will be entered in column 65 for the initial course, the letter "B" will be entered in column 65 for the second course, the letter "C" for the third course, and so on in alphabetic sequence. When English language is programmed as a prerequisite course, the worksheet control number suffix (column 65) will be the letter "L," and the courses following will have worksheet control number suffixes A, B, C, etc. Each course will be costed separately. Course "A" will be charged with the round trip trans-oceanic travel costs and the round trip CONUS costs. For sequential training conducted at another location, the best estimate of transportation costs will be programmed. When English language training is a prerequisite, the cost of round trip will be included in the "A" line computed on the basis of the location of the "L" line. The living allowance while in a training status will be costed separately for each course in accordance with paragraph 1b(3) above.

(b) Cross-Service Training. Cross-service training is a training series for a foreign student provided by more than one U.S. military service.

1. Training in Schools of Another Service. When a trainee from one foreign military service is selected for training exclusively within schools of another U.S. military service, such training will be requested in the program of, and administered by, the U.S. military service providing the training.

2. Training in Schools of More Than One Service. When a trainee is selected for training involving courses of more than one military service, the training will be programmed by the service providing the majority of the training (excluding English language training).

3. Orientation Tours to U.S. Installations of More Than One Service. Orientation tours to U.S. military installations of more than one military service will be programmed and administered by the U.S. military service corresponding to the military service of the trainee(s) or by the service having predominant interest.

4. Joint Service Courses. Joint service courses will be included in the program of the service having administrative agency responsibility for the course.

(4) Cancellation of Training - Penalty Charge. Rescheduling or cancellation requests must be received at least 60 days in advance of the scheduled course start date. In the event cancellation or rescheduling is requested less than 60 days prior to the scheduled start date, the country's IMET program will be charged 50% (100% of contract training cost) of the tuition rate for cancellations or a proportionate share of the tuition rate for trainees not completing a course of instruction, for courses which fall within that 60 day period. Penalty charges will be determined by MILDEPs and requests for waivers to these penalty charges should be addressed to the responsible MILDEP. The cancellation penalty will not be applied when (a) cancellation is due to the fault of the U.S. (deletion of classes, rescheduling, etc.), (b) cancellation is due to unavoidable circumstances within country, such as national disaster, or (c) cancellation entails no loss to the U.S. in terms of cost or training capability. These charges are to be programmed for applicable courses, and will be earmarked by an "S" or "T" in column 65 to indicate that a penalty fee was charged for that particular training line.

(5) Orientation Tours.

(a) TLA Entries. The TLA entry for columns 51-56 should be computed as the composite cost of living allowances, transportation based on itinerary, and excess baggage. A total of 100 pounds is authorized.

(b) Escort Officers. An escort officer may be programmed for orientation tours. A factor of \$600.00 per man week will be used and entered under TLA in columns 51-56.

(c) Living Allowances for Participants in OCONUS Orientation Tours. A factor of \$100.00 per man week will be used to cover travel and living allowance in the overseas area where the tour is being conducted. The \$100.00 factor will be added to the cost of the round trip travel and the total amount per personnel space will be entered in columns 51-56 of cards 4 or Q.

(d) Observer Training. The procedures above do not apply to observer training. Observer training will be costed in the normal manner described in paragraph 1a. above.

(6) Temporary Duty Costs. A factor of \$1,000 per personnel space may be added to cover the cost of temporary duty travel for country liaison officer, when programmed.

2. Formal Training Overseas (O/S) (Generic Codes N1N - N1W). The same two cost elements described in paragraph 1 (IMET unit price and TLA), are involved in determining the total cost entry in columns 73-80 for students who will train at overseas schools and facilities. The course cost shown in the IMET MASL will be entered in columns 36-43 of cards 4 or Q. The TLA factors for overseas training also differ from United States training and are described below, by Command.

a. U.S. European and Pacific Commands.

(1) Travel Costs.

(a) Trainees in Own Country. Each country will pay its own transportation for those trainees training in their home country.

(b) Training Costs for Sequential Training. Travel costs for courses subsequent to the original course will not be included; however, \$50.00 per trainee will be added for travel (including living allowance during travel) for courses which follow the initial course and are conducted at a different location.

(2) Living Allowance While in Training Status.

(a) Trainees Training in Their Own Country. Each country will pay its own living allowance rates for trainees training in their home country.

(b) Trainees Training Outside Their Own Country. If training is conducted at a location other than within their home country, the programming factor for living allowance while in training status will be computed at the applicable JTR rates.

(c) Sequential Training. In some cases students have a waiting period before entering a follow-on course. The living allowance is authorized for the waiting period, and will be included in the TLA for the following course ,

b. U.S. Southern Command.

(1) Living Allowances While in Training Status.

(a) Programming Factor, Panama Canal Area Military Schools (PACAMS). The programming factor for student living allowance for students while in training status at U.S. service schools in the Panama Canal Area (Army School of the Americas (USARSA)), Navy Small Craft Instruction and Technical Training School (SCIATTS) and Air Force Inter-American Air Forces Academy (IAAFA) will be computed at the rate of \$98.00 per week for officers and \$60.00 per week for enlisted personnel.

(b) Reimbursement to MILDEPs for Enlisted Personnel Services. Not all of the \$60.00 per week programmed for enlisted personnel is paid to the student. The rate of daily living allowance payment is shown in Table II of this chapter. The remainder is reimbursed to the appropriate MILDEP for student laundry and subsistence.

(c) PACAMS Trainees from the Republic of Panama. Panamanian trainees attending PACAMS or other training conducted in the Republic of Panama will be paid living allowances for periods of training only if they reside in quarters provided by the U.S. Government.

(2) Special Instructions.

(a) Foreign Guest Instructors (Panama Canal Area Military Schools). Costs incidental to the use of foreign guest instructors are to be included in the operating costs of activities utilizing guest instructors and included in course tuition costs.

(b) OJT/Observer Training. A living allowance while in a training status will be paid by IMET. Living allowances will be programmed in accordance with paragraph b.(1), above.

c. Third Country Training. Third country training should be encouraged, with the two participating countries making their own arrangements for the training and associated costs.

(1) Tuition Funding by the U.S. When it is considered necessary that tuition costs be funded by the U.S., the SAO, in coordination with the Chief of the Diplomatic Mission, should submit a request for offshore procurement certification, in accordance with DoD Directive 2125.1, to the Director, DSAA, with information copies to the appropriate MILDEP, Unified Commander, and Component Commander.

(2) Requests for Offshore Procurement Certification. The request for offshore procurement certification should include a detailed description of tuition costs and training services to be provided. In no case will costs include items acquired under the security assistance program by the country providing the services.

(3) Commitments for Third Country Training. No commitment to the third country offering the training will be made until the request for offshore procurement certification is approved. SAOs will use the fund citation contained in the student ITO to provide reimbursement of tuition costs to the country furnishing the training.

L. IMPLEMENTATION. Program implementation and the movement of trainees to training facilities and activities is authorized only after IMET orders, program directives, or other specific approvals are issued by DSAA. Such orders, directives, or approvals are required prior to the issuance of ITOs or the obligation of funds for programmed training. When necessary in cases of emergency, requests for approval to issue ITOs prior to receipt of IMET Orders will be submitted directly to DSAA, and authorized via message or telephone by DSAA Comptroller.

1. IMET Orders.a. Purpose.

(1) Definition. The term "IMET Order" is used to describe the document issued by DSAA which authorizes and directs the furnishing of military training to designated IMET recipients. It also identifies the fund source for each program line. For example, FY 1984 funding is indicated by a "4" in column 71 to indicate funding from the 1984 appropriation.

(2) Purpose. IMET Orders show additions, changes, and or deletions to funded lines. Additions will be reflected as a program line in 4 card format, including the record control number (RCN). A deletion of a previously funded line will be shown as a single entry and identified by a "program year" and previous IMET Order number at the right of the program data under the heading "IO-AJ." A change to a previously funded line will be identified by a two-line entry, the first entry reflects the funding that was authorized in a prior order and will also reflect the order number and year it was issued under the "IO-AJ" heading. The second entry reflects the revised line and may be identified by a blank in the "IO-AJ" column.

b. Procedure.

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

(2) Number. The number assigned to IMET Orders and amendments thereto will be composed of the Program Year, Implementing Agency, Country/Activity code, and a two-digit sequential number.

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

2. IMET Order Recipients. The recipients of an IMET Order and associated fund allocation are 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 IMET Order number. IMET Orders for training program lines will be issued to the MILDEP providing the training, except in the case of cross-service training. IMET Orders for entire Worksheet Control Number (WCN) sequences containing cross-service training will be issued to the MILDEP providing the majority of the training or designated as the cognizant MILDEP.

M. ANNUAL INTEGRATED ASSESSMENT OF SECURITY ASSISTANCE (AIASA) REPORTS. IMET program resources requirements will be included in the AIASA submitted for all security assistance recipients to the State Department to facilitate decisions as to the allocation of security assistance resources. Information copies of these reports are required by DSAA as part of the planning process.

SECTION II - FOREIGN MILITARY SALES TRAINING
--

A. PURPOSE.

1. This section provides guidance and instructions for providing military training to eligible foreign countries and international organizations as authorized under the Arms Export Control Act (AECA).

2. Basic guidelines for FMS training are similar to those for IMET (see Section I). This section addresses training matters which are unique to FMS training or which require some change from IMET procedures. Detailed FMS training programming instructions are provided by each MILDEP.

B. BASIC GUIDELINES.

1. AECA Provisions.

a. Nature of Training. Training includes both formal and informal instruction of foreign students in the United States or overseas by officers or employees of the United States, contract technicians, or contractors (including instruction at civilian institutions), or by correspondence courses; technical, educational, or information publications and media of all kinds; training aids, orientation, training exercises; and military advice to foreign military units and forces.

b. Prohibitions. Personnel providing defense services (including training) are prohibited from performing duties of a combatant nature by the AECA, Section 21(c). This precludes activity related to training and advising which may engage U.S. personnel in combat activities, outside the U.S., in connection with the performance of defense services. This prohibition is applicable only during hostilities involving the country where the training is taking place.

c. Reimbursement. The full cost to the USG of furnishing FMS training must be paid by the foreign purchaser except as may be specially authorized by the AECA. Payment must be cash on acceptance, unless there is a Presidential determination that it is in the national interest that payment be made prior to "performance" of the training. For billing purposes, formal training is considered "performed" on the date that the student enters the course or, in the case of Mobile Training Teams (MTTs) or Field Training Services (FTS), when a team member leaves his home station. At all times, there must be cash available to the DoD in advance of the performance of the training. Normally, a training case for the current fiscal year will not be used to fund any element of the training case for the following year.

d. Bilateral, Combined, or Multilateral Exercises. Bilateral, combined, or multilateral exercises conducted to test and evaluate mutual capabilities do not require authorization or funding under the AECA. Costs of foreign participation in these exercises may not be paid directly or reimbursed from DoD funds, including O&M funds. DoD funds may be used to pay just the costs of U.S. armed forces participation which would have been incurred in the absence of foreign participation in the exercise. The costs of any U.S. support provided to the participating countries or international organizations for training exercises must be reimbursed under an FMS case. This is because providing exercise support is providing a defense service as defined in the AECA, Section 47(4) and Section 47(5).

e. Separate and Specific Statutory Authorization. Outside the context of an exercise, USG costs of providing training for foreign military or paramilitary personnel must be borne by the foreign government or international organization under an FMS case. If there is separate and specific statutory authorization for such training, as in the case of the senior ROTC

program or U.S. service academies, this general rule may not apply. Existing authority and regulations do not permit formal or informal training on a non-reimbursable or quid-pro-quo basis. This includes orientation, observation, or familiarization tours, as opposed to short formal visits.

2. FMS Training Initiation and Program Development Sequence.

a. Initiation. The same general initiation and annual programming process applies to FMS training as applies to IMET. Foreign purchasers may initiate training requests through normal FMS channels as they would for any other defense service. Requests for establishing new FMS training programs in countries where no FMS training program previously existed should be made through the American Embassy to the Department of State, with a copy to the Secretary of Defense (DSAA). Foreign governments (host-country defense establishments), with the help of the SAO, are encouraged to develop annual FMS training programs.

b. Annual Country Program Review. Except for some countries with large, complex FMS programs, annual FMS training programs should be reviewed and, where appropriate, integrated with the country's IMET requirements during the unified command training workshop. Programs presented by the country representatives should be fully coordinated with host governments and, to the extent practical, represent the country's annual training requirements. FMS programs will be accepted for planning and for allocating quotas. When appropriate, programs may also be accepted as requests for LOAs. FMS training should be scheduled annually through regular workshop procedures.

c. Fund Deposits. A 25 percent deposit is normally required for annual training cases using open-end LOAs in excess of \$25,000. Full payment in advance is required on cases less than \$25,000, or where the training is less than 90 days duration. Countries having both IMET and FMS training programs should ensure that the programs complement each other.

d. Unprogrammed Requirements. Unprogrammed FMS training requirements, not included in the annual program, are handled on an exception basis. Unscheduled requirements have an adverse impact on the total training effort. This is particularly true in the case of courses where quota availability is a major constraint, for short notice assignment of MTT personnel from operational units for specialized requirements, or the preparation of tailored curricula. Unprogrammed training requirements distort planning and make forecasting ineffective. Annual training programs should, therefore, be adhered to as initially developed and reviewed at workshops, with add-ons by the host government during the program year being generally discouraged.

e. Program Finalization. The MILDEP conducting the training assigns an FMS case identifier, prepares the LOA and submits it to the host country representative for acceptance and initial deposit. The MILDEP will implement the case by authorizing the issue of ITOs only after the case has been accepted and funded, and after the Security Assistance Accounting Center (SAAC) provides obligation authority. Any exception to this must be approved by DSAA, Comptroller.

f. Program Amendments.

(1) Changes. After implementation, changes in the scope of definitive training requirements may be made by using DD Form 1513-1. Customer requested changes for additions or deletions of programmed students or courses to an already signed FMS case are not considered as substantial changes in scope, if the same general area of training and the number of students are not substantially changed. Substantial changes will be noted in amendments to the annual case when they occur. All changes which reflect an increase in price of \$50,000 or more must be coordinated with DSAA. For deletions and for changes not affecting scope, the DD Form 1513-2 should be used.

(2) Changes within Ceiling. Changes in requirements within the dollar ceiling of annual open-end training cases do not require the use of DD Form 1513-2. This type of change may be made administratively.

g. Fifth Quarter Planning. The IMET 5th quarter planning and programming concept is not applicable to FMS training.

3. Programming Training Under FMS. Requesting and programming training provided via an FMS case is the same general process as that used for IMET. Procedures for the provision of programming data by the SAO and the MILDEPs are the same as previously discussed for the IMET program. The only differences are in specific IMET data elements which do not apply to FMS training. See paragraph J. in Section I of this chapter.

a. SAO Submission Instructions. As a minimum, submit the following data to the MILDEPs. Enter the country, FMS, and FMS case number in the message subject line.

(1) Program Additions, "4" Card. Only those procedures which differ from previous IMET submission instructions are indicated. (See IMET instructions in paragraph J.4.d., Section I.)

<u>Card Column</u>	<u>Data Element</u>	<u>Instruction</u>
51-56	TLA	Do not enter. Pertains only to IMET.
72	Requirements Priority Code	Do not enter. Pertains only to IMET.

(2) Program Changes, "Q" Card.

<u>Card Column</u>	<u>Data Element</u>	<u>Instruction</u>
1	Card Code	Enter "Q"
2-5	RCN	Do not enter. Although an RCN is assigned for FMS training, MILDEP documentation available to the SAO may not contain the RCN.

<u>Card Column</u>	<u>Data Element</u>	<u>Instruction</u>
14-20	Item Identification Number (MASL IIN)	Enter the IIN as it appears in MILDEP documentation. This will provide a cross reference in the event of an error in the following WCN.
61-65	Worksheet Control Number	Enter the WCN as it appears in MILDEP documentation. If the WCN itself is being changed, enter the revised WCN.

Changes: Make desired changes to specific data elements by identifying the data element and providing the revised data entry. Do not give the amount of the actual change.

(3) Program Deletions, "R" Card.

<u>Card Column</u>	<u>Data Element</u>	<u>Instruction</u>
1	Card Code	Enter "R".
2-5	RCN	Do not enter.
14-20	MASL IIN	Enter the IIN as it appears in MILDEP documentation.
61-65	WCN	Enter the WCN as it appears in MILDEP documentation.

b. MILDEP Submission Instructions.

(1) Program Additions, "4" Card. Only those procedures which differ from previous IMET instructions are indicated. (See IMET instructions in paragraph J.4.e., Section I.)

<u>Card Column</u>	<u>Data Element</u>	<u>Instruction</u>
48-50	Case	Enter the FMS Case Designator (last three digits of the FMS Case Number).
51-56	TLA	Do not enter. Pertains only to IMET.
60	TLA Command	Do not enter. Pertains only to IMET.
72	Requirements Priority Code	Do not enter. Pertains only to IMET.

(2) Program Changes, "Q" Card. Only those procedures which differ from previous IMET instructions are indicated. (See IMET instructions in paragraph J.4.e., Section I.)

<u>Card Column</u>	<u>Data Element</u>	<u>Instruction</u>
51-56	TLA	Do not enter. Pertains only to IMET.

(3) Program Deletions, "R" Card. Same as IMET instructions. See paragraph J.4.e., Section I.

4. Training Requirements Related to Purchase of Major Equipment.

a. General. Training is an essential, key element in the successful introduction of a new piece of equipment or weapons system. The time required to conduct adequate training should be given careful consideration when requesting delivery dates of equipment. In developing an "introductory training plan," the needs of each country must be considered separately. While general training requirements can be determined for any item, the exact composition and duration of the training program associated with the introduction of a new system or item of equipment will vary, based on the unique requirements and capabilities of the country.

b. Planning Programs. Training programs must be planned realistically, taking into account the availability of personnel, the skills that must be developed, the background and experience of the individuals selected for the training, and the time required to plan, implement, and complete the program. In the final analysis, the success of any training program also depends on student capability and potential for success. The individual and collective performance of the students will set the pace and measure the true progress of a program. It is important to have a good, workable selection and screening process to make sure the right student is fitted into the right training program.

c. Use of IMET Funds. Training in support of FMS equipment purchases should normally be programmed as part of the overall FMS agreement. IMET funds should not be used to support major equipment purchases unless specifically approved by DSAA. Requests for exceptions to this policy should be referred to DSAA with appropriate justification on a case-by-case basis. In no event may a discrete training course, single training team, or a training aid be funded by both IMET and an FMS case.

C. ENGLISH LANGUAGE TRAINING. It is the responsibility of the purchaser to ensure that trainees meet the English Comprehension Level (ECL) required for direct entry into the DoD training system. If possible, in-country English Language Training Programs (ELTP) should be used. Countries without an adequate ELTP should be encouraged to develop a program to qualify trainees for direct entry or, as a minimum, for entry into the Defense Language Institute English Language Center (DLIELC). It should be noted that IMET funds, as well as FMS, may be used to establish and maintain in-country ELTPs. Letters of Offer and Acceptance for Foreign Military Sales cases which include provisions for English Language Training will be coordinated with DLIELC prior to negotiation.

D. FMS TRAINING TUITION RATES. FMS Training tuition rates will be priced in accordance with DoD 7290.3-M, Chapter 7, paragraphs 71001-71105. Other costs,

associated with training, such as students' meals, custodial fees for quarters, medical care, and transportation, are not included in tuition rates. These costs must be paid by the purchaser.

E. CANCELLATION OF TRAINING-PENALTY CHARGE.

1. Rescheduling or Cancellation in Advance. Purchasers must submit rescheduling or cancellation requests at least 60 days in advance of the scheduled course start date. If cancellation or rescheduling is requested less than 60 days prior to the scheduled course start date, the FMS case will be billed for 50 percent of the cost of the course(s) which commence within that 60-day period. The date the request is received from the country by an appropriate U.S. representative (e.g., the SAO) will constitute an official notification date. The cancellation penalty will not be applied when:

a. Cancellation is the fault of the U.S. (deletion of classes, rescheduling, etc.);

b. Cancellation is due to unavoidable circumstances within the country (e.g., a natural disaster); or

c. Cancellation entails no loss to the U.S. in terms of cost or training capability. The 60-day penalty provisions will be effective when the LOA is signed by the country.

2. Failure to Complete Course. FMS countries will be charged a proportionate share, but not less than 50 percent of the tuition rate for trainees not completing a course of instruction.

F. TRAINING AT CIVILIAN INSTITUTIONS OR BY CONTRACTOR.

1. Civilian Institutions. The AECA, Section 47, defines training for defense purposes at civilian institutions as training that may be sold under FMS. This type of training is more appropriately handled by direct negotiation between the civilian institution and the purchasing country. Training at civilian institutions, therefore, generally will not be permitted under FMS. Requests for exceptions to this policy should be addressed to DSAA.

2. Training by Contractors.

a. Foreign military personnel receiving training directly negotiated between the purchasing country and a contractor may not use U.S. military facilities to support the training.

b. Administrative support for direct contractor training normally is not provided through an FMS case. Room and board, medical care and related support arrangements for students undergoing commercial, contractor training must be arranged between the contractor and the purchaser.

G. TRANSPORTATION AND TRAVEL.

1. Responsibility. The purchasing country is responsible for all transportation and travel costs for FMS students. These costs are not included in the LOA.

2. Mode of Travel. Use of U.S. civilian carriers is encouraged, although any desired mode of travel or carrier can be used. Trainees may be allowed to travel by Military Airlift Command (MAC) aircraft in their ITO. Reimbursement for MAC travel will be on a direct billing basis at the non-government rate.

3. Baggage. Since baggage shipping costs are paid by the purchasing country, no limitation is established; however, students are encouraged to limit baggage to a minimum. Baggage shipment costs are not included in the FMS case.

4. Student Retainable Instructional Material (RIM). Postage charges for mailing retainable instructional material to the SAO are included in the tuition cost, based on the weight allowances listed in Section I, paragraph F.5.a.2. Mailing procedures and other provisions of the paragraph cited apply, as for IMET.

H. LIVING ALLOWANCES/PRIVILEGES.

1. Living Allowances. An FMS student's living costs are defrayed by the student or by his government. The purchaser should ensure that students receive sufficient allowances to meet all mandatory living costs and personal expenses. Allowance costs are not included in tuition course costs, nor are they included in the FMS case. SAOs should be particularly aware of the status of living allowance provisions for their host country's students. Any difficulties or anticipated problems should be aired immediately.

a. Subsistence. Officers and enlisted personnel will pay for meals taken in government dining facilities at the rate prescribed by the MILDEPs.

b. Quarters. All FMS training students who occupy military quarters must personally pay the service charge or custodial fee as established by the installation commander.

2. Privileges. Foreign military personnel involved in security assistance training, on competent orders (ITOs) authorized by the MILDEPs, and bona fide dependents, will be extended commissary, exchange and similar privileges ordinarily available to military personnel of the U.S. armed forces of similar rank. Equivalent rank assigned in the ITO must be based on U.S. armed forces grade structure, reflecting time in service, experience and age -- not the rank title of the foreign country.

3. Medical Care.

a. NATO personnel involved in security assistance training, on competent orders (ITOs) authorized by the MILDEPs, and bona fide dependents are eligible for outpatient care in DoD medical (to include dental) facilities, on the same basis as U.S. military personnel and their dependents. In-patient medical care and emergency dependent dental care must be reimbursed at rates established by DoD.

b. Non-NATO personnel and their dependents and all associated civilian trainees and their dependents will be provided medical care on a space-available, reimbursable basis at rates established by DoD.

I. TRAINING OF CIVILIANS UNDER FMS.

1. Eligibility. Foreign civilian personnel may receive training provided they are Ministry of Defense (MOD) employees of eligible FMS countries, or employees of military agencies of eligible international organizations. Civilians must meet the normal course requirements, including having the proper security clearance.

2. Protocol Status. Civilians are generally afforded the same protocol status as their equivalent military counterparts, as stated in the ITO.

3. Privileges. Civilians are not authorized commissary and exchange privileges. The MILDEPs or Unified Commanders may grant exceptions to this policy.

J. FMS ORIENTATION TRAINING COURSES AND VISITS.

1. Orientation training and visits are available to FMS purchasers on a fully reimbursable basis, including expenses for U.S. escort officer(s), CONUS travel of tour participants, local project officers, extraordinary expense and asset use charges. SAOs should plan orientation visits far enough in advance to permit adequate planning and should specify any unusual tour requirements early, as required by the cognizant MILDEP, as stated in the JSAT regulation.

2. Each orientation tour will be covered by a separate FMS case except when an open-end FMS training case exists under which the costs of the tour are covered with the consent of the country.

K. MOBILE TRAINING TEAMS AND FIELD TRAINING SERVICES. MTTs and FTSs (see Section I of this chapter) are available on a fully reimbursable basis in accordance with DoD 7290.3-M. MTTs and FTSs are separate training items.

L. TRAINING RELATIONS. SAOs have the same responsibilities for FMS training as for IMET. Where practical, foreign governments will be encouraged to be as self-sufficient as possible in supervising and administering their training programs (e.g., pre-departure student processing, briefing, etc.).

M. RESTRICTIONS OF TRANSFER OF TRAINING.

1. Purchasing governments may not transfer training related to the use of U.S. material or services to other countries or organizations, or to anyone not an officer, employee, or agent of the purchasing government, nor use or permit the use of such training for purposes other than those for which furnished, without the consent of the USG. Therefore, technical skills and information acquired through FMS training may not be used by the purchasing country to train personnel from a third country unless approved in advance. Requests to transfer training to third parties should be submitted via diplomatic note to the Department of State. Training transfer requests received by the MILDEPs should be referred to DSAA for forwarding to the Department of State.

N. POLICE, INTELLIGENCE AND OTHER SENSITIVE TRAINING. DoD policy on police, intelligence, and other sensitive training is stated in Section I. Any questions should be referred to DSAA for resolution.

O. SECURITY ASSISTANCE MANAGEMENT TRAINING. Courses designed to train foreign personnel in the significant aspects of the foreign military sales (FMS) program, including U.S. legislation, policies and procedures, and management concerns of purchaser/recipient countries, and including MTTs of this nature, should be purchased via FMS procedures.

FIGURE 10-II-1
INVITATIONAL TRAVEL ORDER (ITO) FOR FOREIGN MILITARY TRAINEES (FMT)

INVITATIONAL TRAVEL ORDER (ITO) FOR FOREIGN MILITARY TRAINEES (FMT)		1. ITO NO.	2. COUNTRY	3. DATE (Day, month, year)
The U.S. Government hereby issues this ITO for the FMT herein named to attend the course(s) of instruction herein listed, subject to the terms and conditions contained herein, and as may be amended by competent authority. This ITO will be used and is valid only for FMT entering US training under the Foreign Assistance Act of 1961, as amended, or the Arms Export Control Act.				
4. ISSUING SAO				
a. NAME OF ORGANIZATION			b. ADDRESS (Mailing)	
5. FUNDING (Check one and complete statement)				
a. <input type="checkbox"/> IMET ORDER _____			b. <input type="checkbox"/> FMS CASE IDENTIFIER _____	
6. FMT INFORMATION				
a. NAME (Surname (ALL CAPS), First, Middle)				
b. RANK	c. US EQUIVALENT RANK	d. COUNTRY SERVICE	e. COUNTRY SERVICE NO.	
f. DATE OF BIRTH (Day, Month, Year)	g. PLACE OF BIRTH (City, Province/District, Country)			
7. LANGUAGE PREREQUISITES (Check one and Complete Statement)				
a. <input type="checkbox"/> FMT COMPLETED DLI ENGLISH LANGUAGE PROFICIENCY EXAMINATION _____ ON _____ (Exam No.) (Date - Day, Month, Year)				
WITH AN ENGLISH COMPREHENSION LEVEL (ECL) OF _____ FMT WILL TAKE THE CONUS COURSE (Score)				
ENTRY ECL TEST AT THE FIRST TRAINING INSTALLATION.				
b. <input type="checkbox"/> WAIVER OF IN-COUNTRY SCREENING ECL GRANTED BY AUTHORITY OF _____ (Documentation)				
FMT WILL TAKE THE CONUS COURSE ENTRY ECL TEST AT THE FIRST TRAINING INSTALLATION.				
c. <input type="checkbox"/> FMT IS EXEMPT FROM ALL ECL TESTING BY AUTHORITY OF _____ (Documentation)				
8. SECURITY (Check one and complete statement, if applicable)				
a. <input type="checkbox"/> US SECURITY SCREENING HAS BEEN ACCOMPLISHED. ALL TRAINING WILL BE CONDUCTED ON AN UNCLASSIFIED BASIS.				
b. <input type="checkbox"/> US SECURITY REQUIREMENTS HAVE BEEN COMPLIED WITH. THE GOVERNMENT OF _____ (Home Country)				
HAS GRANTED THE FMT A SECURITY CLEARANCE EQUIVALENT TO US _____ THIS OF ITSELF DOES NOT (Classification Level)				
PERMIT THE DISCLOSURE OF CLASSIFIED US INFORMATION. SUCH DISCLOSURE MUST BE SPECIFICALLY AUTHORIZED BY AN OFFICIAL DELEGATED AUTHORITY AND US FOREIGN DISCLOSURE REGULATIONS OR DIRECTIVES.				
9. IMET FUND CITE (Use only when the U.S. Government pays IMET living allowance and/or travel)				
THE FINANCE OFFICER EFFECTING DISBURSEMENT OF FUNDS UNDER THIS AUTHORITY WILL FORWARD ONE COPY OF THE EXECUTED VOUCHER TO THE ACCOUNTING STATION CITED IN THE APPROPRIATION AND OTHER ACTIVITIES AS REQUIRED BY APPROPRIATE US MILDEP REGULATIONS.				
10. IMPLEMENTING AUTHORITY				
a. US MILDEP DOCUMENT				b. DATE (Day, month, year)
11. COMMAND LINE				
a. SIGNATURE OF US AUTHORITY AUTHENTICATING ORDERS			b. TITLE	

DD FORM 2285, 83 JAN

Page 1 of 4 Pages

FIGURE 10-II-1. Invitational Travel Order (ITO) for Foreign Military Trainees (FMT) (DD Form 2285) (page 1 of 4 pages).

12. TERMS

a. Prior to departure from home country, the FMT listed herein will be required to be medically examined and found physically acceptable in accordance with the health provisions of the Immigration and Nationality Act (8 U.S.C. 1182(a)(1)-(7)); Foreign Quarantine Regulations of Public Health Service, Department of Health, Education and Welfare, 42 CFR, Part 71; McCarran Act Sec. 212A, 1-7, Public Law 414, 82d Cong.; applicable US MILDEP regulations; and other US laws or DOD directives and regulations which may be enacted from time to time.

b. The home country will insure that the FMT has sufficient funds in United States dollar instruments to meet all expenses while enroute to, and for the first 30 days of training pending receipt of applicable pay and allowances by the FMT.

c. FMT will be responsible for custodial fees and personal debts.

d. The FMT will bring adequate uniforms and work clothing for field duty or technical work. U.S. fatigue uniform and foot wear will be purchased by the FMT in the event that the country work uniforms are inadequate. When flying training is involved, required special flight clothing and individual equipment will accompany the FMT, or provisions will be made by the home country or the FMT to obtain the use of all necessary equipment prior to start of training. The FMT will also possess adequate civilian clothing for off-duty wear.

e. The Government of the United States is responsible for FMT travel which is part of the training program and for which costs are part of the course tuition.

f. The FMT will comply with all applicable US MILDEP regulations.

g. The United States may cancel training and return to country FMTs who violate US law or MILDEP regulations or who are found otherwise unsatisfactory. The FMT's government will be alerted to such action in accordance with US MILDEP regulations.

h. The Government of the United States disclaims any liability or financial responsibility for injuries received by the FMT listed herein while in transit to and from the training installation, while undergoing training or while in leave status, and any liability or financial responsibility for personal injury claims or property damage claims resulting from the FMT's action.

13. INVITATION

THE SECRETARY OF _____ INVITES THE FMT LISTED IN ITEM 6, THIS ORDER, TO PROCEED ON OR _____
(US MILDEP)

ABOUT _____ FROM _____
(Date - Day, Month, Year) (Departure Point - Home Country)

TO _____ FOR PURPOSE OF COMMENCING TRAINING LISTED IN ITEM 14, BELOW.
(First Training Installation)

14. AUTHORIZED TRAINING (List in sequence of attendance)

(1) RCN	(2) WCN	(3) MASL IIN	(4) MASL DESCRIPTION	(5) MASL SERVICE ID NO.
a				
(6) TRAINING INSTALLATION			(7) LOCATION	(8) REPORT DATE (Day, month, year) (9) END DATE (Day, month, year)
b				
(6) TRAINING INSTALLATION			(7) LOCATION	(8) REPORT DATE (Day, month, year) (9) END DATE (Day, month, year)
c				
(6) TRAINING INSTALLATION			(7) LOCATION	(8) REPORT DATE (Day, month, year) (9) END DATE (Day, month, year)
d				
(6) TRAINING INSTALLATION			(7) LOCATION	(8) REPORT DATE (Day, month, year) (9) END DATE (Day, month, year)
e				
(6) TRAINING INSTALLATION			(7) LOCATION	(8) REPORT DATE (Day, month, year) (9) END DATE (Day, month, year)
f				
(6) TRAINING INSTALLATION			(7) LOCATION	(8) REPORT DATE (Day, month, year) (9) END DATE (Day, month, year)

NO ADDITIONAL TRAINING TO THAT SPECIFIED ABOVE WILL BE PROVIDED ON THE BASIS OF THIS ORDER.

15. CONDITIONS (Check appropriate block(s) for each condition listed)

a. DEPENDENTS

(1) NO DEPENDENTS ARE AUTHORIZED TO ACCOMPANY OR JOIN FMT. DEPENDENTS WILL NOT BE ISSUED ID CARDS OR PROVIDED ATTENDANT PRIVILEGES.

(2) DEPENDENTS ARE AUTHORIZED BY THE FMT'S HOME COUNTRY AND THE DOD SECURITY ASSISTANCE ORGANIZATION IN-COUNTRY TO ACCOMPANY FMT OR JOIN FMT WHILE IN TRAINING, BUT WILL NOT BE TRANSPORTED NOR SUBSISTED AT U.S. GOVERNMENT EXPENSE. IMET FMT IS NOT AUTHORIZED AN INCREASE IN LIVING ALLOWANCE DUE TO PRESENCE OF DEPENDENTS.

(3) IN ACCORDANCE WITH MASH PART II, CHAP 7, IMET FMT IS AUTHORIZED THE INCREASED "DEPENDENTS AUTHORIZED" LIVING ALLOWANCE. DEPENDENTS WILL NOT BE TRANSPORTED NOR SUBSISTED AT U.S. GOVERNMENT EXPENSE

FIGURE 10-11-1. (Continued) (page 2 of 4 pages)

19. CONDITIONS (Continued)	
b. MEDICAL SERVICES	
(1) FMTs	
(a) <input type="checkbox"/> NATO FMTs UNDER IMET: CHARGES FOR ONLY INPATIENT CARE IN THE U.S. ARE CHARGEABLE TO THE IMETP.	
(b) <input type="checkbox"/> IMET FMTs: CHARGES FOR OUTPATIENT AND INPATIENT CARE, IMMUNIZATIONS, AND MEDICAL EXAMINATIONS ARE CHARGEABLE TO THE IMETP.	
(c) <input type="checkbox"/> NATO FMTs UNDER FMS: CHARGES FOR ONLY INPATIENT CARE IN THE U.S. WILL BE COLLECTED FROM (SELECT ONE)	
1 <input type="checkbox"/> FMS CASE	2 <input type="checkbox"/> FMT
3 <input type="checkbox"/> FOREIGN GOVERNMENT	
(d) <input type="checkbox"/> FMS FMTs: CHARGES FOR OUTPATIENT AND INPATIENT CARE, IMMUNIZATIONS, AND MEDICAL EXAMINATIONS WILL BE COLLECTED FROM (SELECT ONE)	
1 <input type="checkbox"/> FMS CASE	2 <input type="checkbox"/> FMT
3 <input type="checkbox"/> FOREIGN GOVERNMENT	
(2) DEPENDENTS	
(a) <input type="checkbox"/> AUTHORIZED ACCOMPANYING DEPENDENTS OF NATO FMTs: CHARGES FOR ONLY INPATIENT CARE IN THE U.S. WILL BE COLLECTED FROM (SELECT ONE)	
1 <input type="checkbox"/> FMT	2 <input type="checkbox"/> FOREIGN GOVERNMENT
(b) <input type="checkbox"/> AUTHORIZED ACCOMPANYING DEPENDENTS OF IMET AND FMS FMTs: CHARGES FOR OUTPATIENT AND INPATIENT CARE, IMMUNIZATIONS, AND MEDICAL EXAMINATIONS WILL BE COLLECTED FROM (SELECT ONE)	
1 <input type="checkbox"/> FMT	2 <input type="checkbox"/> FOREIGN GOVERNMENT
(3) <input type="checkbox"/> SEE ITEM 16, SPECIAL CONDITIONS.	
c. LIVING ALLOWANCES	
(1) <input type="checkbox"/> LIVING ALLOWANCE IS RESPONSIBILITY OF THE GOVERNMENT OF _____ (Home Country)	
(2) <input type="checkbox"/> IMET LIVING ALLOWANCE IS AUTHORIZED DURING PERIOD COVERED BY THIS ORDER, FROM DAY OF DEPARTURE FROM TO DAY OF RETURN ARRIVAL IN HOME COUNTRY, EXCLUDING PERIODS COVERED BY LEAVE, IN ACCORDANCE WITH MASM PART II, CHAP 7, AND IS CHARGEABLE TO THE IMET FUND CITE INDICATED IN ITEM 9, THIS ORDER.	
(3) <input type="checkbox"/> IMET LIVING ALLOWANCE IS AUTHORIZED FROM DAY OF DEPARTURE FROM TO DAY OF RETURN ARRIVAL IN _____ (Country - Other Than Home Country), EXCLUDING PERIODS COVERED BY LEAVE, IN ACCORDANCE WITH MASM PART II, CHAP 7, AND IS CHARGEABLE TO THE IMET FUND CITE INDICATED IN ITEM 9, THIS ORDER.	
(4) <input type="checkbox"/> IMET LIVING ALLOWANCE IS AUTHORIZED FROM DAY OF DEPARTURE FROM THE CONUS ENTRY PORT TO DAY OF RETURN ARRIVAL AT THE CONUS DEPARTURE POINT, EXCLUDING PERIODS COVERED BY LEAVE, IN ACCORDANCE WITH MASM PART II, CHAP 7, AND IS CHARGEABLE TO THE IMET FUND CITE INDICATED IN ITEM 9, THIS ORDER.	
(5) <input type="checkbox"/> IMET LIVING ALLOWANCE IS AUTHORIZED WHILE IN TRAINING STATUS ONLY IN ACCORDANCE WITH MASM PART II, CHAP 7, AND IS CHARGEABLE TO THE IMET FUND CITE INDICATED IN ITEM 9, THIS ORDER.	
(6) <input type="checkbox"/> SEE ITEM 16, SPECIAL CONDITIONS.	
d. TRAVEL	
(1) <input type="checkbox"/> TRAVEL IS RESPONSIBILITY OF THE GOVERNMENT OF _____ (Home Country)	
(2) <input type="checkbox"/> TRAVEL COVERED BY THIS ORDER, OVERSEAS AND CONUS, IS CHARGEABLE TO THE IMET FUND CITE INDICATED IN ITEM 9, THIS ORDER.	
(3) <input type="checkbox"/> TRAVEL TO AND RETURN FROM _____ (Country - Other Than Home Country) IS THE RESPONSIBILITY OF THE GOVERNMENT OF _____ (Home Country). TRAVEL FROM _____ (Country - Other Than Home Country) TO CONUS AND RETURN IS CHARGEABLE TO THE IMET FUND CITE INDICATED IN ITEM 9, THIS ORDER.	
(4) <input type="checkbox"/> TRAVEL TO CONUS AND RETURN IS RESPONSIBILITY OF THE GOVERNMENT OF _____ (Home Country). TRAVEL WITHIN CONUS IS CHARGEABLE TO IMET FUND CITE INDICATED IN ITEM 9, THIS ORDER.	
(5) <input type="checkbox"/> SEE ITEM 16, SPECIAL CONDITIONS.	
e. BAGGAGE	
(1) <input type="checkbox"/> NO BAGGAGE WILL BE TRANSPORTED AT USG EXPENSE. BAGGAGE ALLOWANCES OUTLINED BELOW ARE TOTAL ALLOWANCES: EXCESS BAGGAGE BEING THE DIFFERENCE BETWEEN THE BAGGAGE PERMITTED BY THE TRANSPORTATION CARRIER AND THAT STIPULATED BELOW. BAGGAGE SIZES AND DIMENSIONS WILL CONFORM TO CARRIER STIPULATIONS. THESE ALLOWANCES APPLY FOR THAT PORTION OF TRAVEL WHOSE COSTS ARE PAID FROM U.S. FUNDS (SEE PARA 4, ABOVE) AND COST OF ANY EXCESS BAGGAGE IS CHARGEABLE TO THE IMET FUND CITE INDICATED IN ITEM 9, THIS ORDER.	
(2) <input type="checkbox"/> TRAINING LESS THAN 40 WEEKS IN TOTAL DURATION (OTHER THAN FLYING): IMET FMT AUTHORIZED 100 POUNDS, NOT TO EXCEED 3 PIECES OF CHECKED BAGGAGE.	
(3) <input type="checkbox"/> FLYING TRAINING LESS THAN 40 WEEKS IN TOTAL DURATION: IMET FMT AUTHORIZED 130 POUNDS (TOTAL FOR PERSONAL BAGGAGE AND ANY FLYING TRAINING EQUIPMENT), NOT TO EXCEED 4 PIECES OF CHECKED BAGGAGE.	
(4) <input type="checkbox"/> ALL TRAINING 40 WEEKS OR LONGER IN TOTAL DURATION: IMET FMT AUTHORIZED 160 POUNDS, NOT TO EXCEED 5 PIECES OF CHECKED BAGGAGE.	

Page 3 of 4 Pages

FIGURE 10-II-1. (Continued) (page 3 of 4 pages)

15. CONDITIONS (Continued)	
1. TRAVEL BY POV	
(1) <input type="checkbox"/>	FMT IS AUTHORIZED BY HIS GOVERNMENT TO TRAVEL BY POV BETWEEN TRAINING INSTALLATIONS.
(2) <input type="checkbox"/>	FMT IS NOT AUTHORIZED BY HIS GOVERNMENT TO TRAVEL BY POV BETWEEN TRAINING INSTALLATIONS.
2. LEAVE	
(1) <input type="checkbox"/>	UPON COMPLETION OF TRAINING, FMT IS NOT AUTHORIZED LEAVE, AND WILL PROCEED IMMEDIATELY AS DIRECTED TO HOME COUNTRY.
(2) <input type="checkbox"/>	UPON COMPLETION OF TRAINING, FMT IS AUTHORIZED _____ DAYS LEAVE AT NO COST TO THE USG OR IMETP. UPON (Number) COMPLETION OF LEAVE, FMT WILL PROCEED IMMEDIATELY TO HOME COUNTRY OR AS DIRECTED BY COMPETENT AUTHORITY.
3. PARTICIPATION IN HAZARDOUS DUTY	
(1) <input type="checkbox"/>	FMT IS PARACHUTE QUALIFIED AND AUTHORIZED TO PARTICIPATE IN JUMPS FROM U.S. AIRCRAFT.
(2) <input type="checkbox"/>	QUALIFIED FLYING FMTs ARE AUTHORIZED TO PARTICIPATE IN FLIGHTS AS CREW MEMBERS. THE GOVERNMENT OF _____ CERTIFIES THAT FMT IS PHYSICALLY, PROFESSIONALLY, AND (Home Country) ADMINISTRATIVELY QUALIFIED TO PARTICIPATE IN FLIGHTS IN HIS COUNTRY'S MILITARY AIRCRAFT AS _____ FMT MEETS MEDICAL CLEARANCE REQUIREMENT AS (Flight Crew Position) SPECIFIED BY THE APPROPRIATE U.S. MILDEP FLIGHT QUALIFICATION RECORDS ACCOMPANYING FMT.
(3) <input type="checkbox"/>	FMT IS AUTHORIZED TO PARTICIPATE IN FLIGHTS OF U.S. MILITARY AIRCRAFT AS REQUIRED IN CONNECTION WITH SCHEDULED COURSE(S) OF INSTRUCTION, OR AS SPECIFIED IN U.S. MILDEP REGULATIONS.
(4) <input type="checkbox"/>	FMT IS AUTHORIZED TO PARTICIPATE IN HAZARDOUS DUTY TRAINING.
(5) <input type="checkbox"/>	NOT APPLICABLE.
16. SPECIAL CONDITIONS (If Applicable)	
17. DISTRIBUTION	

Page 4 of 4 Pages

FIGURE 10-11-1. (Continued) (page 4 of 4 pages)

TABLE 10-II-1
PROGRAM CARD FORMATS

ADDITION CARD 4	CHANGE CARD Q	DELETION CARD R	COLUMN
Card Code	Card Code	Card Code	1
Record Control Number	Record Control Number	Record Control Number	2
Blank	Blank	Blank	5
Blank	Blank	Blank	6
Item Ident Number	Item Ident Number	Blank	13
Generic Code	Generic Code	Blank	14
Blank	Blank	Blank	20
Reason for Change Code	Reason for Change Code	Reason for Change Code	21
Student Code	Student Code	Blank	22
Quantity	Quantity	Blank	23
Program Originator	Program Originator	Blank	24
Country/ Activity Code	Country/ Activity Code	Country/ Activity Code	25
Duration	Duration	Blank	26
Type of Assistance	Type of Assistance	Blank	29
Unit Price	Unit Price	Blank	30
Blank	Blank	Blank	31
Program Year	Program Year	Program Year	32
Funding Date/Case	Funding Date/Case	Blank	33
Travel and Living Allowance	Travel and Living Allowance	Blank	34
Blank	Blank	Blank	35
DSAA Waiver	DSAA Waiver	Blank	36
Blank	Blank	Blank	43
TLA Command Worksheet	TLA Command Worksheet	Blank	44
Control Number	Control Number	Blank	45
Execution Agency Code	Execution Agency Code	Blank	46
Change Originator	Change Originator	Change Originator	47
			50
			51
			56
			57
			58
			59
			60
			61
			65
			66
			68
			69

TABLE 10-II-1. Program Card Formats.

<u>ADDITION CARD 4</u>	<u>CHANGE CARD Q</u>	<u>DELETION CARD R</u>	<u>COLUMN</u>
Avail Report Qtr	Avail Report Qtr		70
Blank	Blank		71
Rqmts Priority Code	Rqmts Priority Code		72
			73
<u>Total Cost</u>	<u>Total Cost</u>	<u>Blank</u>	<u>80</u>

TABLE 10-II-1. (Continued)

TABLE 10-II-2

TABLE OF DAILY LIVING ALLOWANCES
FOR IMET FOREIGN MILITARY TRAINEES

	OFFICER AND CIVILIAN EQUIVALENTS	ENLISTED(1)
In Travel Status, Including Unscheduled Delays(2).....	Various	Various
In Training Status:		
Neither Quarters Nor Mess Available.....	\$33	\$33
Quarters Available, Mess Not(3).....	20	17
Mess Available, Quarters Not(3).....	23	19
Both Quarters and Mess Available(3).....	14	7
Both Quarters and Mess Available, Free of Charge (Aboard Ship).....	7	7
Both Quarters and Mess Available Officers Charged for Mess (Aboard Ship).....	10	N/A
Dependent Authorized(4).....	33	N/A
On Leave(5).....	Various	Various
In Military Hospital(6).....	7	7
Orientation Tour Participants(7).....	23	N/A

NOTES:

- (1) Not applicable to enlisted foreign military trainees (FMTs) attending training at the United States Army School of the Americas (USARSA), Small Craft Instruction and Technical Training School (SCIATTS) or the Inter-American Air Forces Academy (IAAFA). The daily living allowance rate authorized for these enlisted FMTs is \$1.50 per day.
- (2) Travel allowance rate is authorized to include the day of arrival at, and day of departure from, training installation except for FMTs who receive no U.S. Government living allowance. Rates on travel status, including unscheduled delays, are based on rates equal to those in the JTR for U.S. personnel.
- (3) In overseas areas where U.S. Government quarters and mess are not available the rates authorized are equal to those authorized for U.S. personnel in the JTR. "Quarters Available" means that U.S. Government quarters were either furnished or made available. "Mess Available" means three meals per day were available in a U.S. Government mess, whether or not actually consumed. U.S. Government mess excludes open mess and is not considered available to officer FMTs except during maneuvers, field exercises, training in the field or when an officer's field ration mess is specifically available (e.g., officers field ration mess is available at Lackland AFB and Maxwell AFB, both with a heavy student load).

TABLE 10-II-2. Table of Daily Living Allowances for IMET FMTs.

MILDEPs will be reimbursed from IMETP funds for costs of meals and quarters furnished free of charge to eligible FMTs. All FMTs not authorized a U.S. Government living allowance will pay for their meals. Meals taken in other food service facilities will be paid for by the FMT at the menu rates.

- (4) This rate is authorized only for accompanied FMTs attending certain courses designated by the MILDEPs (AC&CS, SOS, AWC, CGSC, NCC, NSC, AFIT, MCC&SC, SWOS, PGS) and includes authorized leave periods. This rate is applicable regardless of availability of quarters and is payable whether FMT lives on or off post.
- (5) Living allowance for leave periods following termination of training is not authorized. Leave with living allowances may be granted during periods of class breaks, authorized holidays, between consecutive courses and delays at a port while awaiting transportation at the rate that is appropriate to the training status.
- (6) In those cases where an officer FMT is authorized an increased living allowance for accompanying dependents (see Note 4, above) and is subsequently hospitalized, an increased living allowance (\$33) shall apply during period of hospitalization rather than the reduced rate specified herein.
- (7) Meal allowance only. Cost of quarters to be paid from programmed funds by Class A agent/cashier escort officer.

TABLE 10-11-2. (Continued)

TABLE 10-II-3

MILDEP EXECUTION AGENCY IDENTIFIER CODES

A. ARMY EXECUTION AGENCY (EXA) CODES.

The EXA code used by the Army is a three digit alpha numeric wherein the first alpha represents the Army (B), the second alpha the funding agency and the the third alpha or numeric the training agency. The following codes are to be used for Department of the Army IMET programming.

B. Department of the Army.

- A. U.S. Army Material Development and Readiness Command (DARCOM)
 - A. Army Logistics Management Center, Ft Lee, VA
 - B. Army Management Engineer Training Activity, Rock Island, IL
 - C. Army Defense Ammunition School, Savanna, IL
 - D. Joint Military Package Training Center, Aberdeen Proving Ground, MD
 - E. Army Tank-Automotive Command, Warren, MI
 - G. Army Depot Systems Command, Chambersburg, PA
 - H. Letterkenny Army Depot, Chambersburg, PA
 - K. Lone Star Ammunition Plant, Texarkana, TX
 - L. Army Test and Evaluation Command, Aberdeen Proving Ground, MD
 - M. New Cumberland Army Depot, New Cumberland, PA
 - N. Army Troop Support and Aviation Material Readiness Command, St. Louis, MO
 - P. Army Mobility Equipment Research and Development Command, Ft. Belvoir, VA
 - Q. Pueblo Army Depot, Pueblo, CO
 - R. Army Natick Research and Development Laboratories, Natick, MA
 - S. Army Electronics Research and Development Command, Adelphi, MD
 - T. Army Communications Electronics Command, Ft. Monmouth, NJ
 - U. Red River Army Depot, Texarkana, TX
 - V. Army Aviation Research and Development Command, St. Louis, MO
 - W. Tobyhanna Army Depot, Tobyhanna, PA
 - X. Tooele Army Depot, Tooele, UT
 - Y. Yuma Proving Ground, Yuma, AZ
 - 2. US Army Security Assistance Center (USASAC), Alexandria, VA
 - 3. Anniston Army Depot, Anniston, AL
 - 4. Dugway Proving Ground, Dugway, UT
 - 6. Corpus Christi Army Depot, Corpus Christi, TX
 - 7. Army Armament Research and Development Command, Dover, NJ
 - 8. Army Armament Material Readiness Command, Rock Island, IL

TABLE 10-II-3. MILDEP Execution Agency Identifier Codes.

- 9. Army Missile Command (MICOM), Redstone Arsenal, AL
 - 0. (Unidentified DARCOM Location)
- C. U.S. Army Training and Doctrine Command (TRADOC)
- A. Army Aviation School, Ft Rucker, AL
 - B. Army Training Support Center (Correspondence Courses), Ft Eustis, VA
 - C. U.S. Army War College, Carlisle, PA
 - D. Defense Language Institute, Monterey, CA
 - E. Army Engineer School, Ft Belvoir, VA
 - F. Army Field Artillery School, Ft Sill, OK
 - G. Army Infantry School, Ft. Benning, GA
 - H. Army Ordnance School, Aberdeen Proving Ground, MD
 - I. Defense Information School, Ft Benjamin Harrison, IN
 - J. Army Quartermaster School, Ft Lee, VA
 - K. Army Chemical School, Ft McClellan, AL
 - L. Army Soldier Support Center, Ft Benjamin Harrison, IN
 - M. Army Chaplain School, Ft Monmouth, NJ
 - N. Army Military Police School, Ft McClellan, AL
 - P. Army Signal School, Ft Gordon, GA
 - Q. Judge Advocate General School, Charlottesville, VA
 - R. Army Air Defense School, Ft Bliss, TX
 - S. Army Transportation School, Ft. Eustis, VA
 - T. Army Command and General Staff College, Ft. Leavenworth, KS
 - U. Army Intelligence School, Ft. Huachuca, AZ
 - W. Army Institute for Military Assistance, Ft. Bragg, NC
 - X. Army Missile and Munitions School, Redstone Arsenal, AL
 - Y. Army Armor School, Ft Knox, KY
 - Z. U.S. Army Organizational Effectiveness Training Center and School, Ft Ord, CA
 - 1. Ft Dix, NJ
 - 2. Ft Leonard Wood, MO
 - 3. Ft Jackson, SC
 - 7. TRADOC Security Assistance Training Field Activity (SATFA), Ft. Monroe, VA
 - 8. TRADOC Combined Arms Test Activity (TCATA), Ft Hood, TX
 - 9. HQ, TRADOC, Ft Monroe, VA
 - 0. (Unidentified TRADOC Location)
- E. Office, Chief of Engineers
- 0. (Unidentified Chief of Engineers Location)
- F. U.S. Army Finance and Accounting Center (USAFAC)
- A. USAID Training All Areas
 - B. Defense Intelligence Agency (DIA), Washington, DC
 - C. U.S. Coast Guard Training
 - D. Defense Logistics Agency (DLA), Washington, DC
 - E. Defense Systems Management College, Ft Belvoir, VA
 - F. National Defense College (Correspondence Course), Ft. McNair, Washington, DC

TABLE IO-II-3. (Continued)

- M. U.S. Marine Corps Training
 - N. U.S. Navy Training
 - S. Defense Mapping Agency (DMA), Washington, DC
 - T. Defense Mapping School, Ft Belvoir, VA
 - X. U.S. Air Force Training
 - O. Training U.S. Map Personnel (N5B)
- G. U.S. Army Health Services Command (USAHSC)
 - A. Armed Forces Institute of Pathology, Washington, DC
 - B. William Beaumont Army Medical Center, El Paso, TX
 - F. Fitzsimmons Army Medical Center, Aurora, CO
 - H. Army Environmental Hygiene Agency, Aberdeen Proving Ground, MD
 - L. Letterman Army Medical Center, San Francisco, CA
 - M. Madigan Army Medical Center, Tacoma, WA
 - S. Academy of Health Sciences, Ft Sam Houston, TX
 - T. Tripler Army Medical Center, Honolulu, HI
 - W. Walter Reed Army Medical Center, Washington, DC
 - X. Medical Cost-CONUS (GC N7E)
 - Z. Army Institute of Dental Research, Washington, DC
 - O. (Unidentified USAHSC Location)
 - H. Western Command (WESTCOM)
 - H. All Training in WESTCOM Schools or Units
 - I. Third Country Training in WESTCOM Areas
 - O. (Unidentified Pacific Command (PACOM) Location)
 - I. U.S. Army Forces Command (FORSCOM)
 - A. 1st Infantry Division (Mechanized), Ft Riley, KS
 - B. 1st Cavalry Division, Ft Hood, TX
 - C. 2d Armored Division, Ft Hood, TX
 - D. 3d Armored Cavalry Regiment, Ft Bliss, TX
 - E. 4th Infantry Division (Mechanized), Ft Carson, CO
 - F. 5th Infantry Division (Mechanized), Ft Polk, LA
 - G. 7th Infantry Division, Ft Ord, CA
 - H. 9th Infantry Division, Ft Lewis, WA
 - I. 24th Infantry Division, Ft Stewart, GA
 - J. 82nd Airborne Division, Ft Bragg, NC
 - K. 101st Airborne Division, Ft Campbell, KY
 - L. 197th Infantry Brigade, Ft Benning, GA
 - M. 194th Armored Brigade, Ft Knox, KY
 - N. 193rd Infantry Brigade (Panama), Ft Clayton
 - P. 172nd Infantry Brigade (AK), Ft Richardson, AK
 - Q. 3d Corps Artillery, Ft Sill, OK
 - 9. HQ, FORSCOM, Ft McPherson, GA
 - O. (Unidentified FORSCOM Location)
 - M. U.S. European Command (EUCOM)
 - M. All Training in U.S. Army Europe (USAREUR) Schools or Units
 - O. (Unidentified EUCOM Location)

TABLE 10-II-3. (Continued)

- S. U.S. Southern Command (SOUTHCOM)
 - A. School of the Americas
 - B. Inter-American Geodetic Survey School
 - S. Other Training in SOUTHCOM Areas
 - X. Medical Cost-Overseas (GS N7F)
- Z. Unidentified
 - Z. Unidentified Location, Worldwide (Used only for initial programming until correct EXA is determined)

B. NAVY EXECUTION AGENCY (EXA) CODE.

The EXA code used by the Navy is also a three digit alpha numeric wherein the first alpha represents the Navy (P), and the second and third alpha-numeric represent the major claimant or implementing command for the training. The following codes are to be used for Department of the Navy IMET programming.

P. Department of the Navy.

PBM NAVAL MEDICAL COMMAND
 PGC US COAST GUARD (COGARD)
 PCN CHIEF OF NAVAL OPERATIONS (CNO)
 PCL COMMANDER IN CHIEF, US ATLANTIC FLEET (CINCLANTFLT)
 PCP COMMANDER IN CHIEF, US PACIFIC FLEET (CINCPACFLT)
 PCT CHIEF OF NAVAL EDUCATION AND TRAINING (CNET)
 PMC COMMANDANT, US MARINE CORPS (CMC)
 PNM CHIEF OF NAVAL MATERIAL (CHNAVMAT)
 PNR CHIEF OF NAVAL RESERVE (CNAVRES)
 PBO DEPARTMENT OF THE ARMY (DA)
 PDO DEPARTMENT OF THE AIR FORCE (DAF)
 POO MISCELLANEOUS
 PSO COMMANDER IN CHIEF, US SOUTHERN COMMAND (USCINCSO)

C. AIR FORCE EXECUTION AGENCY (EXA) CODES.

The EXA code used by the Air Force is a three digit alpha numeric wherein the first alpha represents the Air Force (D), and the second alpha the implementing command, and the third alpha or numeric the major command conducting the training. The following codes are to be used for Department of the Air Force IMET programming.

D. Department of the Air Force

D. USAFE

- 0 Variable
- E England
- G Germany

F. LOGISTICS

- 0 AF Logistics Command

TABLE 10-II-3. (Continued)

J. FMTAG
O AF CONUS/Variable
B USAF Academy
C Aerospace Defense Command
H Air Force Systems Command
J Air Training Command
K Air University/AF Institute of Technology
Q Military Air Command
S Strategic Air Command
T Tactical Air Command
U USAF Security Service
Y AF Communications Service

L. USAFSO
O Variable
A IAAFA School

R. PACAF
O Variable
H Hawaii
C Clark AFB

TABLE 10-II-3. (Continued)

CHAPTER ELEVEN

MILITARY ASSISTANCE PROGRAM (MAP)

SECTION I - USE OF MAP FUNDS TO FINANCE FOREIGN MILITARY SALES
--

A. GRANT AID (MAP) FUNDING. This chapter provides implementing procedures for the utilization of MAP funds to finance FMS.

1. Legislation. Effective with the FY 1982 MAP appropriation, the FAA, Section 503(a)(3) authorizes the transfer of MAP funds to the FMS Trust Fund (Account 8242) for merger with country trust fund deposits. The law also stipulates that these MAP funds are to be used solely for payment on obligations of the recipient country for purchases made under the AECA. FY 1982 and subsequent MAP appropriations, except to the extent utilized for prior year supply operations, administrative expenses, and the FAA, Section 506(a) reimbursements, will be implemented under Section 503(a)(3) procedures. Funds must be obligated within the period of availability prescribed in the annual appropriation act or the Continuing Resolution Authority (CRA).

a. Allocation. The State Department determines which country shall receive a MAP fund allocation and the amount, through inter-agency coordination on a country-by-country basis. When the allocation is determined, State prepares a program justification for each country that is to receive MAP funds, and submits these to the Office of Management and Budget (OMB), requesting apportionment. OMB reviews requests and submits the approved apportionment to the DSAA, Comptroller. DSAA allocates the funds from the parent account to the transfer account, where they become available for application to country LOAs.

b. Funding Availability. While the MAP funds are accounted for through the transfer account, the DSAA Financial Reports and Credit Programs Division (FR&CPD) records the funds in the same accounting system used for FMS loans. At this point the MAP funds become available for financing of the country's FMS cases. The MAP accounts are distinguished from loan accounts by special identification codes. When funds become available, DSAA determines if the country is in arrears 90 days or more on FMS cash cases. If so, DSAA reserves, from the country's total MAP allocation, sufficient funds to cover the arrearage. DSAA concurrently advises the country of the overdue amount and of the intention to liquidate the arrearage with merger funds. The country is then allowed ten days to reply regarding their intentions to use their own funds or the merger funds to pay the arrearage. If no reply is received from the country, DSAA processes a disbursement voucher (SF-1080) to transfer to SAAC the appropriate amount, identified by the FMS case, to pay the arrearage.

c. Commitments. The MILDEPs enter the code "FMS Credit/MAP" on the LOA when such funding is to be used. If the MILDEP is aware that both FMS credit and MAP merger funds are needed to finance a case, block 27 on the LOA must specify the amount to be financed from credit and the amount to be financed from merger funds. If the MILDEP is unaware of the credit-MAP distribution, DSAA will apply funds as appropriate. As the LOAs flow to DSAA

for countersignature, DSAA will identify cases requiring merger funds and will commit the amount of funds designated on the LOA. For LOAs initially established for financing by other than MAP funds, but subsequently converted to partial or total financing by merger funds, DSAA will ensure that the LOAs properly reflect the FMS Credit/MAP distribution and the commitments are recorded.

d. Obligations. As a general policy, and unless otherwise advised by the country, MAP funds rather than loan funds will be used first to finance the country's LOAs until the merger funds allocation is exhausted. The merger funds become obligated upon the country's acceptance of the case. If the case is rejected or cancelled, the funds are decommitted and become available for use on another of the country's cases. It is imperative that a copy of each accepted LOA citing merger funds be provided to DSAA FR&CPD.

e. Disbursements. Upon acceptance of a case financed with MAP funds, DSAA FR&CPD will use the LOA as support to submit the necessary down payment (initial deposit) to SAAC. For subsequent payments, SAAC's DD 645 billing statements will provide the necessary support. The payment will be made automatically by FR&CPD based on the DD 645 received from SAAC. The FR&CPD will keep records of disbursements by case, match these amounts against the amounts obligated by case, and be responsible for reporting obligations and disbursements to the Treasury (at appropriation level) in compliance with Treasury's Fiscal Requirements Manual.

f. Application of Funds. Upon receipt SAAC will merge these funds into the FMS trust fund, distributing the funds to the country's FMS cases by the amounts shown on the disbursement voucher (SF-1080). The merger funds then lose their identity as MAP funds. Separate identity of the MAP funds after merger will not be maintained by SAAC, but SAAC may classify them as U.S. source funds to preclude inadvertent refunds. Also, consistent with paragraph e., above, it is presumed that merger funds are disbursed before trust funds from other sources are disbursed.

g. MAP Funds Vs Credit Funds. Merger funds will be treated in the same manner as FMS credit funds except that they may not legally be used for financing direct commercial purchases.

h. MAP Restrictions. Procurements financed by merged MAP funds will not be governed by the delivery procedures and reversionary rights requirements applicable to the FY 1981 and prior year MAP. Delivery deadlines will not be established for purchases financed with FY 1982 and subsequent year merger funds. Procurement and delivery will be carried out in accordance with FMS procedures. Reversionary title rights will not accrue to the U.S. on any defense article sold under FMS procedures even when merger funds may have been used to finance the purchase in whole or in part. Accordingly, the recipient countries will not be required, as they are under FY 1981 and prior year MAP, to return the article to the U.S. when the article is no longer needed. Restrictions on transfers to a third party, however, will continue to apply, as they do to all defense articles and services sold under FMS.

i. Excess Defense Articles (EDA). Recipients of merged MAP funds are not eligible for the grant of EDA. They may, however, purchase EDA under FMS procedures.

2. Exceptions. The guidance provided above does not apply to FY 1981 and prior MAP programs, to those general costs funds programmed in FY 1982 and subsequent years which are intended for the close-out of those programs, or to emergency drawdowns authorized under Section 506(a) of the Foreign Assistance Act of 1961 (FAA), as amended. For those program years and funds, management and close out are discussed by separate guidance, which will be forwarded to applicable addressees.

SECTION II - UTILIZATION, REDISTRIBUTION AND DISPOSAL OF MAP MATERIEL

A. PURPOSE. This section provides utilization, redistribution, and disposal procedures for materiel furnished to foreign countries by the U.S. as grant aid, under a "MAP Order" prior to FY 1982 or as a result of Section 506(a), FAA, emergency drawdown authority. It does not apply to materiel purchased as a result of transfer of MAP funds to the FMS trust fund (See Section I of this chapter).

B. LEGAL LIMITATIONS. Neither the SECDEF (DSAA) nor the Unified Command, or the SAO, have the legal authority to consent on behalf of the President either (1) to the use of MAP materiel by anyone not an officer, employee, or agent of the recipient government, or to the transfer of such materiel by any means to anyone not an officer, employee, or agent of the recipient government, or to the use of such materiel for purposes other than those for which furnished as identified in section 502 of the FAA, or (2) to other disposition of such materiel than the return to the United States Government without charge when such materiel is no longer needed for the purposes for which furnished. These two Presidential functions under section 505(a)(1) and section 505(a)(4) of the FAA have been delegated to the Secretary of State by section 1-201(a)(4) of Executive Order No. 12163. Requests for consent under these statutory provisions should be addressed to the Secretary of State through diplomatic channels with an information copy to the Director, DSAA.

C. SUPERVISION OF END-ITEM USE AND MAINTENANCE OF INVENTORIES. SAOs assigned to countries which were the recipients of grant aid material (MAP) under programs initiated prior to FY 1982 are required to monitor the status of such materiel. As a minimum, this normally will consist of an inventory maintained by the SAO and updated at least annually by the foreign government, of major items of MAP origin held by the foreign armed forces, with estimates as to when the items are expected to become excess to the foreign force needs. Major items normally will include aircraft, ships, radar, armored vehicles, general purpose vehicles, artillery and mortars, missiles, and such other items as the SAO Chief deems appropriate. SAOs should encourage the host country to declare MAP equipment excess when it is no longer needed. The Unified Commander may modify these instructions to accommodate the situation in a particular area or country.

1. Action by the Chief of the SAO. End-item utilization (inventory) reporting (to DSAA, with an information copy to the unified command) is required only if discrepancies are uncovered. These end-item utilization responsibilities normally do not require dedicated travel for inspection purposes and must be undertaken with resources assigned or otherwise available

primarily for other purposes. Noting the presence and utilization of U.S. origin equipment should be done during the course of other duties and end-use inspection or MAP-related functions will not justify SAO personnel authorizations. Note that end-use observation and reporting extends to items of U.S. origin acquired other than through MAP, although there is no requirement to seek periodic reports from the host government on such items. When MAP materiel is declared excess to the needs of its armed forces by the holding foreign country, the SAO or other DoD element responsible for MAP administration in the country will determine its condition. To the extent practicable, the determination will be based on physical inspection by qualified U.S. personnel. In the case of lack of resources, however, classification by the foreign government authorities may be accepted.

a. Economic Repairability. Economic repairability will be determined in accordance with DoD Instruction 7220.21.

(1) Standard Condition Codes. Standard condition codes as set forth in the Defense Disposal Manual (DoD 4160.21M) will be used.

(2) Unserviceable Equipment. 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 (4), below.

(3) Screening Excess Against Other In-Country Requirements. SAOs will screen reported excess MAP materiel against other MAP user requirements within the recipient country. Where such requirements exist and where the MAP property would continue to serve a MAP purpose, the SAO Chief may authorize continued use within the country. The SAO will maintain local records of internal transfers made under the authority of the paragraph identifying the item, quantity, materiel condition, and the loaning and gaining MAP elements.

(4) Reports of Non-Redistributed MAP Excess. If excess MAP materiel is not redistributed within the holding country, the Chief of the SAO will report major items (programmed as "each" items listed in the MASL with unit of issue other than "XX") and secondary items, with a value of \$1,500 or more per line item value, to the designated agency in the format specified by MILDEP directives with information copy to the Unified Command. Excess reports will include recommendations for disposition by the Chief of the SAO, as appropriate.

2. Action by the MILDEP. The MILDEPs 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.

a. Worldwide Screening of Major and Secondary MAP Excess Materiel. Major and secondary MAP excess materiel will be screened by the MILDEP against worldwide security assistance requirements. Should such requirements not exist however, the following actions will be taken:

(1) Major items will be offered under the Major Item Materiel Excess (MIMEX) system.

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

b. Post Screening Actions. Upon conclusion of screening, all requirements received from the SAOs will be reviewed. Appropriate transfer actions will be initiated by the MILDEPs pursuant to allocations of major items by DSAA. Redistribution actions for secondary items will be initiated by the cognizant MILDEP in accordance with established procedures and priorities. Comments on an exception basis from the unified command shall be considered in making redistribution decisions.

c. Disposition of Non-Allocated Items. Major items not allocated under MIMEX, and all secondary items not required for security assistance requirements will be utilized by the MILDEPs to meet other than MAP requirements as appropriate. Any materiel not so utilized will be reported to the Defense Property Disposal Service (DPDS).

D. TRANSFER OF MAP EXCESS MATERIEL.

1. Submission of Requirement. The SAOs shall screen program requirements against MIMEX offers and secondary item screening lists and advise DSAA and MILDEPs, with information copy to the unified command, of requirements for acceptable MAP excess materiel. The unified command is allowed to comment on the country's requirements. No comment will be construed as no objection.

a. Transfer by SAO Holding Excess Materiel. A SAO 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 cognizant MILDEP or agency.

b. Actions by SAO Receiving Redistributable MAP Property. SAOs receiving redistributable MAP property will:

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

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

(3) Submit appropriate program change data to DSAA.

c. Reimbursable Transfer. MAP property used for any purpose other than to meet approved security assistance or other DoD requirements, including transfer for disposal, will be transferred on a reimbursable basis. Proceeds of the transfer will be reimbursed to MAP accounts in U.S. dollars, except where special government-to-government arrangements specify otherwise.

2. Accessorial Charges and Rehabilitation Costs.

a. Delivery Procedures and Charges for MAP Excess Materiel - Other Than MIMEX, Ships, and Aircraft. MAP property, other than MIMEX Offer allocations, ships and aircraft, will be delivered by the releasing country.

(1) Redistributable MAP Items. Redistributable MAP items will be delivered free alongside vessel. MAP will pay for unloading from carrier and loading items aboard ship.

(2) Items Being Returned for U.S. MILDEP Stocks or Disposal. Items being returned for U.S. Military Department stock or disposal will be delivered free alongside vessel. U.S. MILDEP will pay for unloading from carrier and loading items aboard ship for such items.

(3) MAP Property shipped via Rail or Highway. When MAP excess property is shipped via rail or highway the releasing country will ship to its border at its expense. The new recipient will pay costs from the border to the country receiving redistributable property. U.S. MILDEPs will pay costs from the border of the releasing country to designated overseas storage locations.

b. Redistributable Property Sold Under Foreign Military Sales (FMS). For redistributable MAP excess property sold under FMS the purchasing country will pay all inland carrier, loading, unloading, and ocean costs.

c. Delivery Costs of Ships and Aircraft. Ships and aircraft will be delivered in accordance with arrangements made between the USG and the releasing country.

d. Packing, Crating, and Handling (PCH) Charges. Packing, crating and handling costs will be born by the releasing country for:

(1) Redistributable MAP Property and Items Returned to U.S. Stocks.

(a) Redistributable MAP property, and
 (b) Items being returned for U.S. MILDEP's stock or disposal.

(2) Redistributable Property Sold Under FMS. Packing, crating and handling costs will be borne by the purchasing country for redistributable MAP property sold under FMS.

e. Rehabilitation Costs. Rehabilitation costs will be borne:

(1) Redistributable MAP Property. By the receiving country current year MAP program for redistributable property.

(2) Property Being Returned to U.S. Stocks. By the MILDEP for property being returned to its stock.

(3) Redistributable Property Sold Under FMS. By the country purchasing the redistributable MAP property under FMS.

f. Application of Accessorial Charges. Accessorial charges will be applied in accordance with DoD Instruction 7510.4.

E. CANNIBALIZATION AND RETENTION OF MAP PROPERTY. In accordance with paragraph B of this section, requests for authority to cannibalize MAP property will be addressed to the Department of State with info copy to DSAA. The Department of State will prepare and transmit the response to the U.S. mission in the country concerned. Requests for authority to retain MAP property to be used for purposes other than those for which originally furnished will be handled in the same manner as requests for authority to cannibalize MAP property.

F. DISPOSAL OF MAP PROPERTY.

1. Legislative Requirements.

a. As regards to the method of disposal in paragraph F.2., below, 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 Education Cultural Exchange Act of 1961."

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

c. The FAA, Section 505(f) extends to disposals by the recipient countries of MAP origin defense articles if such countries were the recipient of grant aid materiel after 1 July 1974 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" means the balance of the gross proceeds of sale to be paid to the U.S. Government after reasonable administrative costs of the sale of MAP origin equipment are deducted by the foreign government.

d. The FAA, Section 505(f) 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), was concluded with the countries which were 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.

e. For countries other than those in d. above no agreement pursuant to the FAA, Section 505(f) is legally required so long as no grant defense articles were 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 U.S. Government (for deposit in Treasury miscellaneous receipts, along with funds received by U.S.

Government under the FAA, Section 505(f)) the net proceeds of sale whenever such country requests release of disposable MAP property to it.

2. Methods of Disposal. 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 following methods:

a. Disposal Through Defense Property Disposal Office (DPDO). This method is in accordance with the provisions of the Defense Disposal Manual (DoD 4160.21M) through the DPDOs, in which case net funds generated thereby are deposited in the parent MAP account. The FAA, Section 605(d) 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. Country-to-Country Special Arrangements. This method is in accordance with the provisions of special country-to-country disposal arrangements under which the MAP recipient country disposes of disposable MAP property.

c. Preferred Method of Disposal. It is preferable from the DoD standpoint to use the Defense Property Disposal Service 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 U.S. Government utilization is found.

3. Demilitarization of Disposable MAP Property. Where munitions list materiel is involved, regardless of its economical recoverability, if the SAO is unable to ensure by physical inspection that appropriate demilitarization has been accomplished in accordance with the criteria specified in DoD Manual 4160.21, the materiel will be recovered by the U.S. and disposed of through the U.S. DPDS.

CHAPTER TWELVE

LEASES AND LOANS OF DEFENSE ARTICLES

SECTION I - LEASES

A. AUTHORITY AND PURPOSE.

1. Use of Leases. Normally, the U.S. Government (USG) makes defense articles available to foreign governments by Foreign Military Sales (FMS) under the Arms Export Control Act (AECA). However, there may be exceptional instances in which a lease agreement would be the most appropriate method whereby U.S. defense articles can be made available to eligible foreign countries or international organizations. Such arrangements are authorized under the AECA, Chapter 6 when it is determined that there are compelling foreign policy and national security reasons for providing such articles on a lease rather than a sales basis, and the articles are not for the time needed for public use. For example, a foreign government may desire to obtain a defense article for a short period under a lease for testing purposes to assist it in determining whether to procure the article in quantity. As another example, the USG may only be able to respond to an urgent foreign requirement for defense property by making it available from inventory, but for national defense reasons cannot sell the property and must require its return to inventory after a specified term. Leases of defense articles to foreign countries or international organizations will be concluded under the AECA, Chapter 6; leases (or loans) to foreign countries or international organizations under title 10, USC 2667 are not authorized.

2. DoD Approval. The approval of the Director, DSAA, must be obtained before entering into a lease of a defense article with a foreign country or international organization by any DoD component. DoD components will advise the DSAA and obtain DSAA concurrence before indicating to a foreign country or international organization that a lease is being favorably considered or is an available option. The cognizant DoD Component will provide a Determination, in the format at Figure 12-I-1, under the cover memorandum at Figure 12-I-2 for DSAA signature when the draft lease is provided to the DSAA for coordination and countersignature. Especially important in this submission are the reason(s) why the defense article(s) are being leased rather than sold. Detailed rationale must be provided for any proposed lease.

3. Administration.

a. DoD Component Responsibilities. The administration of leases is delegated to the DoD Component logistically responsible for the defense article(s) being leased. This responsibility includes: preparing the lease; providing data for Congressional notifications as required by paragraph D of this section; maintaining the lease through its effective period; ensuring monitorship of the defense articles during the period of the lease; advising the DSAA of non-compliance by the lessee; ensuring that the lease is properly terminated, extended, or revised; ensuring that the appropriate rental payment schedule is maintained; ensuring that all related costs are recovered under

FMS procedures; and ensuring that the leased material is returned by the lessee and restored to its original condition, in accordance with the terms of the lease. Within the DoD component, a specific individual or activity will be assigned the responsibility for administering the lease during the lease period, for reporting to the DSAA, and for ensuring return/disposition of the defense article(s) upon expiration or termination of the lease.

b. Overseas Security Assistance Organization (SAO) Responsibility.

The U.S. SAO in the host country will be provided a copy of each lease entered into with the host government, and will assist DoD components in the direct monitorship of the use of U.S. Government owned equipment in the host country. To the best of its ability and within the access authorized by the host country, the SAO will observe and report on the use of the U.S. owned equipment is consistent with the terms and conditions of the lease. Any indications of unauthorized use or non-compliance will be reported to the DoD component originating the lease and the DSAA (Operations Directorate). Annually, not later than 31 December of each year, each SAO will provide confirmation to the responsible DoD Components with an information copy to DSAA (ATTN: OPS-E) that all leased equipment in the host country is being used in compliance with the provisions of the lease.

B. LEASE TERMS AND CONDITIONS

1. Lease Format. The basic lease format at Figure 12-I-3 will be used for leases of defense articles to foreign countries or international organizations by DoD Components. This format may not be amended unless the operational requirements or special circumstances of a specific lease require a one-time variation. Further, additional provisions may be added to a specific lease when determined to be appropriate and with concurrence of the legal office of the DoD component concerned and with DSAA approval. Specific variations and the rationale for them will be provided to the DSAA in the forwarding memorandum at Figure 12-I-2. The lease will not be provided on a DD Form 1513, but the DD Form 1513 will be used for packing, crating, handling, transportation, and the sale of associated articles and services, including any refurbishment of the defense article(s), required prior to, during, or after the lease period. The DD Form 1513 will also be used to recover applicable costs if the article is lost or destroyed during the lease period. The lease will be signed by the appropriate DoD component and provided to the DSAA (Operations Directorate) for staffing and countersignature by the DSAA prior to signature by the foreign country representative.

2. Lease Identification. The cognizant DoD component will assign a lease designator to each lease, which is to be separate and distinct from the identifier used for FMS cases. The lease designator should be so constructed that it clearly differentiates the lease from FMS cases. The lease designator will be developed as follows: Country Code -- DoD component Identification -- Tri-alpha Identifier. Where no DoD component Identification has been established, an X will be used for the DoD component Identification. This lease designator will be clearly shown on the top of each page of the lease, on the top of each page of Schedules and Appendices, and on any accompanying documents. The associated FMS case must reference the lease designator.

3. Duration.

a. Not to Exceed Five (5) Years. Leases shall be for a fixed duration of time not to exceed five years and shall provide that, at any time during the leasing period, the USG may terminate the lease and require the immediate return of the defense article(s). Leases of less than five years may provide for renewals but the total lease period may not exceed five years. The lease period will normally begin when the foreign country signs the lease, and provides payment for any required initial deposit, unless the lease period is otherwise specified within the lease terms and conditions.

b. Extensions. Extensions of leases beyond five years by mutual agreement are authorized; however, each extension will require the cognizant DoD component to submit a separate determination to the DSAA for staffing and signature, along with the revised lease to identify the terms and conditions of the extension. For those extensions which meet the one year Congressional reporting requirement, the DoD component will also provide to the DSAA the required reporting data in the format at Figure 12-I-4 at least 60 days prior to the projected date for providing the lease renewal to the foreign country or international organization.

c. Renewals of Title 10, USC 2667 Leases. Existing leases under title 10, USC 2667 may continue until expiration or termination. Extensions based on the provisions of title 10, USC 2667 are not authorized. Where extensions or renewals are determined to be in the U.S. public interest, the leasing provisions of the AECA, Chapter 6 and the procedures detailed in this chapter will apply.

4. Loss, Destruction, or Damage. Lease terms will make provision for payment for the loss or destruction of leased articles during the lease period in accordance with the AECA, Chapter 6. Lease terms will also require the lessee to pay the cost of restoration or replacement if the articles are damaged, lost, or destroyed while leased. Such costs will be recouped under an FMS transaction. The replacement cost will be specified as a fixed sum in the lease agreement and will normally be developed based on the same considerations as payment in paragraph 5, below.

5. Rental Payment. The country or international organization must pay in U.S. dollars all costs incurred by the U.S. Government in leasing such articles, including reimbursement for depreciation of such articles while leased (the rental payment). The charge for depreciation will be based on the current procurement value, actual acquisition cost (if known), or latest procurement cost. If there is a current procurement contract in effect for the DoD component for an item which is identical to the property to be leased, the current procurement price will be applied, adjusted as appropriate for condition; otherwise, the actual or latest procurement cost will apply, adjusted as appropriate for condition and market value. An administrative charge will not be applied to rental payments collected under the lease.

6. Certificate of Delivery. For the delivery of major items under AECA, Chapter 6 lease agreements DSAA or the responsible DoD component may require a certificate of delivery when custody of the defense article(s) is/are transferred to the foreign customer. The certificate at figure 12-I-12 will be used in such instances.

7. Exceptions. The provisions of paragraphs B.4. and B.5., above shall not necessarily apply to leases entered into for purposes of cooperative research or development, military exercises, or communications or electronics interface projects, or to any defense article which has passed three quarters of its normal service life. Where a DoD component recommends an application of authorized exceptions, express authority will be requested from the DSAA, identifying the authorized exceptions. Furthermore, Section 63(a)(1), AECA provides that leases of major defense equipment (MDE) valued at \$14,000,000 or more, or defense articles valued at \$50,000,000 or more, except those for NATO, NATO member countries, Japan, Australia, or New Zealand may not be entered into or renewed if the Congress within 30 calendar days after receiving the certification required by Section 62(a) adopts a concurrent resolution stating that it objects to the proposed lease. Valuation for purposes of Section 63(a)(1), AECA is in terms of replacement cost as specified in paragraph B.4., above.

C. COORDINATION

1. DSAA Coordination Responsibilities. Each proposed lease of defense articles to a foreign government or international organization requires DoD authorization. The cognizant DoD component will prepare the proposed lease and will forward it together with the proposed determination using the cover memorandum format at Figure 12-I-2 for DSAA countersignature and Department of State coordination. The DSAA Operations Directorate will assure appropriate coordination within OSD, including the DSAA Comptroller, the DSAA Plans Directorate, and the DSAA General Counsel, and with the Department of State. After completion of coordination, the DSAA Comptroller will prepare the certification to the Congress for the signature of the DSAA Director if required by the AECA, Section 62(a).

2. Terminations. U.S. Government termination of a lease also requires the coordination process detailed in paragraph C.1., above.

D. CONGRESSIONAL NOTIFICATION

1. Certification Requirements.

a. Leases of One Year or Longer. Under the provisions of the AECA, Section 62(a), Congress must be notified not less than 30 days before entering into or renewing any agreement with a foreign country or international organization to lease any defense article for a period of one year or longer. Furthermore, Section 63(a)(1) provides that leases of major defense equipment (MDE) valued at \$14 million or more, or defense articles valued at \$50 million or more, except those for NATO, NATO member countries, Japan, Australia, or New Zealand may not be entered into or renewed if the Congress within 30 calendar days after receiving the certification required by Section 62(a) adopts a concurrent resolution stating it objects to the proposed lease. Valuation for purpose of Section 63(a)(1) is in terms of replacement cost as specified in Paragraph B.4. above.

b. Renewals. If a lease for less than one year is renewed one or more times so that the total period of the original lease and the renewal or renewals equals or exceeds one year, the renewal which would cause the one

year period to be reached or exceeded must be reported to the Congress 30 days before being entered into or renewed. Renewals of a lease subsequent to a Congressional notification do not require new notifications, unless such renewals singly or cumulatively result in an extension of one year or more beyond the lease period previously reported (including renewal periods notified as possible options).

2. Certification Procedures.

a. Submission. Section 62(a), AECA requires certification to the Speaker of the House of Representatives, the Chairman of the Committee on Foreign Relations of the Senate, and the Chairman of the Committee on Armed Services of the Senate. Such certification must occur not less than 30 days before the lease agreement is entered into or renewed. To ensure submission of a timely certification, the cognizant DoD component will forward to the DSAA Operations Directorate the information in the format at Figure 12-I-4 at least 60 days prior to the projected date for providing the lease, lease renewal, or amendment to the foreign country or international organization for acceptance. When possible a copy of the draft lease will be included as an attachment to the memorandum. The DSAA Operations Directorate will assure the adequacy of the data provided, to include the justification, and the approval of the lease prior to passing on the data to the FMS Control Division of the Office of the DSAA Comptroller for the development of the Congressional notification and its coordination within the OSD, including DSAA Operations (which will obtain Department of State concurrence), DSAA Plans (as required), and the DSAA General Counsel. The DSAA Comptroller will then prepare the Section 62(a), AECA report to Congress using the format in Figure 12-I-5 for signature of the DSAA Director and the cover letters in Figures 12-I-6 through 12-I-8.

b. Approval. The original lease agreement in final form and determination must be provided to DSAA Operations not later than five days before completion of the Congressional notification period. The DoD component, with coordination from the DSAA Operations Directorate, may furnish the prospective lessee an unsigned copy of the lease under a cover letter in the format at Figure 12-I-9 for leases which do not meet the Section 63, AECA criteria, and Figure 12-I-10 for leases which meet the criteria when the lease is reported to the Congress. Thirty days after the Congressional notification, DSAA Operations will authorize the DoD Component to enter into the lease. Immediately on signature of the lease by the parties, the DoD Component will assure that appropriate copies of the lease agreement have been distributed by the country and that any required initial deposit has been received by the SAAC before the lease is executed.

3. Emergency Waiver of Congressional Notification Requirement. The AECA, Section 62(b), authorizes waiver of the Congressional certification requirement described above, if the President determines and immediately reports to Congress that an emergency exists which requires that the lease be entered into immediately in the national security interests of the United States. This authority has been reserved to the President for his exercise only. In the event of such an emergency, the DSAA will provide instructions to the cognizant DoD component as appropriate to the particular circumstances.

E. FINANCIAL ARRANGEMENTS.

1. Payment Schedules. The lease designator will be used to track the lease in existing automated systems. Schedule A of each lease will identify the replacement costs of the item(s) being leased and will identify the schedule for rental payment due to the USG. The payment schedule will be established on a quarterly billing cycle, compatible with the FMS billing cycle. If the quarterly cycle does not provide for payment prior to the effective date of the lease, an initial deposit will be required to assure that payment is received in advance of the month in which rental is incurred. Billings to the foreign lessee will be based on this schedule of payments and will be included on a separate DD Form 645 with the country's quarterly FMS billing statement. The DoD Component will assure that payment schedules are updated for any extensions, delivery schedule changes, or other amendments which may result in a change to the lease value or schedule of payments. Receipts from lease rental payments under paragraph B.5., above will be deposited in the Miscellaneous Receipts Accounts by the Security Assistance Accounting Center (SAAC).

2. Use of FMS Credits or MAP Merger Funds. Use of FMS credits or MAP funds is not authorized for payments of lease rental payments specified in paragraph B.5. When authorized by the DSAA, FMS credit funds or MAP funds may be authorized for FMS cases prepared in support of a lease. (See paragraph E.3. below.)

3. Use of DD Form 1513. All costs incurred by the USG incident to the leasing arrangement, including the costs referred to in paragraph B.4., must be reimbursed to the USG using a DD Form 1513. Such costs may cover but are not limited to: packaging, crating, handling, transportation, and refurbishment of the leased articles prior to and/or upon termination of the lease. Schedule A of the lease will identify the case designator for the related FMS case, when known. Also, the DD Form 1513 will identify the lease designator in a special note within the LOA.

F. LEASE CLOSURE. Confirmation that a Chapter 6 AECA, or 10 USC 2667 lease, under its cognizance can be closed must be provided to SAAC by the responsible DoD component. SAAC will use the format at Figure 12-I-13 to query the responsible DoD component to determine whether lease closure is possible.

G. REPORTING.

1. Quarterly Report. A report in the format at Figure 12-I-11 will be submitted, not later than 30 days after the end of each quarter, to the DSAA Operations Directorate Management Division by each DoD component which has unexpired leases under its cognizance. This report will identify leases entered into previously under the authority of title 10, USC 2667 and the AECA, Chapter 6; the report will identify statutory authority for the lease.

2. Financial Report. On a quarterly basis the SAAC will provide to DSAA Operations Directorate the financial status of each lease to include the following data: country, lessee, defense article(s) leased, identified replacement cost of the leased property, funds collected and deposited or to be deposited to miscellaneous receipts, and amounts due.

3. Report on Equipment Usage. As indicated in paragraph A.3., above, the overall responsibility for all aspects of lease administration, including monitoring equipment while leased, belongs to the DoD component having logistic responsibility for the leased equipment. The SAO will assist in this function by observing and reporting to the extent of its ability and access to the equipment that leased equipment is being used consistent with the terms and conditions of the lease. Each SAO with open leases to its host country will report to the applicable DoD Component with an information copy to DSAA/OPS-E on an annual basis (not later than 31 December of each year) information on the use of the equipment by its host country. In addition to this annual report DSAA/OPS-E will also be advised of any unauthorized use of the equipment any time a DoD Component or SAO becomes aware of such unauthorized use.

4. Lease Closure Information. In order to assure the closure of both Chapter 6, AECA and 10 USC 2667 leases in a timely manner, SAAC will use the format at Figure 12-I-13 to query the responsible DoD component to determine if lease closure is possible. The DoD components will forward the completed form directly to SAAC as soon as all actions on a lease under its cognizance are accomplished. Since SAAC only manages 10 USC 2667 leases for the U.S. Air Force, use of this format by the Departments of the Army and Navy to assist in the closure of their 10 USC 2667 leases is recommended.

H. U.S. NAVY SHIPS. For leases of U.S. Navy ships, the guidance in Chapter 2 also applies. These leases will be provided to the DSAA Operations Directorate for coordination. All other Naval ship transfer transactions will be provided to the DSAA Plans Directorate for coordination. The AECA, Chapter 6 does not apply to leases of ships authorized in separate, specific legislation unless such legislation expressly so provides.

FIGURE 12-I-1

DETERMINATION REGARDING THE LEASE OF (ARTICLES(S))
 TO (COUNTRY OR INTERNATIONAL ORGANIZATION)
 PURSUANT TO CHAPTER 6 OF THE ARMS EXPORT CONTROL ACT

(Lease Designator)

<p>I hereby determine that _____ (and if applicable -- all associated nonexpendable support equipment, including, but not limited to, tools, ground support equipment, test equipment and publications) are not for the time needed for public use.</p>	
<p>I further determine that there are compelling foreign policy and national security reasons for providing such Defense Articles to the (Country or International Organization) on a lease basis rather than on a sales basis under the Arms Export Control Act.</p>	
<p>_____ (Date)</p>	<p>_____ (Signature)</p>
<p>Attachment a/s</p>	
<p>Concur: _____ State (PM)</p>	

FIGURE 12-I-1. Determination Regarding the Lease of Article(s) to Countries or International Organizations Pursuant to the Arms Export Control Act, Chapter 6.

FIGURE 12-I-2

MEMORANDUM FOR THE DIRECTOR, DEFENSE SECURITY ASSISTANCE AGENCY

SUBJECT: Lease to (Country or International Organization) Under the Authority of the AECA, Chapter 6; (Lease Designator)

Attached is a draft lease agreement (Encl 1) for your approval and counter-signature, and a Determination (Encl 2) for your signature, which provide for the lease of (identify article(s)) to the (identify country or international organization).

The (DoD Component) considers these defense articles are for the duration of the lease not needed for public use.

Lease of the defense article(s) identified on Schedule A is required rather than a sale for the following reason(s):

- 1.
- 2.
- 3.

Recommend you approve the draft lease agreement and sign the Determination.

Attachments
a/s

FIGURE 12-I-2. Memorandum for the Director, DSAA.

FIGURE 12-I-3

Page _____ of _____
 (Lease Designator)

LEASE OF _____
 BETWEEN
 THE UNITED STATES GOVERNMENT
 AND

This LEASE, made as of the _____ (Date) between the United States Government (hereinafter called the "Lessor Government") represented by its Department of the _____ and the GOVERNMENT OF _____ (hereinafter called the "Lessee Government") represented by its (Ministry of Defense or applicable organization),

WITNESSETH:

WHEREAS, The Lessor Government has determined that (article(s)) and all associated nonexpendable support equipment (including but not limited to tools, ground support equipment, test equipment, and publications) (hereinafter referred to as the "Defense Articles") are not for the time needed for public use, and

WHEREAS, The Lessor Government has determined that there are compelling foreign policy and national security reasons for providing such Defense Articles on a lease basis rather than on a sales basis under the Arms Export Control Act, and

WHEREAS, This lease is made under the authority of Chapter 6 of the Arms Export Control Act,

NOW THEREFORE, The parties do mutually agree as follows:

1. In consideration of a rental charge as indicated in Schedule A, and the maintenance and other obligations assumed by the Lessee Government, the Lessor Government hereby leases to the Lessee Government and the Lessee Government hereby leases from the Lessor Government the Defense Articles for the period of _____ commencing on the date first above written and under the terms and conditions set forth in the General Provisions hereto annexed.

 FIGURE 12-I-3. SAMPLE LEASE.

NOTE: Recommended distribution: Original to: MILDEP JAG
 Copies to: DSAA
 MILDEP SA Activity
 SAO

2. The Lessor Government shall deliver the Defense Articles to the Lessee Government at such time and place as may be mutually agreed upon. Such delivery shall be evidenced by a certificate of delivery.

IN WITNESS WHEREOF, Each of the parties has executed this lease as of the day and year first above written.

THE UNITED STATES GOVERNMENT

COUNTRY OR INTERNATIONAL
ORGANIZATION

BY _____

(Typed Name)

(Title)

(Date)

By _____

(Typed Name)

(Title)

(Date)

COUNTERSIGNATURE:

BY _____

(Typed Name)

Director, Defense Security
Assistance Agency

(Title)

(Date)

GENERAL PROVISIONS

1. OPERATIONS AND USE.

a. Except as may be otherwise authorized by the Lessor Government and except for the purposes of transfer from and return to the Lessor Government, the Lessee Government shall keep the Defense Articles in its own possession, custody, and control. The Lessee Government shall not transfer title to or possession of the Defense Articles to anyone not an officer, employee, or agent of the Lessee Government and shall not permit any encumbrance or other third party interest in the defense articles.

b. The Lessee Government shall, except as may be otherwise mutually agreed in writing, use the items leased hereunder only:

(1) For the purposes specified in the Mutual Defense Assistance Agreement, if any, between the Lessor Government and the Lessee Government;

(2) For the purposes specified in any bilateral or regional defense treaty to which the Lessor Government and Lessee Government are both parties, if subparagraph (1) of this paragraph is inapplicable.

(3) For internal security, individual self-defense, and/or civic action, if subparagraphs (1) and (2) of this paragraph are inapplicable.

c. To the extent that any Defense Articles may be classified by the Lessor Government for security purposes, the Lessee Government shall maintain a similar classification and employ all measures necessary to preserve such security, equivalent to those employed by the Lessor Government, throughout the period during which the Lessor Government may maintain such classification. The Lessor Government will use its best efforts to notify the Lessee Government if the classification is changed.

2. Initial Condition. The Defense Articles are leased to the Lessee Government on an "as is, where is" basis without warranty or representation concerning the condition or state of repair of the Defense Articles or any part thereof or concerning other matters and without any agreement by the Lessor Government to alter, improve, adapt, or repair the Defense Articles or any part thereof.

FIGURE 12-I-3. (Continued)

3. Conditioning and Transfer Cost. The Lessee Government shall bear the cost of rendering the Defense Articles operable and transferable and of transferring the Defense Articles from the United States or other point of origin and back to the place of redelivery. In the event the Defense Articles are transported by vessel, only U.S. flag vessels may be used, unless waived by the Lessor Government.

4. Inspection and Inventory. Immediately prior to the delivery of the Defense Articles to the Lessee Government, an inspection of the physical condition of the Defense Articles and an inventory of all related items may be made by the Lessor Government and the Lessee Government. A report of the findings shall be made which shall be conclusive evidence as to the physical condition of said Defense Articles and as to such items as of the time of delivery. A similar inspection, inventory, and a report may be made by the Lessor Government upon the termination or expiration of this Lease. The findings of that report shall be conclusive evidence as to the physical condition of the Defense Articles and as to such items as of the date of termination or expiration of this Lease. At the election of the Lessor Government, the Lessee Government at its own cost shall either promptly correct any deficiency or rebuild, replace, or repair any loss of or damage to the Defense Articles or compensate the Lessor Government for the restoration or replacement value (less any depreciation in the value as determined by the Lessor Government) of such correction, rebuilding, replacement, or repair. At the Lessor Government's option, the Lessee Government at its own cost will remove any alterations or additions to the Defense Articles or pay the Lessor Government the cost of such removal, as determined by the Lessor Government. In the absence of removal by the Lessee Government, title to any such alterations or additions shall vest in the Lessor Government.

5. Maintenance. The Lessee Government shall maintain the Defense Articles in good order, repair, and operable condition and except as provided in paragraph four, shall upon expiration or termination of this Lease return the Defense Articles in operable condition and in as good condition as when received, normal wear and tear excepted.

6. Risk or Loss. All risk or loss of or damage to the Defense Articles during the term of this Lease and until their return to the place of redelivery shall be borne by the Lessee Government.

7. Indemnification. The Lessee Government renounces all claims against the Lessor Government, its officers, agents, and employees arising out of or incidental to transfer, possession, maintenance, use, or operation of the Defense Articles or facilities and will indemnify and hold harmless the Lessor Government, its officers, agents, and employees for any such claims of third parties and will pay for any loss or damage to Lessor Government property.

FIGURE 12-1-3. (Continued)

8. Alterations. The Lessee Government shall not make any alterations or additions to the Defense Articles without prior consent of the Lessor Government. All such alterations or additions shall become the property of the Lessor Government except items paid for by the Lessee Government which can be readily removed without injury to the Defense Articles and are removed by the Lessee Government prior to redelivery of the Defense Articles. As a condition of its approval of any alteration or addition, the Lessor Government may require the Lessee Government to restore the Defense Articles to their prior condition.

9. Termination. This Lease may be terminated without cost to the Lessor Government:

- a. By mutual agreement of the parties;
- b. By the Lessee Government on 30-days written notice; or
- c. By the Lessor Government at any time. The Lessee Government shall immediately return the leased Defense Articles at the direction of the Lessor Government. Termination will be subject to the Lessee Government's residual responsibilities hereunder (e.g., duty to return leased Defense Articles promptly, to pay costs required hereunder, to indemnify and hold harmless the Lessor Government, etc.).

10. Place of Redelivery. Upon expiration or termination of this lease, the Defense Articles shall be returned to the Lessor Government (at _____, or as mutually agreed).

11. Title. Title to the Defense Articles shall remain in the Lessor Government. The Lessee Government may, however, place the Defense Articles under its Flag, or display its national insignia when appropriate.

12. Reimbursement for Support. The Lessee Government will pay the Lessor Government for any services, packing, crating, handling, transportation, spare parts, materials, or other support furnished for the Defense Articles by the Lessor Government pursuant a Letter of Offer and Acceptance under the Arms Export Control Act. (FMS Case _____ applies.)

13. Covenant Against Contingent Fees. The Lessee Government warrants that no person or selling agency has been employed or retained to solicit or secure this Lease upon an agreement or understanding for a commission, percentage, brokerage or contingent fee.

14. Officials Not to Benefit. No members of or Delegate to Congress of the United States, or Resident Commissioner of the United States shall be admitted to any share or part of this Lease or to any benefit that may arise therefrom.

FIGURE 12-1-3. (Continued)

15. Proprietary Rights. The Lessee Government will insure, by all means available to it, protection of proprietary rights in any Defense Article and any plans, specifications, or information furnished, whether patented or not.

16. Costs of Lessor Government. The Lessee Government agrees to pay in United States dollars all costs incurred by the Lessor Government in leasing the Defense Articles covered by this Lease, including without limitation reimbursement for depreciation of such Defense Articles while leased, the costs of restoration or replacement if the Defense Articles are damaged while leased, and the replacement costs (less any depreciation in the value during the term of the lease) of the Defense Articles if the Defense Articles are lost or destroyed while leased, as identified in Schedule A. Such costs for restoration or replacement will be billed to the Lessee Government under the Lessor Government's foreign military sales procedures. The rental charge shown in Schedule A is based on costs identified at the time of signature of this lease and does not relieve the Lessee Government from liability for other costs in accordance with the provisions of this Lease.

17. Distribution. Copies of the accepted Lease will be distributed by the Lessee as follows:

- a. (Insert Leasing DoD Component) - Original
- b. (Insert U.S. SAO in host country) - copy
- c. SAAC - copy and check for initial deposit
- d. DSAA/OPS-E - copy

FIGURE 12-1-3. (Continued)

SCHEDULE A
TO
LEASE AGREEMENT
BETWEEN

THE UNITED STATES GOVERNMENT, DEPARTMENT OF THE _____ (LESSOR)

AND

THE GOVERNMENT OF _____ (LESSEE)

I. This Lease Agreement authorizes the use of U.S. Government property identified herein:

QTY	NSN	REPLACEMENT COSTS		RENTAL CHARGE (INCLUDING DEPRECIATION) PER MONTH
		UNIT VALUE	TOTAL VALUE	
A.				
B.				
C.				
D.				
E.				
TOTAL VALUE			\$ _____	

II. Rental Payment

- A. Initial Payment (with acceptance - as applicable);
- B. _____ Qtr FY__ : (Amount due) Date Due: (15th day of month preceding quarter)
- _____ Qtr FY__ : (Amount due) Date Due: (15th day of month preceding quarter)

Total Rental \$ _____

III. Related FMS Case Designator (if known) per paragraph 12:

FIGURE 12-I-4

MEMORANDUM FOR THE DIRECTOR FOR OPERATIONS, DSAA

SUBJECT: Certification to Congress of a Lease Under the Authority of the AECA, Chapter 6; Lease Designator _____

The following information is provided in connection with the reporting requirement of the AECA, Section 62(a).

- a. Country or International Organization:
- b. DoD Component:
- c. Total Value (in terms of replacement cost or other methodology used):
- d. Type and Quantity of Equipment (segregate the MDE, indicating value):
- e. Security Classification:
- f. Duration of Lease:
- g. Summary of Lease Terms (to include any special conditions):
- h. Total Rental/Depreciation:
- i. Activity of the DoD Component Responsible for Administering Lease:
- j. Estimated Date Lease and Determination Will be Provided to the DSAA:
- k. Justification (to include reason(s) why defense article(s) is/are being leased rather than sold under FMS):
 - (1)
 - (2)
 - (3)
- l. Action Officer's name, office, and telephone number (for individual located in Washington D.C., area provide commercial number, for outside Washington D.C., area provide AUTOVON and commercial numbers.)

FIGURE 12-I-4. Memorandum for the Director for Operations, DSAA.

FIGURE 12-I-5

TRANSMITTAL NO.(NUMBER) - (YEAR)

NOTICE OF PROPOSED LEASE PURSUANT TO SECTION
62 OF THE ARMS EXPORT CONTROL ACT

- (i) Prospective Lessee:
- (ii) Description of Articles Provided: (Type and Quantity)
- (iii) Total Estimated Value: (In terms of replacement cost)
- (iv) Terms and Duration of Lease: (Period of Lease/Total Rental -
/Special Conditions)
- (v) Justification: (Explanation/Reasons why defense article is being
leased rather than sold)

Examples:

- (a) This (these) article(s) cannot be sold by the DoD Component for current replacement value/standard price because _____.
 - (b) This (these) article(s) is/are not needed by the Lessee for its (their) full service life because _____.
 - (c) The Lessee has an immediate requirement which cannot be satisfied by sale from inventory or production because _____.
- (vi) Date Delivered to the Congress: (To be inserted by the DSAA)

FIGURE 12-I-5. Transmittal - Notice of Proposed Lease Pursuant to the AECA, Section 62.

FIGURE 12-I-6

LETTER TO THE HONORABLE SPEAKER OF
THE HOUSE OF REPRESENTATIVES

In reply refer to:
I- ct

Honorable
Speaker of the House of Representatives
Washington, D.C. 20515

Dear Mr. Speaker:

Pursuant to the reporting requirements of Section 62(a) of the Arms
Export Control Act, we are forwarding herewith Transmittal No. (#-Yr).

This transmittal concerns the Department of (MILDEP or DoD activity)
proposed Lease of defense articles to (country).

Sincerely,

Attachments
a/s

FIGURE 12-I-6. Letter to the Honorable Speaker of the House of
Representatives.

FIGURE 12-I-7

LETTER TO THE HONORABLE CHAIRMAN,
COMMITTEE ON FOREIGN RELATIONS

In reply refer to:
I- ct

Honorable
Chairman, Committee on Foreign Relations
Washington, D.C. 20510

Dear Mr. Chairman:

Pursuant to the reporting requirements of Section 62(a) of the Arms
Export Control Act, we are forwarding herewith Transmittal No. (#-Yr).

This transmittal concerns the Department of (MILDEP or DoD activity)
proposed Lease of defense articles to (country),

Sincerely,

Attachments
a/s

FIGURE 12-I-7. Letter to the Honorable Chairman, Committee on Foreign
Relations.

FIGURE 12-I-8

LETTER TO THE HONORABLE CHAIRMAN,
COMMITTEE ON ARMED SERVICES

In reply refer to:
I- ct

Honorable
Chairman, Committee on Armed Services
United States Senate Washington, D.C. 20510

Dear Mr. Chairman:

Pursuant to the reporting requirements of Section 62(a) of the Arms
Export Control Act, we are forwarding herewith Transmittal No. (#-Yr).

This transmittal concerns the Department of (MILDEP or DoD activity)
proposed Lease of defense articles to (country).

Sincerely,

Attachments
a/s

FIGURE 12-I-8. Letter to the Honorable Chairman, Committee on Armed Services.

FIGURE 12-I-9

LETTER TO THE PROSPECTIVE LESSEE ADVISING LESSEE
OF CONGRESSIONAL NOTIFICATION OF A LEASE FOR OVER ONE YEAR

Dear _____

Enclosed for consideration and analysis by your (Government/Organization) is an unsigned advance copy of a lease, (Lease Designator).

Section 62 of the Arms Export Control Act requires certification be given to the Congress of the United States at least 30 days prior to entering into a lease of one year or longer.

The Department of Defense has transmitted the required certification to the Congress on (date). You will be advised if any delays arise which would prevent us from providing the signed lease to your (Government/Organization) on (date).

Should your (Government/Organization) wish to accept this lease, it should await receipt of the signed lease.

Sincerely,

Enclosure
a/s

FIGURE 12-I-9. Letter to the Prospective Lessee Advising Lessee of
Congressional Notification of a Lease for Over One Year.

FIGURE 12-I-10

LETTER ADVISING LESSEE OF CONGRESSIONAL NOTIFICATION
OF LEASE FOR MDE FOR OVER ONE YEAR

Dear _____

Enclosed for consideration and analysis by your (Government/Organization) is an unsigned advance copy of a leasing arrangement; Lease Designator (_____).

Section 62 of the Arms Export Control Act requires certification be given to the Congress of the United States at least 30 days prior to entering into a lease of one year or longer. Section 63 further provides that a lease of one year or longer of major defense equipment valued at \$14,000,000 or more or defense articles valued at \$50,000,000 or more may not be entered into if the Congress within 30 calendar days after receiving the certification adopts a concurrent resolution stating that it objects to the proposed lease.

The Department of Defense has transmitted the required notification to the Congress on (date). Assuming that the Congress does not object to the proposed lease, the enclosed lease will be signed and issued to your (Government/Organization) by the authorized Department of Defense representative on or about (date). In the event that the Congress should object to this proposed lease, you will be notified promptly of that fact.

Should your (Government/Organization) wish to accept this lease, it should await receipt of the signed lease.

Sincerely,

Enclosure
a/s

FIGURE 12-I-10. Letter Advising Lessee of Congressional Notification of Lease for MDE for Over One Year.

FIGURE 12-I-11

RCS: DSAA(Q)1146

Part I - Open Leases:

Includes a listing (classified if necessary) of all open (unexpired), leases of any value, providing for the lease of property to a foreign government or international organization. Leases will be reported until the property is returned to U.S. custody.

Part II - Completed Leases:

Includes a listing (classified if necessary) of all completed leases, of any value, providing for the lease of property to a foreign government or international organization and the date property was returned to U.S. custody. Part II submissions are required only in those reports submitted after completion of the lease. If the property has not been returned, the report will provide an estimated date unreturned material will be returned to U.S. Government custody. Any difficulties experienced in obtaining return of leased material will be identified along with a complete summary of efforts to date to resolve the situation.

FORMAT (see Notes 1 and 2, below)

The following data will be included for all leases identified under Parts I and II of the report:

Lessee:

Item(s):

Date of Lease and Statutory Authority:

Duration/Special Terms:

Expiration Date:

Replacement Value of Lease Material (when leased):

Total Rental or Summary of Other Considerations:

Rental Paid to Date:

Date Lease Reported to the Congress (if required under the AECA, Section 62):

DoD Component Whose Property is Leased:

 FIGURE 12-I-11. RCS: DSAA(Q)1146

Activity of the DoD Component Responsible for Monitoring Lease Compliance:

Note 1: Includes a related costs applicable to this lease, e.g., transportation, PC&H, refurbishment, etc. and FMS case designator under which related costs are being recovered. Any costs for repair or replacement of the defense article will be identified in report subsequent to the billing of the charges to the lessee.

Note 2: A copy of the FMS case will be provided only in report subsequent to Tease acceptance.

FIGURE 12-1-11. (Continued)

FIGURE 12-I-12
CERTIFICATE OF DELIVERY

Pursuant to the provisions of the Lease Agreement executed (this date) between our respective governments, the undersigned as the authorized representative of the

Government of (insert)

accepts the below described (insert) together with its on board equipment from

(insert)

authorized representative of the United States (enter DoD Component)

Item

Nomenclature

Quantity

Date

US Representative

Government of (insert)
Representative

FIGURE 12-I-12. Certificate of Delivery.

NOTE: Recommended distribution: Original to: MILDEP JAG
Copies to: DSAA
MILDEP SA Activity
SAO

FIGURE 12-I-13
LEASE CLOSURE INFORMATION

SUBJECT: (Chapter 6, AECA/10 USC 2667) Lease for Case Closure
(Insert as appropriate)

TO: (Insert DoD Component Address)

References: Lease Case (Insert Designator)

1. Prior to certifying case closure, the Security Assistance Accounting Center (SAAC) requests the following information:

	<u>Date</u>
Property returned to USG custody*	_____
or	
Lease extended (renewed)	_____
If lease renewed, provide lease designator _____	

2. Action, as required above, for lease closure has been completed:

Signed _____

Title _____

Agency _____

3. Please complete above data and return to AFAFC/SAAC/FSOS, Denver CO 80279 NLT _____. Point of contact is: _____.

*For 10 USC 2667 leases include confirmation that all financial requirements are complete.

FIGURE 12-I-13. LEASE CLOSURE INFORMATION

SECTION II LOANS OF DEFENSE ARTICLES

A. AUTHORITY AND PURPOSE

1. Use of loans. The loan of defense articles to foreign governments or international organizations is authorized under exceptional instances in accordance with Section 503 of the Foreign Assistance Act (FAA) of 1961, as amended. Since loans require the payment of MAP funds to the loaning DoD component, loans may not be made with MAP merger funds or under the FAA, Section 506(a) authority. The defense articles may not be loaned without prior DSAA approval. In this regard, defense articles may be loaned only if the following statutory conditions are met:

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; and

e. The loan agreement provides that:

(1) If the defense article is damaged while on loan, the country or international organization to which it was loaned will reimburse the United States for the cost of restoring or replacing the defense article, and

(2) If the defense article is lost or destroyed while on loan, the country or international organization to which it was loaned will pay to the United States an amount equal to the replacement cost (less any depreciation in the value) of the defense article.

2. Cost Recovery. In the case of any loan, there shall be a charge to the appropriation for military assistance for any fiscal year while the article or service is on loan in an amount based on:

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

b. The depreciation which occurs during such year while such article is on loan.

B. REPORTING REQUIREMENTS.

The reporting requirements in Section I, paragraph D, of this chapter, are applicable to loans.

C. IMPLEMENTATION LOAN DOCUMENTS. Recommendations to loan equipment in lieu of transferring its title will be considered on a case-by-case basis and will be submitted to 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 (MOU) 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 recipient 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.

CHAPTER THIRTEEN

SECURITY ASSISTANCE PROGRAM ADMINISTRATION

SECTION I - SECURITY ASSISTANCE BUDGETS

A. PURPOSE. The administrative implementation of Security Assistance programs are financed by funding from either the Foreign Military Sales (FMS) Administrative Budget or the Military Assistance Program (MAP) Administrative and Overhead Support Budget. Exceptions to this funding policy are those FMS related costs which are charged directly to FMS cases and the costs of military personnel involved in administering the International Military Education and Training (IMET) Program and the MAP program at all organizations other than overseas MAAGs, Missions, and MilGroups, collectively referred to also as Security Assistance Organizations (SAOs). The following is a description of the budgets, the budget process and guidance to assist participating organizations in preparing FMS administrative, MAP administrative and overhead support and MAAG budgets. Budget formats and instructions for completion will be supplied in each annual budget call. DSAA budget calls consist of memorandums calling for submission of budgets and guidance on preparation and submission of the budgets along with additional information such as inflation factors, flying hour costs, etc.

B. FINANCIAL RESOURCES.

1. FMS Administrative Budget. The FMS Administrative Budget is financed by collections from FMS customers derived from the application of an administrative surcharge. Surcharge collections are made by the Security Assistance Accounting Center (SAAC) as they are earned and are then available for allocation to finance FMS administrative requirements.

2. MAP Administrative, Overhead Support, and SAO.

a. MAP Administrative Budget. MAP and IMET program administrative and overhead support costs are financed from a combination of annual appropriations in the MAP account, and reimbursements from the sale of MAP-owned defense articles (MAP inventory of disposable property returned from recipient countries) which are credited to the current year MAP account as they occur. In FY 1982, the MAP funds appropriated by Congress, were made available for obligation purposes for two years. If two year appropriations continue to be enacted, such prior year unobligated balances will also be available for financing new programs or continued financing of prior year programs. MAP funds are appropriated to the President of the United States. The President, by Executive Order #12163, allocates those funds and delegates the authority and responsibility for their administration to the Secretary of Defense. Therefore, while the MAP appropriation is not a part of the DoD budget, the program and its budgeting, funding, and financial administration are generally subject to the same controls and regulations as are all DoD appropriations. MAP administrative overhead and support funds are allocated by the DSAA to each implementing agency on the basis of MAP Orders and amendments issued to

the implementing agency, in an amount equal to the cumulative total cost of funded lines outstanding for each implementing agency.

b. SAO Budget. All SAO operating costs, are financed using FMS administrative funds (Account #8242) as the carrier account. The portion of SAO costs related to MAP, IMET, and other non-FMS security assistance effort is financed by a reimbursement of MAP funds into the FMS Trust Fund. This reimbursement is effected at the DSAA level. The MAP and FMS share of the total SAO worldwide costs is calculated by DSAA using data included in each SAO budget submission. Prior to FY 1983, MAP funds (Account #1080, Budget Project T-20) served as the carrier account and the FMS share of SAO costs was financed by reimbursement of FMS administrative funds into the MAP account.

(1) Assistance-in-Kind (AIK). While not a funded program, assistance-in-kind (AIK) is an asset of some importance which offsets funding requirements at some of our SAOs. AIK provides rent-free housing and office space, services, utilities and minor equipment from certain countries under terms of bilateral agreements.

(2) Contributed Currencies. Contributed currencies are solicited and collected from host countries in accordance with Section 636(h) Foreign Assistance Act of 1961, as amended. This section specifies that countries which receive assistance under the Act contribute local currencies to meet the cost of contractual and other services rendered in conjunction with such programs, and that foreign currencies owned by the United States be utilized to meet the costs of such contractual and other services. The amounts of contributed currencies are identified in the SAO budgets and reflect an offset to the total administrative costs of the SAOs to the United States Government. Contributed currencies received from foreign countries are deposited in the Treasury Miscellaneous Receipts Account.

C. OPERATION OF THE FMS ADMINISTRATIVE AND MAP ADMINISTRATIVE OVERHEAD AND SUPPORT AND SAO BUDGET SYSTEMS. A detailed description of the operation of the budget systems follows.

1. Foreign Military Sales (FMS) Administrative Fund Budget System/Procedures.

a. General.

(1) Cost Recovery Policy. The Arms Export Control Act (AECA) requires (with specified statutory exceptions) that the FMS program be conducted at no cost to the USG. As a result, all program implementation expenses are recovered from the FMS purchaser through either direct charges included in the costs of the materials/services being purchased or through specific surcharges which are added to the FMS sales agreement. An administrative surcharge is added to recover DoD expenses related to the general administration and conduct of the FMS program (e.g., costs of sales negotiation, case implementation, financial management, reports of discrepancy, etc.). DoD policy stemming from the AECA, Sections 21(e)(1)(A) and 43(b)(1) is that those administrative costs incurred primarily for the benefit of a foreign country are allowable charges against FMS administrative funds and should be provided for in FMS administrative budgets. The policy guidance in

Section 705, Foreign Military Sales Financial Management Manual (DoD 7290.3-M) and the guidance in this manual were developed on that basis. As a general rule, FMS administrative funding is made available to those organizations actually implementing the FMS program, i.e., the Military Departments and selected DoD organizations. Funding is not provided to those organizations responsible for formulating U.S. Security Assistance policy, e.g., Department of State, JCS, Under Secretary of Defense for Policy, Assistant Secretary of Defense, International Security Affairs, etc.

(2) Financial Management. Financial management of the FMS administrative surcharge funds is the responsibility of the Comptroller, DSAA. The Security Assistance Accounting Center (SAAC) provides centralized accounting support assisting in FMS program implementation through the collection of surcharge revenues and the allocation of FMS administrative funds in accordance with the DSAA approved annual funding programs.

b. FMS Administrative Budget Preparation and Approval Process.

(1) Program Objective Memorandum (POM) Guidance. In January of each year the Comptroller, DSAA provides a five year projection of FMS sales activity and administrative fund budget planning levels to each of the military departments and DoD agencies administering the FMS program. Issuance of these multi-year estimates is in cycle with the issuance of Defense Programming Guidance. The planning levels are developed to assist the Military Departments and DoD agencies in determining FMS administrative requirements for use in formulating their Program Objective Memorandum.

(2) Budget Call/Budget Submissions. In conjunction with the POM guidance, the DSAA issues an FMS administrative budget call to those Military Departments and DoD agencies responsible for the administration of the FMS program. In accordance with the normal DoD budget process the submission of budget estimates containing multi-year data and justification information is required. For example, the budget call issued in January 1983 requested the following data for each organization receiving FMS administrative funds:

- FY 1982 - Actual obligations
- FY 1983 - Estimated actual obligations
- FY 1984 - Revised funding estimates with justification
- FY 1985 - Initial funding estimates with justification

(3) Preparation of Budget. Upon receipt of the budget call the Military Departments and DoD agencies will prepare and submit their budget requests to the Comptroller, DSAA in the formats and in accordance with the instructions contained in the call. The DSAA reviews each submission and establishes approved FMS administrative funding levels for inclusion in the President's budget as well as an Annual Funding Program (AFP) for the upcoming fiscal year. The following subjects are highlighted as worthy of special attention in the development and execution of FMS administrative budgets.

(a) Facilities Projects. Projects involving construction of new facilities or expansion of existing facilities, that would normally require Congressional approval in the military construction budget process,

will not be included in FMS administrative budgets. FMS administrative funds may be used for routine facility maintenance and repair costs in those instances where the costs can be justified as base operating support costs in accordance with the criteria outlined in the annual call. Facility rehabilitation projects at dedicated security assistance activities may also be financed with FMS administrative funds. Such projects must meet DoD criteria for approval as O&M Minor Construction (project cost not to exceed \$200,000) and must be specifically identified and justified in the budget request. (Note: Prior approval of the DSAA is required before funds may be obligated for such projects.)

(b) Automated Data Processing (ADP) Projects. In general, FMS administrative funds may be used to finance system development, investment, and operating/maintenance costs for existing or new FMS management information systems at dedicated FMS activities. At non-dedicated activities, ADP costs chargeable to FMS administrative funds will be based upon an hourly rate for machine time (computers and auxiliary equipment) based on records which indicate machine time required to produce FMS reports or transactions. Programming support is chargeable providing such costs are for FMS purposes; i.e., the effort meets the criteria for personnel compensation indicated in the budget call. Requests for new ADP systems (or changes to existing systems) which require development/investment costs of \$100,000 or more and/or an increase to estimated annual operating/maintenance costs of \$200,000 or more must be reported to the DSAA for approval prior to inclusion in FMS administrative budget requests. Such projects must also be discretely identified with supporting justification in the budget submission material.

(c) Special Projects. Special projects, such as major program efforts, special equipment purchases, contract studies, or contracted support, must be separately identified and justified whenever the estimated cost of the individual project exceeds \$50,000. Examples of projects of this type are the Air Force's SAMIS and FX programs and the Army's SA-3 and ACOCS programs. Specific identification and justification of the project will be accomplished through the preparation of a complete budget package comparable to that prepared for a separate activity.

(d) Base Operating Support Costs. Base operating support (BOS) costs encompass numerous management, administrative, and support functions associated with the operation of a military installation or activity. BOS costs will be included in FMS administrative budgets only if they are incurred primarily for the benefit of the FMS program. Those BOS costs that may be charged to FMS administrative funding are identified in the annual call.

(e) Dedicated Security Assistance Activities. This refers to a MILDEP command or activity whose mission is 100% dedicated to management and implementation of the U.S. Government's Foreign Military Sales and Military Assistance Programs. For budgeting purposes only the following organizations are considered to be dedicated security assistance activities: U.S. Army Security Assistance Center (USASAC), the U.S. Navy International Logistics Control Office (NAVILCO), the U.S. Air Force Logistics Command - International Logistics Center (AFLC-ILC), Security Assistance Accounting Center (SAAC), and the Defense Institute of Security Assistance Management (DISAM). The designation of selected activities as "dedicated" permits

charging prorated BOS costs to FMS administrative funds. In those instances where a MILDEP operates a relatively large full-time security assistance organization it is reasonable to assume that some BOS costs are incurred primarily for a foreign country (reference the AECA, Section 43(b)). Since proration techniques are the most practical method for distributing BOS costs, this technique is permitted for most BOS costs at "dedicated" activities. However, in those instances where the full-time security assistance effort is either concentrated in relatively small subordinate organizations or is scattered through the entire activity, the use of proration techniques to allocate BOS costs does not demonstrate that these costs have been incurred primarily for a foreign country. The annual call will provide additional guidance on BOS costs.

(f) Billing FMS Administrative Funds for Reimbursements Earned. Past audit reports have noted that a significant amount of the "earned reimbursements" billed to FMS administrative funds did not comply with the requirement of the Accounting Guidance Handbook DoD 7220.9-H, that reimbursements earned be supported by documents showing that the expenses were actually incurred. In many instances, organizations had billed and collected funds without any supporting documentation indicating that the costs had been incurred. Organizations with FMS administrative budgets must assure that reimbursements earned and billed to the administrative funds are based on documented expenses accruing from actual FMS related administrative work.

(g) FMS Acceleration of Civilian and Military Personnel Costs. The development of estimated civilian and military personnel costs for the FMS Administrative Budget requires the application of FMS payroll acceleration rates to the average annual civilian pay cost and to the military annual standard composite rate to provide for full recovery of the U.S. Government's costs as shown below. Regarding the above listed pay acceleration factors, 22.5% of the 29.5% civilian retirement acceleration and all of the acceleration for military retirement (33.0%) should be budgeted for return to the U.S. Treasury Miscellaneous Receipts Account. The acceleration for civilian "other benefits" and military "other personnel costs" is budgeted for reimbursement to the appropriate MILDEP financing appropriations.

FMS PAYROLL ACCELERATION RATES (effective FY 1984)

	<u>Civilian</u>	<u>Officer</u>	<u>Enlisted</u>
Retirement	29.5%	33.0%	33.0%
Other Benefits	5.6%	-	-
Other Personnel Costs	-	8.0	23.0
Total Acceleration	35.1%	41.0%	56.0%

h. Exempted Programs. FMS cases with some countries and international organizations have been exempted from the application of FMS administrative charges. The administrative costs related to these cases are properly funded from service appropriations pursuant to the AECA, Section 43(a) and should not be charged to FMS administrative funds. The exempted programs are identified in the annual budget call.

(4) Issuance and Use of Funds. At the direction of the Comptroller, DSAA, the SAAC issues quarterly funding allotments to each of the organizations for which an AFP has been established. The MILDEPs are

generally permitted to reprogram their FMS administrative funds between object classes to handle requirements which have changed from those originally approved by DSAA. Recipients of FMS administrative funds are required to provide regular accounting reports on the use of the funds and to return end of year unobligated balances to SAAC within a reasonable amount of time after year end certification.

2. MAP Administrative and Overhead Support and SAO Budget Systems/Procedures.

a. General. Military Assistance Program (MAP) administrative and overhead and SAO support cost budgets include salaries and allowances, travel, rents, utilities, communications, printing, contractual services, equipment (including passenger and non-passenger vehicles), 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 and IMET activities, by the MILDEPs and MAP, IMET and FMS activities by the SAOs, etc. These procedures apply to all costs in the following MAP budget projects:

- L-10 Transportation Costs
- L-20 Packing, Crating, Handling, Port Loading and Unloading Costs
- L-40 Storage and Maintenance of MAP Stockpiles
- L-60 Logistics Management Expenses
- T-10 Administrative Expenses, Departmental and Headquarters
- T-20 Administrative Expenses for MAAGs, Joint U.S. Military Advisory Groups (JUSMAGs), Military Missions, U.S. Military Groups (MilGroups), Offices of Defense Cooperation (ODC), Offices Military Cooperation (OMC), Offices of Defense Representative (ODR), other similar organizations, and Defense Attache Offices (DAOs) which are designated to perform security assistance management functions.

b. Responsibilities.

(1) Administrative Agency. The MILDEPs have been assigned Administrative Agency responsibilities for Unified Command headquarters by DoD Directive 5100.2, "Support of the Headquarters of Unified, Specified, and Subordinate Joint Commands." The MILDEPs have also been assigned Administrative Agency responsibility for SAO administration and operating support in accordance with DoD Directive 5123.3, "DoD Policy and Responsibilities Relating to International Security Assistance (ISA)," as follows:

(a) Department of the Army. The countries in the CINCEUR and CINCSO area of responsibility.

(b) Department of the Air Force. The countries in the CENTCOM area of responsibility.

(c) Department of the Navy. The countries in the CINCPAC and CINCLANT area of responsibility.

(2) Logistic Support. Logistical support responsibilities of the MILDEPs will be accomplished within the guidance of DoD Directive 4000.19, "Basic Policies and Principles for Inter-service, Interdepartmental and Interagency Support."

(3) Authorization Document Review. The SAOs will review the 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 4900.31E/AFR 400-45.

(4) MAP Budgets/Financial Plans. The Military Assistance Program (MAP) budgets/financial plans for the SAOs, Unified Commands, Departmental Headquarters, and subordinate commands will be prepared in accordance with instructions contained in this Chapter, the annual budget call and other DSAA, Administrative Agency, or Command guidelines.

(a) Unified Command Role. Unified Commands will prepare their own budget and also review, determine the adequacy of, revise, if necessary, and consolidate the budgets from the SAOs in their area of responsibility. They will forward these budgets to DSAA through the Administrative Agency.

(b) Administrative Agency Role. The Administrative Agencies will review and revise, if necessary, the Unified Command and SAO budgets as well as review, revise, and consolidate the Departmental and Headquarters budgets under their jurisdiction prior to forwarding them to the DSAA.

c. Military Assistance Program/SAO Budget Cycle.

(1) MAP/SAO Budget Calls. DSAA issues two budget calls each year requiring submission of budget estimates and supporting justification materials for the MAP overhead and support activities and SAO budgets. These are the President's Budget Call and the Mid-year Review Budget Call.

(a) President's Budget Call. This budget call is issued in mid-April calling for submission of budget estimates and supporting information on or about 1 July. Submissions in response to this call include the estimated actual costs for the prior year, revised estimated requirements for the current year (the fiscal year which will commence 1 October) and estimates for the budget year for inclusion in the President's Budget. For example, the submissions for the FY 1985 President's budget would include estimated actual costs for FY 1983, revised estimates for FY 1984 as well as the initial FY 1985 estimates. DSAA conducts its review of this submission during July and August to establish approved MAP and SAO budget estimates for inclusion in the initial submission of the President's budget estimates to the Office of Management and Budget in September.

(b) Mid-Year Review Budget Call. This budget call is issued in mid-January calling for submission of estimates and supporting materials on or about 20 April. The submission includes prior year actual costs and revised current year operating cost estimates. The purpose of the submission is to provide a basis for revising the current approved operating

budget to account for necessary fact of life changes. The midyear budget submission should not include new projects or programs unless they are of an urgent nature and fully justified. DSAA conducts its review of the mid-year budgets during April and May and issues revised annual funding programs and matching funding allocations during June.

d. Development and Submission of Budget Estimates.

(1) Budget estimates submitted for the President's Budget Review will be completed in accordance with instructions in that call.

(2) Budget estimates submitted for the mid-year review will be modified in accordance with instructions in that call.

(3) Unified Commands and all other MAP funded activities will submit to the appropriate MILDEP MAP administration and support requirements for each SAO, Command Headquarters, and other MAP funded activity on Formats provided in the call. Submissions of subordinate activities should be reviewed by the Unified Commands and adjusted as necessary. Adjustments, if any, will be reflected on all applicable formats. The Unified Command will also prepare consolidated formats for all activities under its jurisdiction.

(4) The Military Departments (Administrative Agencies) will:

(a) Review or develop and consolidate departmental and command MAP administrative and support requirements.

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

(c) Ensure that all budgets are appropriately summarized identifying all organizations under the command. Budgets will be assembled in the sequence shown in the call. Submit all budgets to the Comptroller, DSAA.

e. Reports.

(1) Quarterly Military Manpower Report for SAOs, MISSIONS, MilGroups, RCS: DSAA (Q) 1218.

(a) Section 515(g) of the Foreign Assistance Act of 1961 requires that the MILDEPs be reimbursed for pay and allowances and PCS costs of military members assigned to SAOs. Accordingly, a quarterly SAO military manpower report, RCS: DSAA (Q) 1218 to be based on the actual "on board" strength as of the end of each month has been established to collect the data required to calculate the reimbursements due to the MILDEPs and effect appropriate payments. Timely and accurate reporting of required data is essential to effective compliance with the law.

(b) Consolidated reports for all SAOs under their purview will be submitted by each Unified Command in the format shown in Table 13-I-1 by the 10th calendar day following the end of each quarter.

78-001. (2) Reimbursement for Revenue Traffic Airlift: DSAA Form

(a) Reimbursement is required for airlift transportation costs when an SAO assigned aircraft is used by organizations other than the SAO for nonsecurity assistance missions.

(b) DSAA Form 78-001 should be completed and submitted within two work days after the airlift has been completed. See the sample format in Figure 13-I-1.

TABLE 13-I-1

MAP/MAAG BUDGET REPORTS, INSTRUCTIONS, AND SAMPLE FORMAT

A. The Quarterly Military Manpower Report for MAAGs, Missions, MilGroups, RCS: 1218, will be prepared by each MAAG, consolidated and submitted by the Unified Command in the following sample format:

1. <u>Sample Format</u>				
COL 1	COL 2	COL 3	COL 4	COL 5
<u>SERVICE</u>	<u>RANK</u>	<u>NUMBER OF MEMBERS ON BOARD</u>	<u>NUMBER OF MAN MONTHS ON BOARD DURING QTR</u>	<u>NUMBER OF MONTHS IN USG PAID OR AIK HOUSING</u>
A. Army	0-6	2	4	3
	0-4	2	6	3
Subtotal	XXXX	4	10	6
B. Navy	0-5	1	3	3
	0-2	3	9	-
	E-7	2	6	-
Subtotal	XXXX	6	18	3
C. Air Force	0-6	3	9	9 (3)
	0-5	3	8	3
	E-6	5	15	-
Subtotal	XXXX	11	32	12 (3)
D. Marine Corps	0-5	1	3	-
	0-4	1	2	-
Subtotal	XXXX	2	5	-
E. Coast Guard	0-5	1	3	-
Subtotal	XXXX	1	3	-
F. Total	XXXX	24	68	21 (3)

() Equals number of months in AIK housing.

TABLE 13-I-1. MAP/MAAG Budget Reports, Instructions, and Sample Format.

2. Report Instructions. The information required in each of the columns shown above is as follows:

(a) Column 1. Identify the organization, e.g., Army, Navy, Coast Guard, etc.

(b) Column 2. For each organization list only the numerical ranks for which manpower is being reported.

(c) Column 3. Provide the count, by rank, of the total number of members on board, based on end of month strengths, e.g., if one O-6 is on board for all 3 months and his replacement is on board at the end of the 3rd month of the reporting period, the total number of O-6's to be reported is 2.

(d) Column 4. For each member on board at end of month count one man month. e.g., in Column 3 example above, total number of O-6 man months to be reported is 4.

(e) Column 5. Indicate the total number months during the period in which the members occupied U.S. Government owned or leased and AIK provided housing. Occupancy during any part of a month is counted as the entire month. The total months of AIK housing should be shown in parenthesis to the right of the total man months in housing.

(f) The report will be submitted no later than the 10th calendar day following the end of each quarter by message to the following addressees:

- HQ USAF WASHINGTON DC//AF-MPPB//
- DA WASHINGTON DC//DAPE/MBB-M//
- COMNAVMILPERSCOM WASHINGTON DC//NMPC-713P//
- CMC CC WASHINGTON DC//FDB//
- COMDT COGARD WASHINGTON DC//G-CPI//

An information copy of the report should also be provided to DSAA/Comptroller/Budget.

B. The Request for Revenue Traffic Airlift Form DSAA 78-001, Figure 13-I-1 will be submitted in the following sample format. Forward the original and one copy together with a certified statement of actual flying time to the Defense Security Assistance Agency, Attn: Office of Comptroller/Budget Division, Room 4B659, Pentagon, Washington, DC 20301.

TABLE 13-I-1. (Continued)

FIGURE 13-I-1

DEFENSE SECURITY ASSISTANCE AGENCY
Washington, D.C. 20301

Date:
Request No:

REQUEST FOR REVENUE TRAFFIC AIRLIFT

From: _____

To: Chief SAO _____

Revenue traffic airlift services as described are requested for the following activity: _____

Purpose, date, estimated flying times, and route of non-security assistance flight mission: _____

Billing address: _____

Fund citation to be shown on billing: _____

CERTIFICATION BY REQUESTING OFFICIAL: Pursuant to the requirements of paragraph 6-1.b. of DoD Regulation 4515.13R, I certify that commercial transportation is neither available, readily obtainable, nor satisfactorily capable of meeting the requirements. I certify that the requesting office will accept liability for the reimbursement billing for airlift service provided in response to this request.

(Name & Title of Requesting Official)

Signature

For Use by Chief SAO

(Name & Title of SAO Approving Official)

Signature

Form DSAA 78-001

FIGURE 13-I-1. Request for Revenue Traffic Airlift (Form DSAA 78-001).

SECTION II - AUDITS AND INSPECTIONS

A. PURPOSE. This section prescribes the action to be taken by Security Assistance Organizations (SAOs), Unified Commands and other activities having responsibilities for the Military Assistance Program (MAP), International Military Education and Training Program (IMETP), and Foreign Military Sales (FMS) programs on audits, inspections, and reports by the General Accounting Office (GAO); the Inspector General of the Department of Defense (DoD-IG); and Military Department Audit Agencies.

B. TYPES OF AUDITS/INSPECTIONS.

1. GAO Audits. The GAO is empowered by law and DoD authority to conduct independent audits of DoD agencies and functions. The audits consist of comprehensive examinations of an agency's organization, activities, and results of operations. The audit results are set forth in reports containing findings, conclusions, and recommendations that provide a valuable means of identifying problems that require corrective action. Reports of the audit are made available to the DoD agencies and offices concerned, the Secretary of Defense, the Office of Management and Budget, and the Congress.

2. DoD Internal Audits. The Military Department Audit Agencies are responsible for providing audit coverage of activities in the United States that perform functions under MAP, IMETP, and FMS programs. The DoD-IG is responsible for providing audit coverage of activities overseas that perform such functions. Reports of audits are addressed to the audited activity, to the Secretary of Defense, and to the DSAA.

C. NOTIFICATION OF AUDITS AND INSPECTIONS. Normally, the GAO and DoD-IG provide advance notice of proposed audits/inspections, their scope, and the time of audit. Upon receipt of notification of audits/inspections relating to MAP, IMETP, or FMS activities, the DSAA will advise the Unified Command and SAO.

D. POLICY CONCERNING RELEASABILITY OF DoD RECORDS RELATING TO MAP AND FMS.

1. Releasability to GAO. It is DoD policy to cooperate with the GAO in responding quickly to its request for information, and to allow the GAO complete access to all pertinent records, with the following exemptions:

a. Materiel relating to foreign intelligence or counterintelligence activities or materiel specifically exempt from disclosure to the Comptroller General by statute.

b. Documents originated by non-DoD agencies are released only with consent of the originating agency.

c. Reports of Military Inspectors General and Criminal Investigations Organizations are released only on approval of the appropriate departmental secretary.

d. Budget program data for fiscal years not yet presented to the Congress (including planning documents) are not releasable.

e. Specific authority of Under Secretary of Defense (Policy) is required for access to:

- State,
- (1) Confidential correspondence exchanged between heads of State,
 - (2) Presidential Memoranda,
 - (3) Performance evaluation reports,
 - (4) Internal Executive Branch working papers and memoranda,
 - (5) Documents revealing sensitive information about the conduct of U.S. negotiations with foreign countries,
 - (6) Other DoD materiel which the Ambassador or major military component commanders consider may be sensitive and could, if revealed, have a serious adverse effect on the conduct of U.S. Government foreign relations or otherwise prejudice the national interests of the U.S.

f. When a denial of access to a request for information is contemplated, efforts should be made to determine if alternative methods exist for accommodating the GAO before initiating action to formally deny the request. Agencies are required to promptly notify higher headquarters and the DoD-IG regarding unresolved issues over access, or contemplated denial of access to records.

2. Releasability to the DoD-IG.

a. The DoD-IG shall not be prevented from accomplishing its functions as authorized by DoDD 5106.1, except that the DoD-IG shall subject to the authority, direction, and control of the Secretary of Defense with respect to audits, investigations, or the issuance of subpoenas that require access to information concerning:

- (1) Sensitive operational plans,
- (2) Intelligence matters,
- (3) Counterintelligence matters,
- (4) On-going criminal investigations by other administrative units of DoD related to national security, and
- (5) Other matters the disclosure of which would constitute a serious threat to national security.

b. In instances where the Secretary of Defense exercises its authority to restrict the DoD-IG from access to information, the DoD-IG shall submit a statement concerning such exercise within 30 days to the Senate and House of Representatives.

E. RELATIONSHIP WITH AUDIT/INSPECTION AGENCY. Audits of MAP, IMETP, and FMS will be conducted in accordance with instructions of the Military Departments and Unified Commands relating to audits and inspections generally.

F. EXIT CONFERENCE.

1. A letter report on the exit conference conducted by the GAO or the DoD-IG will be forwarded within 30 days to the Assistant for Audits and Inspections, Plans Directorate, DSAA.

2. When appropriate, the DSAA will be represented during the GAO and DoD-IG exit conferences.

G. ACTION ON GAO DRAFT REPORTS.

1. Comments on GAO draft reports must be provided to the GAO within the 30 days allowed by P.L. 96-226. The law does not allow GAO to delay issuance of the report, except under certain circumstances; therefore, the action office must decide quickly whether a response is essential for accuracy of the report, and whether the response can be provided within the deadline. If feasible, a meeting should be convened early in the 30 day response period to convey DoD views to the GAO regarding the draft report, with written comments being prepared and transmitted as soon thereafter as possible.

2. The Unified Command will forward a message report with the following information along with its comments to the Assistant for Audits and Inspection, Plans Directorate, DSAA, within 25 days from the date of the draft report.

3. Upon receipt of the draft report, the audited agency will:

a. Verify the accuracy and validity of each pertinent finding, conclusion, and recommendation,

b. Take suitable corrective action,

c. Submit to the Unified Command within 15 days a statement with respect to each finding, conclusion, and recommendation, giving:

(1) Additional facts,

(2) Concurrence or non-concurrence,

(3) Corrective action taken and anticipated completion date.

H. ACTION ON GAO FINAL REPORTS.

1. The GAO transmits final reports to the Congress and the Office of Management and Budget with information copies to the Secretary of Defense, the Unified Command, and the SAO.

2. Action required on final reports is similar to that required for draft reports. Comments should not be repetitive but merely update the state-

ment on the draft report. If DoD was not given an opportunity to respond to the draft reports, audit agencies should take action as outlined above for draft reports. Legal provision and OMB Circular No. A-50 allow a 60 day response period for final reports, which must not be exceeded. When the reply must be unavoidably delayed, an interim response shall be provided by the established suspense date. The interim response shall address as many findings, conclusions and recommendations contained in the report as possible, and state when a final response will be made.

I. ACTION ON DOD-IG REPORTS.

1. The DoD-IG normally provides a draft report upon completion of the audit to obtain management's comments for inclusion in the final report. The response is usually required within 60 days from the draft report date. The Unified Command will forward a reply incorporating the following information and its comments to the Plans Directorate, DSAA, within 40 days from the date of the report transmittal letter.

2. Upon receipt of the draft report, the audited agency will:

- a. Verify the accuracy and validity of each finding, conclusion, and recommendation,
- b. Take appropriate corrective action,
- c. Submit to the Unified Command a statement with respect to each finding, conclusion, and recommendation, giving:
 - (1) Additional facts,
 - (2) Concurrence or non-concurrence,
 - (3) Corrective action taken and anticipated completion date.
- d. Management responses shall explicitly state concurrence or non-concurrence with audit findings and recommendations. Non-concurrence with findings or recommendations shall be explained fully.

J. CORRECTIVE ACTION FOLLOW-UP.

1. SAOs and Unified Commands should provide for positive follow-up corrective action responses to GAO and DoD-IG findings and recommendations. In some instances, special reports on status of corrective action may be required by the DSAA. In all cases, the adequacy of corrective action on audits and inspections may be raised during DSAA staff visits.

2. Unified Commands will submit reports to the Plans Directorate, DSAA, which reflect, as of 31 March and 30 September, the status of incomplete corrective actions for each applicable GAO and DoD-IG report. The reports are due within 30 days of the close of each semi-annual period, and negative reports are required. Additional guidance on preparation of reports is provided in DoD Directive 5000.41.

CHAPTER FOURTEEN

SPECIAL PROGRAMS AND ACTIVITIES

SECTION I - SPECIAL DEFENSE ACQUISITION FUND (SDAF)

A. AUTHORITY AND PURPOSE.

1. Authority. The SDAF was authorized in 1981 by Chapter 5 of the Arms Export Control Act and the SDAF Charter and Operation Instructions were approved by the Principal Deputy Assistant Secretary of Defense (Comptroller) on 30 December 1982.

2. Purpose. The SDAF funds the procurement of defense articles in anticipation of their sale or transfer to foreign governments. The basic objective of the fund is to facilitate delivery of materiel in advance of normal procurement lead times and establishing a readily available source of selected items of materiel. Such source enhances the USG capability to satisfy urgent military requirements of allied and friendly nations while avoiding diversions from production for U.S. forces or withdrawals from U.S. stocks.

B. MANAGEMENT. The Defense Security Assistance Agency (DSAA) manages the SDAF. DoD components perform selected tasks for the DSAA as described herein. These tasks include planning, letting of contracts, contract management, FMS case management for buy outs of the SDAF equities, maintaining general ledgers, and accounting for the SDAF monies. The Security Assistance Accounting Center (SAAC) performs centralized accounting and disbursing for the SDAF funds and other accounting duties as assigned.

C. FUNDING.

1. Source of Capitalizations. The SDAF is a revolving fund. Since 29 December 1981 it has been capitalized with collections received for the following charges on export sales by the U.S. Government and its contractors:

- Nonrecurring RDT&E charges
- Nonrecurring production charges
- Asset use charges
- Contractor rental payments for use of U.S. Government plant and production equipment.

a. Once capitalized, the SDAF incurs obligations for the purchase of defense items. The sale of these items to foreign governments is another source of funds for the SDAF and permits the SDAF dollars to revolve within the limits established by Congress. The authorization for the SDAF was limited to \$600,000,000 for FY 1983, and is limited to \$900,000,000 cumulative for FY 1984 and each year thereafter. The SDAF may not be obligated without prior Congressional approval obtained through the annual budgeting process in appropriations acts.

2. Other Collections into the Fund. Collections on FMS cases resulting from sales of SDAF stocks are deposited to the SDAF account and are used thereafter to fund additional procurements. Collections into the fund also occur when SDAF stocks are transferred to foreign governments under the Military Assistance Program (MAP), and when SDAF items which have been loaned to a MILDEP are purchased from the fund. The purchase of SDAF items by a MILDEP requires the approval of the Secretary of Defense.

3. Method of Collection. MILDEPs deposit amounts collected on FMS and commercial sales as listed in subparagraph (a) above to the SDAF (Account Symbol 11X4116). Monthly, each MILDEP reports deposits to the DSAA via the report: RCS 1147(M), DoD Component Deposits to the SDAF. The amounts reported to the DSAA are also reported by FMS Case to the SAAC on DD Form 1517s, FMS Detail Delivery Reports as a non-reimbursable transaction for new procurements in accordance with DoD 7290.3-M. Monthly totals of the DD Form 1517 reports must reconcile to the DSAA RCS 1147(M) reports.

D. OPERATING CONCEPTS. An annual procurement plan developed by the DSAA in consultation with the MILDEPs, the Joint Chiefs of Staff (JCS) and Department of State forms the basis for initiating SDAF procurements. Following the decision to buy an item, the DSAA issues a Military Interdepartmental Purchase Request (MIPR), DD Form 448, to the appropriate MILDEP to procure the items. Normal operation of the SDAF provides for foreign governments to buy out the SDAF equity from on-going contracts prior to physical delivery of the end items to the U.S. Government. Thereafter, the items are delivered to the foreign purchasers in less than normal procurement lead times. Aside from selling SDAF stocks through the FMS programs, transfers occur as authorized by MAP or other security assistance legislation. In other instances, SDAF items may be sold to MILDEPs to replace items diverted from MILDEPs to foreign governments.

E. CRITERIA FOR PROCUREMENT. Several criteria are used to select items for procurement by the SDAF. No single criterion determines whether or not an item qualifies for SDAF procurement; however, emphasis is required by statute to be placed on items that are in short supply for U.S. forces that also have anticipated foreign customer requirements. The criteria are:

- Items should be those which, based on experience, judgement, and an analysis of the historical data and a projection of needs, are most likely to be needed to meet foreign requirements in less than normal procurement lead times.

- Items should be those whose withdrawal from active or reserve force inventories, or diversion from production dedicated to active or reserve forces, would result in adverse impact on the combat readiness of U.S. forces.

- Items should be capable of being produced from existing or expanded production lines.

- Items should, if not transferred to meet foreign requirements, be required to meet established acquisition objectives of U.S. forces.

- Items should have significant anticipated FMS demands.

- Items should be those with long procurement lead times, particularly over 24 months.
- Items should have the capability of being approved for foreign sale under current national disclosure policy.

Thus, the decision to buy with SDAF also takes into account stock levels, production base availability, mobilization base requirements, procurement options, availability of replacement items, national disclosure policy, the available capital in the SDAF, and the investment in items from previous procurements.

F. PROGRAM IMPLEMENTATION.

1. Plan. The DSAA will develop an annual SDAF procurement plan in consultation with the MILDEPs, the JCS, and the Department of State. The annual plan will form the basis for initiating procurements throughout the forthcoming year. To initiate an SDAF procurement, the DSAA will issue a Military Interdepartmental Purchase Request (MIPR) as explained below. Prior to the issuance of a MIPR, the DSAA will coordinate with the procuring MILDEP to define item configuration, ancillary items, and delivery scheduling for the purchase.

2. Procurement. The DSAA issues MIPRs (DD Form 448s) to the appropriate MILDEP for the purchase of SDAF items. The MIPR is processed in accordance with Defense Acquisition Regulation (DAR) Section V, Part 11 - Coordinated Procurement. Implementing agencies negotiate separate contracts for SDAF procurements together with a direct citation (Category II) method of funding. If separate contracts are not feasible, the SDAF procurement will be a separate contract line item. The SAAC is the central paying station for all SDAF disbursements and will be so identified in each contract for SDAF procurements. Each SDAF MIPR is restricted to one major end item with associated spare parts, ground support equipment, or other related items.

"Ship To" and "Mark For" addresses are provided by the DSAA in subsequent amendments to the initial MIPR at such time as an SDAF buy-out case is signed or when the items are ready for delivery. Upon receipt of the MIPR, the implementing agency processes "Acceptance of MIPR" (DD Form 448-2) in accordance with paragraph 5-1109, Section V of the DAR. Although the preceding DAR reference addresses Category I funding, the acceptance of a MIPR with Category I Method of Funding (Reimbursable) is prohibited unless specifically agreed upon by DSAA in advance. The MIPR acceptance must be accompanied by a forecast of disbursements for the procurements covered by the MIPR. The disbursement forecast requires annual updating based upon the cumulative disbursements for all contracts and inhouse efforts.

3. Procurement of SDAF Items. Procurements for SDAF shall be subject to Defense Acquisition Regulations (DAR) and in particular to DAR 6-1304 on notification to prospective sources of the procurement for a potential Foreign Military Sale (FMS) and to DAR 6-1304 on pricing such acquisitions. Copies of contracts for SDAF procurements (except ammunition) will be provided to SAAC, FSO, Denver, Colorado 80279, within 10 days of contract award.

4. Payments for Contract Administration Services (CAS). Military Departments will bill CAS to SAAC simultaneous with other CAS billings for FMS. SAAC will make payment to the Military Departments from the CAS account. The CAS account will be replenished at a 1.5% rate applied to contract disbursements on SDAF purchases. In the event SDAF assets or equities are sold to an FMS customer for which a reciprocal waiver of CAS is in effect, the amount for CAS paid to the U.S. Military Department will be refunded to the SDAF account. DSAA will provide SAAC a separate MIPR each fiscal year for CAS reimbursement.

5. Requisitioning and Billing Procedures for Items Purchased from U.S. Service Stocks (MILSTRIP). U.S. Government requisitioning activities will prepare MILSTRIP Requisitions (DD Form 1348) using signal code L, fund code 3M, and unique DODACs and project codes to segregate SDAF requisitions from others. Military requisitioning activities will be reimbursed through inter-fund billings for stock funded and secondary items and by SF 1080 billings to SAAC for major items. Contractor-initiated requisitions will not use fund code 3M. Reimbursement to the supplying Military Department for contractor-initiated requisitions will be accomplished by SF 1080 billing to SAAC. All bills (interfund and SF 1080s) must identify MIPR and line.

6. Pricing of SDAF Items Purchased from U.S. Service Stocks. Stock funded items sold to the SDAF will be priced at standard price plus the current replacement surcharge rate for no-CLSSA customers. Procurement funded secondary items are priced at standard price plus a 10% replacement factor. The price of major items sold from stock will be based upon a determination as to when the items will be replaced in kind, replaced with an improved item or not replaced. See FMS Financial Management Manual, DoD 7290.3-M, Section 702, paragraph 7020E for a description of this pricing technique.

7. Application of Select Pricing Elements.

a. Contractor Rental Fees. Contractor rental fees incurred on SDAF procurements will be included in the items' unit price when billed to SAAC.

b. Personnel Costs. Civilian and military personnel costs directly attributable to SDAF procurements will be funded on separate MIPR lines. These labor costs shall be computed per the guidance in DoD 7290.3-M, paragraphs 70102 and 70103.

c. FMS Add-Ons. Add-on factors for non-recurring RDT&E, non-recurring production, asset use, and PCH&T will not be charged to the SDAF.

8. Reporting Deliveries to the SDAF Account. Delivery of stock items to the SDAF must be reported to the SAAC within seven days of drop from inventory. Interfund bills (via MILSBILLS) will serve as delivery reports for stock funded and secondary items. Major items shipped from stock and ammunition items will be reported to SAAC via MILSTRIP shipment status cards, DD Form 1348. For contract deliveries, the DD Form 250 serves as the SDAF Delivery Report.

9. Delivery Reporting Summation. The SAAC will maintain an automated record of reported deliveries to the SDAF account and subsequently match them

to DD Form 1517s, FMS Detail Delivery Reports prepared for the sale of SDAF items. Reconciling discrepancies is the responsibility of the SAAC.

10. Interdepartmental Orders. Sub-MIPRs issued by one Military Department to another may not cite SDAF funds. Sub-MIPRs must cite the issuing services funds.

11. Payment for Transportation of SDAF Items. Costs incurred to transport materiel to assembly and/or holding points that are not included in the item price are funded on the original MIPR issued for such materiel as a separate line. Recoupment of transportation expenses for FMS buy-outs will follow existing FMS guidance in DoD 7290.3-M, Chapter 8.

12. Storage of SDAF Inventories. SDAF equipment held in DoD inventories will normally be segregated from other DoD items. However, as an exception to this general policy, SDAF items with a limited shelf life may be co-mingled with service inventories so long as separate and accurate inventory record are maintained. Military Departments will forward bills for SDAF storage to the SAAC. Bills will be for direct out-of-pocket costs incurred on major equipment.

13. Inventory Losses. All inventory losses related to SDAF items will be absorbed by the Military Department responsible for storing the items.

G. FMS SALES OF SDAF ITEMS.

1. Price and Availability Data. Requests for Price and Availability (P&A) and Planning and Review (P&R) data for items that are known to be on contract for SDAF procurement are coordinated with the DSAA prior to responding to the foreign inquiry. The DSAA decides on whether to fill the customer's request from SDAF stocks or from inventories, and, after appropriate coordination, notifies the MILDEP of this decision. The MILDEP will then respond to the potential foreign purchaser with P&A or P&R data. Commitments to the sale must be approved by the State Department in accordance with standard procedures. State Department will also approve any required notification to Congress under Sec 36(b) AECA.

2. Sale of SDAF Items.

a. LOA Preparation. DSAA will direct the appropriate U.S. Military Department to prepare an FMS case for the sale of SDAF items. Cases will be prepared in accordance with guidance provided in this manual, Chapter 7, except as follows:

- FMS case designators will be assigned by DSAA.
- Case lines will match MIPR lines from the original DSAA MIPR.
- SDAF and non-SDAF items will not be included on the same case.
- Financial Analysis Worksheets, in the format shown in Figure 7-II-4 will be provided for each case line.

- Cases will clearly indicate to the purchaser the U.S. Military Department points of contact responsible for transportation, supply information, MAPAD information, processing Reports of Discrepancy, status of discrepancies and material returns, and other non-financial information. (Identified points of contact will respond to foreign inquiries.)
- Cases will identify SAAC as the point of contact for financial information.
- Sales prices for procurement items will be computed using the SDAF cost increased by the current years inflation factor and normal FMS add-ons.
- Sales prices for stock items will be computed using replacement pricing criteria.
- FMS estimated payment schedules will be provided for each case.
- Initial deposits as normally computed for FMS cases will be increased by the value of disbursements already made for SDAF items being sold. The SAAC is prepared to provide disbursement information on SDAF items upon request to activities preparing SDAF LOAs.

b. Implementing Guidance. Case implementing guidance normally applied to FMS will also apply to sales of SDAF items. However, if additional instruction to the responsible Military Department is required such instructions may be issued by amendment to the appropriate MIPR.

c. DD Forms 2060/2061. SAAC will prepare DD Form 2060 and 2061 for DSAA cases that sell SDAF items.

3. FMS Detail Reporting on Cases that Sell SDAF Items.

a. DD Form 1517 Coding. The following coding, unique to the SDAF, applies to DD Form 1517 preparation.

Delivery Source codes:

- A = Stock fund or secondary item from SDAF inventory.
 - A = Principal/major item from SDAF inventory.
 - D = Contractor delivery of secondary items for SDAF.
 - D = Contractor delivery of principal/major item for SDAF.
- Reimbursement code "A" (non-reimbursable) applies.

b. Spares and Support. Concurrent spares and support items owned by the SDAF and sold to a FMS customer will be reported to SAAC by the Military Departments on DD Form 1517s or modified MILSBILLS detail billing cards. (SAAC prepares DD Form 1517s from modified MILSBILLS cards.) See 7290.3-M paragraphs 80302 and 80303 for detail descriptions on the preparation of these

reports. Reports will be submitted to SAAC within 7 days of drop from inventory and contain the latest FMS price for the items being sold.

c. Major Equipment. Major SDAF equipment items shipped to FMS customers will be reported to SAAC by the Military Departments on shipment status cards (MILSTRIP AS_) within 10 days of shipment. SAAC will prepare DD Form 1517s for deliveries of SDAF items sold to FMS customers and reported on MILSTRIP AS_ cards. Major items will be initially billed at the estimated unit price per the DD Form 1513. Once all final charges are known estimated prices will be reversed and actual prices charged.

d. Customer Billing. SAAC will assure that all costs incurred on a case for the sale of SDAF items are billed to the FMS customer, and that items delivered to FMS customers are the same as those originally purchased by the SDAF.

H. EQUIPMENT LOANS. Items procured by the SDAF and loaned to the MILDEPs require either restoration to their original condition at the end of the loan period or replacement at MILDEP expense. However, replacement must be authorized by the Secretary of Defense. The receiving MILDEP is responsible for storage and/or operation and maintenance costs incurred for the loaned equipment. In the event loaned equipment is permanently transferred to a MILDEP the transaction is priced at the amounts specified in the loan agreement. (See Figure 14-I-1)

I. TRANSFERS FINANCED BY MILITARY ASSISTANCE PROGRAM (MAP) FUNDS. The SAAC executes MAP when SDAF items are provided. The DSAA disburses MAP funds to the SDAF as required to meet contractual and in-house payments incurred for MAP items.

J. REPORTING.

1. Reporting. The SAAC prepares the reports listed below in accordance with the applicable sections of the DoD 7220.9-H.

<u>Report</u>	<u>Applicable Section of DoD 7220.9-H</u>
Statement of Financial Condition, Std. Form 220 and 221 with Supporting Schedules	Section 310
Analysis of Appropriation and Fund Balances, TFS Form 2108	Section 320
Report of Budget Execution DD Form 1176	Section 321

2. Collection Reporting. DoD components are responsible for identifying SDAF collections from the authorized sources and for depositing these collections to Account 11x4116. Monthly reporting of SDAF deposits to the DSAA (COMPT/FR&CPD) is required by the 15th day following the end of each

month. As a minimum, a segregation of the SDAF deposits into the following subheads (limits) that show the source of collections is required:

<u>Accounting Subhead</u>	<u>Source</u>
.1	Nonexcess principal/major end items which will not be replaced within the obligation availability of current procurement appropriations. (See Note below.)
.2	Excess stock fund and procurement secondary items. (See Note below.)
.3	Nonrecurring RDT&E and production charges.
.4	One percent (1%) asset use charge.
.5	Four percent (4%) asset use charge.
.6	Contractor rental payments for U.S. Government plant and production equipment.
.7	Payments from FMS Trust Fund or Military Assistance Appropriation for sale of SDAF equity in contracts and inventories.
.8	Payments from MILDEPs appropriations for SDAF items transferred to the MILDEP for temporary use and which are not returned.

NOTE: Although authorized to capitalize the SDAF, other conflicting legislation prohibits the use of this source of funds for SDAF capitalization at this time.

3. Congressional Reporting. Not later than December 31 of each year, the DSAA will submit to the Congress a comprehensive report on acquisition of defense articles and defense services under the SDAF. Each report includes:

a. A description of each contract for the acquisition of defense articles or services which was entered into during the preceding fiscal year;

b. A description of each contract for the acquisition of defense articles or services which is anticipated to be entered into during the current fiscal year;

c. A description of each defense article or service acquired that was transferred to a foreign country or international organization during the preceding fiscal year; and

d. An evaluation of the impact of the utilization of the authority of the SDAF on U.S. defense production and the readiness of the U.S. Armed Forces.

Input for the above report requirements (a through c) will be provided by SAAC. Additionally, as part of the annual written report to the Congress, required by Section 139(a) of Title 10, US Code, regarding procurement schedules for each weapon system for which funding authorization is required, the DSAA shall provide a report estimating the likely procurements to be made through the Fund.

4. Inventory Reporting. SDAF items delivered into inventory or loaned to a MILDEP will be reported to DSAA as provided in Figure 14-I-2.

K. ADMINISTRATIVE EXPENSES. The cost to administer the SDAF is included in the annual FMS Administrative Budget. Specific guidance is provided to each MILDEP with each FMS Administrative Budget call.

FIGURE 14-I-1

DEFENSE SECURITY ASSISTANCE AGENCY
SPECIAL DEFENSE ACQUISITION FUND
LOAN AGREEMENT

Under the authority of Chapter 5 of the Arms Export Control Act as amended by the International Security and Development Cooperation Act of 1981, the defense items listed on the attached listing are loaned to the _____.
The _____ will bear the cost of operation and maintenance of the loaned items while in their use, and the cost of restoration or replacement upon the termination of their use. If the items are to be replaced at the end of the loan period, the replacement items will be of like kind and condition, or of equal or greater utility, and of equal quantity. In the event the items are in essence "sold" to the _____ the price of the items will be as shown on the attached listing. Loan period begins _____ and ends _____.

At the end of the loan period, the Military Department will not use the item(s) any further without first executing a new SDAF loan agreement.

(Signature) _____
Director, DSAA

(Signature) _____
Acceptance

FIGURE 14-I-1. Defense Security Assistance Agency Special Defense Acquisition Fund - Loan Agreement.

FIGURE 14-I-2

DEFENSE SECURITY ASSISTANCE AGENCY
SPECIAL DEFENSE ACQUISITION FUND
INVENTORY REPORT

Defense items received from the Special Defense Acquisition Fund and taken into property accountability by the Military Departments require monthly reporting to the DSAA.

Inventory items may either be on loan to the Military Department in accordance with the SDAF Loan Agreement or they may be in inventory awaiting finalization of a Foreign Military Sale. In either circumstance DSAA is concerned with inventory reporting of the major end items as initially defined on the Procurement Directive authorizing the purchase of such items. However, the Military Departments are responsible for property accountability of all items financed by the SDAF for which custody is required. Secondary and inventory items may not be used to fill US requirements without written concurrence of the Director, DSAA, and appropriate reimbursement to the SDAF.

By the tenth day following the end of the reporting month the responsible Military Department will submit to the DSAA an SDAF Inventory Report identifying items received and transferred during the month and the physical month-end inventory on-hand. Items will be identified as either on loan or in inventory awaiting sale.

Minimum data required includes:

1. Procurement Directive Program Line and Sub-line under which the items were purchased
2. Nomenclature
3. National Stock Number
4. Date first item entered inventory
5. Date last item shipped from inventory
6. Quantity on hand - beginning of month
7. Quantity on hand - end of month
8. Received during month
9. Shipped out during month
10. Lead time in days required to prepare end items for shipment
11. Number on loan
12. Number awaiting FMS Agreements
13. Total dollar value in inventory - end of month

FIGURE 14-I-2. Defense Security Assistance Agency Special Defense Acquisition Fund - Inventory Report.

SECTION II - FOREIGN MANUFACTURE OF U.S. DEFENSE EQUIPMENT
--

A. PURPOSE. The purpose of this section is to define U.S. policy with respect to requests for release of technical data and offset procurement and to supplement information provided in this manual and the following directives:

1. DoD Directive 2000.9, International Coproduction Projects and Agreements Between the United States and Other Countries or International Organizations.;

2. DoD Directive 5530.3, International Agreements; and

3. DoD Instruction 2050.1, Delegated Approval Authority to Negotiate and Conclude International Agreements.

The reader is referred to Chapter 5 of this Manual for information on Export Control, Disclosure and Technology Transfer policies.

B. BACKGROUND AND SCOPE. In the international arms environment, military necessity requires a better integration of U.S. forces with those of cooperating nations. For this reason, foreign manufacture of U.S. defense equipment is determined to be to the benefit of the U.S., under the following circumstances:

1. With allies in general: when it encourages the strengthening of their defense forces, improves U.S. defense relationships, and enhances interoperability with U.S. forces.

2. Within NATO: when it improves the readiness and interoperability of Alliance forces and maintains a viable Alliance defense industrial base on both sides of the Atlantic.

3. With selected nations: when it is advantageous to assist in maintaining their defense industrial bases or in improving their general defense capabilities by means of collaborative defense programs. Implementation of such foreign manufacture programs by the U.S. Government can be under the auspices of:

a. An international agreement for the coproduction of the items such as Memorandum of Understanding (MOU) or Agreement (MOA),

b. A cooperative development agreement,

c. An FMS case which provides the recipient with the technical data necessary to either manufacture, or operate and maintain, the defense item.

C. AUTHORITY TO NEGOTIATE AND SIGN INTERNATIONAL AGREEMENTS.

1. General. DoD Directive 5530.3 provides that no DoD element may negotiate or sign an international agreement (other than those in the intelligence field) without the prior written concurrence of the Office of the Under Secretary of Defense (Policy) unless specific delegation of authority has been received. Such delegation is granted on a case-by-case basis. DoD Instruction 2050.1 provides delegation of authority to specified DoD elements to negotiate and/or conclude certain types of agreements. Within the Security Assistance program, Foreign Military Sales Letters of Offer and Acceptance (LOAs) are exempted from the requirements of DoD Directive 5530.3. For all other agreements, such as Memoranda of Understanding covering foreign manufacture of U.S. defense equipment (coproduction, licensed production, etc.), or other special types of sales not reflected on a LOA, the terms of DoD Directive 5530.3 must be met. For coproduction programs which include FMS provisions for transfer of defense articles or services, written authority must be obtained from the Director, DSAA prior to entering into negotiations, as defined in Paragraph C.2 of DoD Directive 5530.3. It should be noted that requests for such authority must include not only a description of the project involved, but also fiscal and legal memoranda, as outlined in Section H of the Directive. International agreements for the coproduction of major defense equipment will be classified Confidential, as a minimum, until the agreement is concluded. Since such agreements involve matters which must be resolved on a governmental basis as part of a broad program of cooperation, copies of the agreements under negotiation will not be released to parties outside of the U.S. Government. However, they may be discussed with representatives of appropriate U.S. industry for the purposes of obtaining the information requested in Paragraph D.3. below. With the consent of the foreign country, agreements may be released to specific U.S. firms for implementation.

2. Congressional Notification. Any international agreement which commits the U.S. Government to the sale of defense articles and defense services for \$50 million or more, or any major defense equipment of \$14 million or more, will be reported by the DSAA to the Congress under the terms of the AECA, Section 36(b) prior to conclusion of the agreement. The statutory requirement for reporting, as well as the requirement for advance notification to Congress, extends to any undertaking by the Department of Defense to establish an FMS transaction. Refer to Chapter 7, Section IV, for information regarding the processing of Section 36(b) notifications. In addition, the Department of State may be required to submit to the Congress Notifications under the AECA, Sections 36(c), 36(d), and/or 42(b) in advance of the conclusion of the agreement.

3. International Agreements Involving Foreign Manufacture of Defense Items Manufactured in Government-owned, Government-operated Plants. Information on any international agreement with a foreign country or international organization for the coproduction or licensing of a defense article that is manufactured in a U.S. Government-owned, Government-operated (GOGO) plant will be submitted to the Committees on Armed Services of the House of Representatives and the Senate not less than sixty days before the agreement is signed. The following information should be provided to the Director, DSAA, not less than ninety days prior to the expected conclusion of any agreement falling within this requirement:

- a. The name of the foreign country involved;
- b. Details of the proposed agreement;
- c. The proposed date of the signing of the agreement; and
- d. The recommendation of the appropriate officials in the materiel branch of the applicable DoD component.

D. PRINCIPLES REGARDING COPRODUCTION POLICY.

1. General. Defense policy regarding coproduction is provided in DoD Directive 2000.9. A coproduction project may be limited to the assembly of a few end-items with a small input of local country parts, or it may extend to a major manufacturing effort requiring the build-up of capital industries. Coproduction is a program under the aegis of the U.S. Government which is implemented either by a government-to-government arrangement or through specific licensing arrangements by designated commercial firms which enable an eligible foreign government, international organization, or designated foreign commercial producer to acquire the "know-how" to manufacture or assemble, repair, maintain, and operate, in whole or in part, either a specific defense item or weapon, communication, or support system. All defense articles and defense services (including U.S. Government "defense information" as defined in Section 644(e) of the Foreign Assistance Act of 1961) transferred to a foreign purchaser by the U.S. Government must be provided in accordance with the provisions of the AECA.

2. Technical Data. Technical data is defined as recorded information, regardless of form or characteristic, of a scientific or technical nature. It may, for example, include document research, experimental, developmental, or engineering work; or be usable or used to define a design or process or to procure, produce, support, maintain, or operate material. The data may be graphic or pictorial delineations in media, such as drawings or photographs; text in specifications, or related performance or design type documents or computer printouts. Examples of technical data include research and engineering drawings and associated lists, specifications, standards, process sheets, manuals, technical reports, catalog item identifications, and related information and computer software documentation. It does not include computer software or financial, administrative, cost and pricing, and management data or other information incidental to contract administration.

3. Initiation of Coproduction Programs. Discussions on coproduction programs may be initiated by a properly authorized DoD component and by authorized representatives of foreign governments and international organizations. For programs involving the use of FMS, the cognizant DoD component will ensure appropriate coordination with the DSAA and will furnish technical and negotiating assistance as required. DoD component recommendations forwarded to the DSAA concerning foreign government requests for coproduction must represent consolidated Departmental views. For programs involving FMS, the DoD component recommendation will be forwarded to the DSAA for authorization to proceed and will include, to the extent practicable, the information described below. After such agreements are signed, the appropriate DoD component will perform necessary managerial and reporting functions.

- a. Origin, nature, and scope of the program;
- b. Supporting rationale for its approval;

c. Implications of the proposed technology transfer endorsed by the DoD component;

d. Any exceptions to the National Disclosure Policy (NDP) which are required or have been approved, together with the scope and limitations of the exceptions;

e. Impact of such coproduction on U.S. industry, including both the prime and subcontractors involved in the manufacture of the items being considered;

f. The views of these prime and subcontractors with respect to the proposal;

g. The impact of the program on the U.S. mobilization base for the item; and

h. The impact of the program on any other authorized foreign production of the same item.

4. Coproduction Programs Financed by FMS Credits. The AECA, Section 42(b) requires the Secretary of State to provide advice to the Congress prior to the approval of the use of any credit or guaranteed loan proceeds involving coproduction or licensed production abroad. Such advice must include a description of the particular defense article or articles which would be produced under license or coproduction and the probable impact of the proposed transaction on employment and production within the U.S.

5. Status Report of Coproduction Programs. The MILDEPs will provide a quarterly update of the status of coproduction programs approved under security assistance procedures to the DSAA. The DSAA reports control symbol, DSAA(Q)1226 is established for this report. The following information is required on a quarterly basis, due fifteen days following each calendar quarter:

a. Country producing the item;

b. Item and quantity involved;

c. Estimated total dollar value of items being produced;

d. Name and location of principal U.S. production facilities involved, and whether they are U.S. Government owned, or privately owned;

e. Third country sales authorized, if any, specifying country and quantity involved;

f. The identity of any Congressional committees which have been informed of these programs according to MILDEP records;

g. Copies of any LOAs or MOUs in MILDEP files covering these programs; and

h. Date agreement was signed, LOA was accepted, or MAP order was approved.

E. NATO COOPERATIVE PROJECTS UNDER THE AECA, SECTION 27.

1. Definition. The term "NATO Cooperative Project" means, for AECA, Section 27 purposes, a project described in an agreement entered into after October 29, 1979, under which:

a. NATO or one or more member countries agrees to share with the U.S. the costs of the research on and development, testing, and evaluation of certain defense articles and the costs of any agreed joint production of those articles in order to further standardization and interoperability of NATO forces; or

b. NATO or one or more member countries other than the U.S. agrees to bear the costs of research on and development, testing, and evaluation of certain defense articles and to have such articles produced for sale to and licensed for production within other participant member countries including the U.S., and the U.S. agrees to bear the costs of research on and development, testing, and evaluation of other defense articles and to have such articles produced for sale to and licensed for production within other participant member countries in order to further rationalization of the industrial and technological resources within NATO.

2. Waiver or Reduction of Charges. Authorization to waive or reduce certain charges associated with NATO cooperative projects is provided for in the AECA, Section 27(b). Waiver or reduction of appropriate charges must be approved by the Director, DSAA, prior to the conclusion of the cooperative project agreement. Pursuant to Executive Order 11958, the DSAA will consult with the Department of State in implementing AECA, Section 27, including waiver or reduction of charges.

3. Prepayment of Termination Liability. The requirement to collect an advance termination liability reserve need not be applied to LOAs written to implement approved NATO cooperative projects under the AECA, Section 27.

4. Certification to Congress. In accordance with the AECA, Section 27(c) all NATO cooperative projects must be certified to the Congress 30 days prior to signature of the agreement. The certification will be accomplished by the DSAA. It will include:

a. A detailed description of the cooperative project with respect to which the certification is made;

b. An estimate of the amount of sales and exports expected to be made or approved under the AECA in furtherance of such cooperative project;

c. Identification of, and an estimate of the dollar value of any charges expected to be reduced or waived under the AECA, Section 27 in connection with such cooperative project, such dollar value to consist of expenses that will be charged against Department of Defense funds without reimbursement, and amounts not to be recovered;

d. An estimate of the dollar value of the costs to be borne by the North Atlantic Treaty Organization, or by the member countries thereof, in connection with such cooperative project; and

e. A statement of the foreign policy and national security benefits anticipated to be derived from such cooperative project.

F. REQUESTS FOR OFFSET PROCUREMENT.

1. DoD Policy. It is DoD policy not to enter into government-to-government offset arrangements because of the inherent difficulties in negotiating and implementing such arrangements. Any foreign government requesting offset should be informed that the responsibility for negotiating any offset arrangements resides with the U.S. contractor involved. The U.S. Government will not commit a U.S. contractor to an offset commitment without having its prior concurrence.

2. Semiannual Report. The Under Secretary of Defense for Research and Engineering, in coordination with the Assistance Secretary of Defense for International Security Affairs; Assistant Secretary of Defense for International Security Policy; Assistance Secretary of Defense for Manpower, Reserve Affairs, and Logistics; the Department of Defense General Counsel, the DSAA, and the Military Departments, will be responsible for publishing a semiannual report setting forth the status of all existing and proposed compensatory coproduction and offset agreements. Such reports will highlight the U.S. financial obligation and provide other detail as required.

G. RELEASE OF TECHNICAL DATA.

1. Approval to Release Technical Data.

a. Approval of the DSAA. All requests to acquire technical data as defined in D.2. above (hereafter referred to as Technical Data Packages (TDPs)) under FMS procedures must be approved by the DoD component concerned and the Director, DSAA. Accordingly, all requests received by the DoD component for FMS LOAs for TDPs will be referred to the DSAA for review. TDPs will normally not be released unless it has been determined to be in the U.S. interest to do so and alternative means of meeting the requirement have been reviewed and are considered to be less desirable. TDPs will be sold only as defined line items in FMS cases which specify pertinent defense equipment.

(1) TDPs for Production Purposes - Credit Financing. LOAs for the sale of TDPs for production purposes may not be financed under the AECA unless notification has first been provided to the Congress by the Department of State pursuant to the AECA, Section 42(b).

(2) LOAs Impacted by Legislation Related to Watervliet Arsenal. Subsection (b) of Section 774 of the Department of Defense Appropriation Act, 1983, prohibits the use of funds appropriated by this Act for the transfer of a technical data package from any Government-owned and operated defense plant manufacturing large caliber cannons to any foreign government, or for assisting any such government in producing any defense items currently being manufactured or developed in a United States Government-owned, Government-operated defense plant manufacturing large caliber cannons. Therefore, no

technical data or technical assistance can be provided a foreign government for any U.S. defense items currently being manufactured or developed at Watervliet Arsenal.

b. Types of Requests. Requests for TDPs normally fall in one of two categories: a request for data for use in operation and maintenance of items of U.S. equipment which had previously been transferred to the recipient, or a request for data for use in producing an item of U.S. equipment. TDPs will not normally be provided for study purposes and will be provided only when the recipient's legitimate study requirements can only be satisfied by the provision of carefully selected elements of the TDPs. If the item requested to be produced in a foreign country is in excess or long supply position in a MILDEP inventory, or if the item is currently being produced in the United States requests for technical data, foreign production of the item will normally be denied. Referrals of requests to the DSAA should include the appropriate information relevant to the intended end-use of the TDP as outlined in paragraphs 2 and 3 below. A formal statement in writing from the purchaser as to the intended end-use of the TDP must be obtained in every case.

c. U.S. Government-Owned TDPs. Transfer of U.S. Government-owned TDPs to foreign governments will be under FMS procedures on a reimbursable basis only, by means of a LOA which will cover, as a minimum, the full costs for preparation, reproduction, and handling of the TDP. In addition, if the TDP is intended to be used for production purposes, a charge for nonrecurring cost recoupment (in the case of major defense equipment as defined in Chapter 7, or a charge for royalty fees (in the case of non-major defense equipment) will be made. DoD 7290.3-M, Section 715 applies. The applicable charge will be included as a separate line item on the LOA unless waived by the Director, DSAA, under the provisions of paragraph 3 below in the case of royalty charges or Chapter 7 (this Manual) in the case of nonrecurring cost recoupment charges.

2. Sale of TDPs for Operation and Maintenance Purposes.

a. Data Required by the DSAA. In the event a TDP is requested for purposes of operation and maintenance of an item of U.S. equipment which has been approved for sale to the requestor, the MILDEP having cognizance over the item in question will provide to the Director, DSAA, the following information prior to release of the LOA for use in making a release determination:

- (1) A copy of all pertinent correspondence with the purchasing government;
- (2) A statement as to whether the requirement can be met by means of pertinent DoD maintenance or technical manuals, or other similar publications;
- (3) In-country inventory of major end-items requiring maintenance support from the requested TDP;
- (4) Information as to the classification of the TDP and proprietary rights involved, if any; and

(5) The MILDEP recommendation concerning the request.

3. Sale of TDPs for Production Purposes.

a. Data Required by the DSAA. In the event a TDP is requested for purposes of foreign production of an item of U.S. defense equipment, the Military Department having cognizance over the item will provide to the Director, DSAA, in addition to the information outlined in paragraph 2, above, the following data prior to release of the LOA, for use in making a release determination:

- (1) Quantity to be produced;
- (2) Intended end disposition of the item to be produced, to include names of third country purchasers if third country sales are proposed;
- (3) Current status of U.S. production and stock on-hand of the item involved;
- (4) U.S. and foreign production history of the item for the last 5 years;
- (5) Future U.S. production plans;
- (6) Current U.S. source(s) of supply for the item;
- (7) Current cost to the U.S. Government of the item, and whether it is produced in Government-owned, Government-operated facilities or in Government-owned, Contractor-operated (GOCO) facilities;
- (8) Security classification of the item to be produced;
- (9) Other countries authorized to produce the item;
- (10) Impact the sale may have on U.S. Foreign Military Sales, and on other programs or projects;
- (11) Whether the purchase of the TDPs to be financed under the AECA or cash payment is anticipated; and
- (12) Whether intended recipients of production have previously obtained the item to be produced, and the actual or estimated quantities obtained.

b. Royalty Fee Guidelines. When the purchasing country intends to use the TDP for producing non-major defense equipment, a royalty fee will be assessed for each item produced. This assessment will be done in accordance with the following guidance unless the Director, DSAA, determines that special circumstances warrant a specific exception:

- (1) Where the foreign applicant intends to produce the article for "in-country" consumption only, a royalty fee of 5% of the latest or current U.S. unit sale price for each complete unit produced in country will be charged;

(2) Where the DoD has specifically approved "in-country" production for third country sale, a royalty fee of eight percent of the latest or current U.S. unit sale price for each complete unit produced in-country for third country sale will be charged;

(3) The charge for "in-country" consumption may be waived when the foreign applicant is a current recipient of MAP. Any reduction or waiver of royalty fees is required to be approved in writing by the DSAA and the Office of the ASD (Comptroller);

(4) If the item to be produced is obsolete and no longer being manufactured for U.S. MILDEPs and/or is not available in their MILDEPs' inventories, the royalty fee may be reduced or waived. The authorized sale price will be determined by the DSAA in collaboration with the Office of the Under Secretary of Defense for Research and Engineering based on the cost of the most similar U.S. items in production;

(5) Where the pricing of the TDP is subject to an international agreement to which the DoD is a party or is otherwise bound, the terms and conditions of the sale will be consistent with the terms of that agreement; and

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

c. Letter of Offer and Acceptance Provisions. The MILDEPs shall include in the LOA the applicable notes listed in (1), (2), (3), and (4) below:

(1) TDPs Provided for Study Purposes. The following note should be cited in those exceptional LOAs involving the sale of a TDP for study purposes only:

The technical data package offered herein is provided strictly for study purposes only. In offering this FMS case of (country), the U.S. Government makes no prior commitment or authorization for (country) to manufacture the defense equipment described therein. Separate U.S. Government approval is required for such manufacture. An LOA Notice of Modification (DD Form 1513-2) will be issued for the provision of a certified production technical data package and the applicable charges for its use.

(2) TDPs Provided for Operation and Maintenance Purposes. The following note should be placed in those LOAs involving the sale of a TDP for operation and maintenance purposes only:

The technical data package offered herein is provided strictly for operation and maintenance purposes only. Should any new operation or maintenance procedures be developed by (country) for the (defense equipment), they will be shared without charge with the U.S. program manager. In offering this FMS case to (country), the U.S. Government makes no prior commitment or authorization for (country) to manufacture the defense equipment described therein. Separate U.S. Government approval is required for such manufacture. An LOA Notice of Modification (DD Form 1513-2) will be issued for the provision of a certified production technical data package and the applicable charges for its use. The purchaser agrees that unless specific authorization is provided in writing from the U.S. Government, the TDP will not be used for production.

(3) TDPs Provided for Indigenous Defense Production Purposes.
The following notes should be placed on all LOAs if the TDP is to be used for indigenous production only:

(a) The technical data package offered herein is provided for the manufacture of (quantity) (defense equipment) in (country) for indigenous purposes only. Such manufacture may be accomplished either by the Government of (country) in its own government-owned or government-operated facilities or in designated in-country private commercial facilities. The Government of (country) will pay to the U.S. Government a charge of (amount) for the right to manufacture this equipment in the above stated quantities.

(b) Any manufacture in excess of this quantity for indigenous defense purposes will require separate approval of the U.S. Government and the execution of a LOA Notice of Modification (DD Form 1513-2) which also provides for payment of additional charges.

(c) The information furnished under this LOA, and the product derived from the use of such information, shall not be disclosed or transferred to any third country, person, or organization without the prior written consent of the U.S. Government and, where required, the execution of an LOA Notice of Modification (DD Form 1513-2).

(d) The use of technical data which will be provided under this LOA will be limited to that required for the manufacture of the equipment specifically authorized herein and its operation and maintenance. Information which has been acquired by the U.S. Government without the unencumbered right to use and convey to others will not be furnished.

(e) It is understood that the furnishing of these technical data does not in any way constitute a license to make, use, sell, or transfer whatsoever any inventions, technical information, or know-how (hereinafter referred to as proprietary information) owned by third parties which may be described in the documentation.

(f) The U.S. Government incurs no liability for any procurement, manufacture, use, or sale by the Government of (country) which makes use of any of the aforementioned proprietary information, or for any results derived from the use of the technical data furnished. The Government of (country) agrees to indemnify the U.S. Government against any liability

resulting from a claim asserted by the owner of any such proprietary rights in connection with such use by the Government of (country) of the documentation provided hereunder.

(g) The U.S. Government will use its best efforts to furnish technical data that are accurate, adequate for the authorized purpose, current, and complete; however, the U.S. Government does not guarantee the adequacy, accuracy, currency, or completeness of these data. Similarly, the U.S. Government does not guarantee the accuracy, adequacy, currency, or completeness of any U.S. industry documentation.

(h) The cost of the documentation provided hereunder does not include periodic updating (revisioning service), which may be requested under a separate LOA, if desired.

(i) Flowback of (country) Technical Data to the U.S.:

1. Technical Data - (Country) will furnish or cause to be furnished the following technical data to the U.S. Government at no cost to the U.S. Government other than the cost of reproduction, preparation, and handling:

a. All technical data pertaining to changes, modifications, and improvements in the design of (defense equipment) made in the course of development, evaluation, production, operation, and maintenance of (defense equipment).

b. All technical data pertaining to manufacturing processes employed in the production of (defense equipment).

c. Technical data pertaining to changes proposed in the design of (defense equipment) but not adopted.

d. Notwithstanding a., b., and c. above, if (country) incorporates an existing commercial item without modification of either the item or the (defense equipment) and if (i) the item is not based in whole or in part on U.S. technical data or on U.S. design; and (ii) the item is not in whole or in part funded or financed by (country) directly or indirectly; and (iii) there is no development contract or subcontract between (country) and the supplier, then (country) will only be required, to the extent that it has the right to do so without incurring liability to others, to provide to the U.S. Government sufficient information for the U.S. Government to evaluate the item, to procure it, to incorporate it into the system, and to operate, maintain, repair, overhaul, and modify it.

2. Right to Use - (Country) will grant or cause to be granted to the U.S. Government a non-exclusive, irrevocable, royalty-free license to use and have used for U.S. defense purposes, including security assistance, the technical data defined in 1.a., b., and c. above and any inventions (whether or not patentable) made in the course of activities covered by this LOA. Additionally, (country) will use its best efforts to obtain licenses on fair and reasonable terms to the U.S. Government to use and have used the technical data defined in subparagraph 1.d. and patented

inventions depicted in such technical data for U.S. defense purposes, including security assistance.

3. Contract Provisions - (Country) will include suitable provisions in all pertinent program contracts, including a requirement to include those same provisions in all subcontracts, to meet the requirements of this section.

(4) TDPs for Production Purposes Which Authorize Third Country Sale. If the U.S. authorizes the transfer of the items produced to a third country, the LOA will cite the notes below.

(a) The technical data package offered herein is provided for the manufacture of (quantity) (defense equipment) in (country) for indigenous purposes and (quantity) of (defense equipment) in (country) for subsequent transfer to (country name(s)). Such manufacture may be accomplished either by the Government of (country) in its own government-owned or government-operated facilities or in designated in-country private commercial facilities. The Government of (country) will pay to the U.S. Government a charge of (amount) for the right to manufacture this equipment in the above stated quantities.

(b) Any manufacture in excess of this quantity for indigenous defense purposes and as authorized in note (a) herein will require separate approval of the U.S. Government and the execution of a LOA Notice of Modification (DD Form 1513-2) which also provides for payment of additional charges.

(c) The information furnished under this LOA, and the product derived from the use of such information, shall not be disclosed or transferred to any third country, person, or organization other than the Government(s) of (countryname(s)) without the prior written consent of the U.S. Government and, where required, the execution of an LOA Notice of Modification (DD Form 1513-2).

(d) The use of technical data which will be provided under this LOA will be limited to that required for the manufacture of the equipment specifically authorized herein and its operation and maintenance. Information which has been acquired by the U.S. Government without the unencumbered right to use and convey to others will not be furnished.

(e) It is understood that the furnishing of these technical data does not in any way constitute a license to make, use, sell, or transfer whatsoever any inventions, technical information, or know-how (hereinafter referred to as proprietary information) owned by third parties which may be described in the documentation.

(f) The U.S. Government incurs no liability for any procurement, manufacture, use, or sale by the Government of (country) which makes use of any of the aforementioned proprietary information, or for any results derived from the use of the technical data furnished. The Government of (country) agrees to indemnify the U.S. Government against any liability resulting from a claim asserted by the owner of any such proprietary rights in

connection with such use by the Government of (country) of the documentation provided hereunder.

(g) The U.S. Government will use its best efforts to furnish technical data that are accurate, adequate for the authorized purpose, current, and complete; however, the U.S. Government does not guarantee the adequacy, accuracy, currency, or completeness of these data. Similarly, the U.S. Government does not guarantee the accuracy, adequacy, currency, or completeness of any U.S. industry documentation.

(h) The cost of the documentation provided hereunder does not include periodic updating (revising service), which may be requested under a separate LOA, if desired.

(i) Flowback of (country) Technical Data to the U.S.:

1. Technical Data - (Country) will furnish or cause to be furnished the following technical data to the U.S. Government at no cost to the U.S. Government other than the cost of reproduction, preparation, and handling:

a. All technical data pertaining to changes, modifications and improvements in the design of (defense equipment) made in the course of development, evaluation, production, operation, and maintenance of (defense equipment).

b. All technical data pertaining to manufacturing processes employed in the production of (defense equipment).

c. Technical data pertaining to changes proposed in the design of (defense equipment) but not adopted.

d. Notwithstanding a., b., and c. above, if (country) incorporates an existing commercial item without modification of either the item or the (defense equipment) and if (i) the item is not based in whole or in part on U.S. technical data or on U.S. design; and (ii) the item is not in whole or in part funded or financed by (country) directly or indirectly; and (iii) there is no development contract or subcontract between (country) and the supplier, then (country) will only be required, to the extent that it has the right to do so without incurring liability to others, to provide to the U.S. Government sufficient information for the U.S. Government to evaluate the item, to procure it, to incorporate it into the system, and to operate, maintain, repair, overhaul, and modify it.

2. Right to Use - (Country) will grant or cause to be granted to the U.S. Government a non-exclusive, irrevocable, royalty-free license to use and have used for U.S. defense purposes, including security assistance, the technical data defined in 1.a., b., and c. above and any inventions (whether or not patentable) made in the course of activities covered by this LOA. Additionally, (country) will use its best efforts to obtain licenses on fair and reasonable terms to the U.S. Government and have used the technical data defined in subparagraph 1.d. and patented inventions depicted in such technical data for U.S. defense purposes, including security assistance.

3. Contract Provisions - (Country) will include suitable provisions in all pertinent program contracts, including a requirement to include those same provisions in all subcontracts, to meet the requirements of this section.

(5) Restrictive Markings on TDPs. In all cases, care will be taken to insure that the TDP bears clear identifying markings stating any restrictions whether manufacturing is authorized or not authorized, as well as security classifications, which may apply. The restrictive markings will be applied to each piece of technical information provided, including drawings and aperture cards.

(6) Reporting in the 1200 System. For reporting purposes, the line on the LOA for the applicable royalty or nonrecurring cost recoupment charge will be reported as code R9D in the 1200 system. Technical data packages will be recorded in the 1200 system under generic code M1F pseudo NSN 0208000000 TDP.

4. Internal Monitoring of Royalty and Nonrecurring Cost Recoupment Charge Payments. The SAAC will maintain a file of all LOAs which authorize the production of items from a U.S. Government TDP provided under FMS. After a reasonable period of time (at least one year, but no later than two years, after acceptance of the LOA), if no payment for the applicable royalty or nonrecurring cost recoupment charge has been received, the SAAC will provide pertinent data to the in-country security assistance organization so that it may query the country regarding production and payment status.

CHAPTER FIFTEEN

DSAA MANAGEMENT INFORMATION SYSTEMS

SECTION I - DSAA 1200 FOREIGN MILITARY SALES (FMS) SYSTEM OVERVIEW, GUIDANCE, AND DATA SUBMISSION INSTRUCTIONS

A. PURPOSE. The purpose of this section is to provide a general description of the concepts and characteristics of the DSAA Foreign Military Sales Information System (DSAA (AR) 1200), commonly referred to as the DSAA 1200 System. In addition, this section will provide guidance and instructions for preparing and furnishing data used in maintenance of the System.

B. DESCRIPTION OF THE FOREIGN MILITARY AND CONSTRUCTION SALES INFORMATION SYSTEM.

1. General. The DSAA 1200 System is an aggregation of country oriented data providing status of sales negotiations, execution of accepted sales cases and other associated information about the Foreign Military Sales (FMS) and the Foreign Military Construction Sales (FMCS) programs. It provides current status and historical information since program inception. It also covers the chronology of each FMS or FMCS case or potential case from the point of establishment of a letter of request in the System through the Congressional review phase for potential major sales as defined in Section 36(b) of the Arms Export Control Act (AECA), through acceptance and implementation, and finally to completion (the transfer of materiel/services and final billing to the customer of the case). Case tracking includes: recording offer data, the country's acceptance or refusal of the case terms, the issuance of obligational authority (OA) from the Security Assistance Accounting Center (SAAC) to the Implementing Agency (IA), IA receipt of the obligational authority, IA issuance of case program directives, IA supply performance against the case, and ultimately financial case closure.

2. Types of Data Contained in the System. The DSAA 1200 System contains two separate and distinct types of data records as indicated below:

a. Case Level Records. Case records contain identification of the sales case, a description of the defense articles and defense services, important dates, case value, security classification, and other related data element codes. Each case record can be identified by the Case Identifier (combination of country/activity code, implementing agency code, and case designator). Key events and other data recorded in the case level data include:

(1) Congressional Notification. In accordance with Arms Export Control legislation, data related to the AECA, Section 36(b) transmittals are entered into the DSAA 1200 System by using the Transaction Types S2, S6, or S7 formats. (See Tables 15-I-1 through 15-I-7.) This data includes the transmittal serial number, descriptive information about the type and value of items under consideration, and critical milestone dates (related to the submission and approval process).

(2) Letters of Request (LOR). Data base entries are made by the appropriate implementing agency, using Transaction Type S1 format, to record receipt of the Letter of Request for supplies and services.

(3) Offer, Acceptance, and Implementation Data. This phase of a case level record includes information from the processing cycle in the life of a case from offer through acceptance, implementation, and case closure. These data are entered in the System by DSAA, SAAC, or the appropriate implementing agency by using the Transaction Types S3 and S4 Formats. The following are key events and other pertinent data in this offer, acceptance, and implementation cycle:

(a) DSAA Countersignature of Letter of Offer (LOA). Includes the countersignature (offer) date and the offer expiration date.

(b) Acceptance by Country. Notification from the country that they have accepted the terms of the offer is posted as an updated case status.

(c) Obligational Authority (OA). The date of issuance of obligational authority by SAAC to the implementing agency is provided by SAAC.

(d) Program Directive Guidance. Upon receipt of the OA by the military department/agency and the issuance of program directive guidance to the implementing activities, the military department or agency provides the program directive and case establishment dates (notification to country customers) for entry into the System.

(e) Delivery/Completion and Case Closure. Upon complete delivery (completion of the transfer of defense articles and services) by the implementing agency, the IA furnishes a transaction containing the supply completion date. Upon receipt of case closure certification by SAAC and assurance that financial requirements have been satisfied, SAAC furnishes DSAA a case closure status transaction for posting to the System.

b. Item Detail Data. Detail records, which correspond to the specific defense articles and services lines on the DD Form 1513, are established by SAAC at the time a case is offered. In addition, records are created for packing, crating, handling, and transportation (PCH&T) and logistics management expenses. The records are periodically updated by SAAC throughout the life of the case. These records reflect the identification of defense articles and services at the level of data prescribed by the Military Articles and Services List (MASL) (see Appendix D of this Manual), the quantity and/or value purchased, delivery commitments, delivery forecasts, and cumulative deliveries when appropriate. All item detail records contain a record serial number (RSN) which when used along with the case identifier (combination of country, IA, and case designator) identifies each item record within a FMS or FMCS case. Item detail records are submitted to DSAA on a monthly basis. For implemented cases the data represents the month end delivery position as recorded by SAAC from billings reported by the military departments or agencies. For selected major items, the delivery status is based upon actual physical delivery count and is reported by the implementing agencies to SAAC. Historical item detail data (closed cases) are also retained on the data base.

C. REPORTING FREQUENCY.

1. Case Level. Transaction types S1 through S7 received prior to noon on Tuesday are processed in the 1200 System update scheduled for Wednesday of each week.

2. Item Detail Data. SAAC will provide item detail data (reflecting delivery status) to DSAA by the close of business of the last working day of each month. This data is the end of month position from the previous month; for example, end of April data is sent to DSAA on the last working day of May.

D. DATA BASE UPDATES.

1. Case Level Transaction Data. These data are provided by the MILDEPs, SAAC, and elements of the DSAA Comptroller's staff and are processed in weekly updates to the master data base. During each weekly cycle, input is edited and any rejected transactions are returned to the change originator in a suitable output format with a clear indication of the reason for the error condition(s). All rejected transactions should be analyzed immediately and resubmitted to DSAA for subsequent processing.

2. Item Detail Data. The data provided each month by SAAC are processed against the Materiel MASL and valid case records, and are subjected to a series of value and data element checks. An Item Detail Load Analysis report is created from this process and is furnished to the appropriate activity for evaluation and resolution of any problems.

E. PREPARATION AND SUBMISSION OF DATA INPUT FOR THE DSAA 1200 SYSTEM.

1. Input Formats. Specific instructions for preparation of each data input format used in the DSAA 1200 System can be found in Figures 15-I-1 through 15-I-7. The following is a list of approved formats showing the preparing (submitting) agency:

<u>Code</u>	<u>Meaning</u>	<u>Preparing Agency</u>
S1	Letter of Request (LOR) Format- Transaction Type S1	Implementing Agency (IA)/DSAA
S2	Congressional Transaction Format- Transaction Type S2	DSAA
S3	DoD Form 1513 Format- Transaction Type S3	DSAA/SAAC
S4	Implementing Agency Format- Transaction Type S4	IA
S5	Redesignating Key Format- Transaction Type S5	DSAA
S6	Under DoD Preparation Format- Transaction Type S6 (Add/Change/Delete)	DSAA
S7	Under DoD Preparation Format- Transaction Type S7 (Change)	DSAA

2. Submission of Data. Data may be submitted in any one of the following modes:

a. Actual punched cards may be submitted either by messenger or by AUTODIN. Punch cards are the preferred method.

b. Magnetic Tape. Submitting offices should make special arrangements with DSAA, Office of the Comptroller, Data Management Division as to the tape characteristics and the method of submission when choosing this mode.

c. Transcript Sheet (low volume only).

TABLE 15-I-1
LETTER OF REQUEST FORMAT - TRANSACTION TYPE S1

Card Column	Number of Columns	Data	Instruction
1-2	2	Card Code (Transaction Type)	Must be filled. Always use "S1"
3-4	2	Country/Activity Code	Must be filled. Use codes shown in Appendix D, Tables D-5, D-6, and D-7.
5	1	Implementing Agency Code	Must be filled. Use codes shown in Appendix D.
6-8	3	Case Designator	Must be filled. Column 6 must always be alpha, columns 7 and 8 may be either alpha or numeric. No columns may be left blank.
9-10	2	Case Amendment Number	May be blank or zeroes for a basic case; otherwise, this field must be numeric using codes 01 thru 99.
11	1	Transaction Code (Action Code)	Must be filled. Use an "A" for an added record, a "C" for a change to a record, or a "D" for deleting a record.
12	1	Change Originator Code	Must be filled. Use codes shown in Appendix D.
13	1	Status Code	The status code will have an entry only when a case is cancelled during the Letter of Request or Congressional 1200 status cycle (anytime before offer status). A "Z" status code should be entered for LOR cancellation. Unless this condition exists, leave the status code field blank. Status codes will be automatically generated for each case based on dates entered.

TABLE 15-I-1. Letter of Request Format - Transaction Type S1.

Card Column	Number of Columns	Data	Instruction
14-19	6	Date of Letter of Request (LOR)	Must be filled for all add transactions using numeric YYMMDD format. This field cannot be blanked out.
20-25	6	LOR IA Receipt Date (Incomplete)	This field must be filled for add transactions using numeric YYMMDD format unless there is an entry in the LOR IA Receipt Date (Complete) field. Blanking out of this field is allowed provided there is an LOR IA Receipt Date (Complete) entry. To blank out, use an asterisk (*) in the rightmost column. May be left blank for change and delete transactions.
26-31	6	LOR IA Receipt Date (Complete)	This field must be filled for add transactions using numeric YYMMDD format unless there is an entry in the LOR IA Receipt Date (Incomplete) field. Blanking out of this field is allowed provided there is an LOR IA Receipt Date (Incomplete) entry. To blank out, use an asterisk (*) in the rightmost column. May be left blank for change and delete transactions.
32-37	6	IA Completion Date	If filled, the field must be numeric in YYMMDD format. To blank out, use an asterisk (*) in the rightmost column.
38-77	40	Case Description (includes quantity where appropriate)	Must be filled for all add transactions. Entries must contain at least fifteen (15) non-blank, meaningful, left-justified characters followed where appropriate by the quantity (in parentheses) of the major defense equipment items in the case. Descriptions should be as meaningful as possible. Words should be abbreviated only when there is insufficient space to enter the entire description. <u>Do not</u> use a series of slashes, dashes, periods, etc. This field may be left blank for change or delete transactions.

TABLE 15-1-1. (Continued)

Card Column	Number of Columns	Data	Instruction
78	1	Classification	Must be filled for all add transactions. Use either "C", "D", or "U". May be left blank for change or delete transactions.
79	1	Blank	Leave Blank.
80	1	Sub-Agency	The sub-agency field may be left blank or filled with any entry the IA desires. To delete, enter an asterisk (*) in the field.

NOTE: Any date entered on a Transaction Type S1 should be equal to or greater than any previously recorded date. Within the LOR cycle, a date sequence check is made on the Date of LOR, LOR IA Receipt Date (Complete), IA Completion Date, and State Department List Date (entered on Transaction Type S3). If the LOR IA Receipt Date (Incomplete) is present, it will be sequence checked. Any data base record with date fields to be blanked out will be subjected to a sequence check in the same manner as any other actual date entry.

TABLE 15-1-1. (Continued)

TABLE 15-I-2

CONGRESSIONAL TRANSACTION FORMAT - TRANSACTION TYPE S2

Card Column	Number of Columns	Data	Instruction
1-2	2	Card Code (Transaction Type)	Must be filled. Always enter "S2".
3-4	2	Country/Activity Code	Must be filled. Use codes shown in Appendix D, Figures D-5, D-6 and D-7.
5	1	Implementing Agency Code	Must be filled. Use codes shown in Appendix D.
6-8	3	Case Designator	Must be filled. Column 6 must be alpha, columns 7 and 8 may be either alpha or numeric. No columns may be left blank.
9-10	2	Case Amendment Number	May be blank or zeroes for a basic case; otherwise, this field must be numeric using codes 01 thru 99.
11	1	Transaction Code	Must be filled. This field should always be "C" for a change to a record or "D" for deleting Congressional information. Using this Congressional delete will still leave all Letter of Request and offer information on the file.
12	1	Change Originator Code	Must be filled. Use codes shown in Appendix D.
13	1	Status Code	Leave blank. Status code will be generated by the computer.
14-19	6	Notification to State Date	If filled, must be numeric in YYMMDD (year/month/day) format. Additional fields which must be entered along with this date are Congressional Transmittal Number, Congressional Year of Interest, and 36(b) Transmittal Value. If applicable, one or both of two optional fields should also be entered at this time - the Construction Indicator and the Zero Dollar Indicator. To blank the date of this

TABLE 15-I-2. Congressional Transaction Format - Transaction Type S2.

Card Column	Number of Columns	Data	Instruction
			field, use an asterisk (*) in the rightmost column.
20-25	6	State Department Approval Date	If filled, must be numeric in YYMMDD format. To blank out this date, use an asterisk(*) in the rightmost column.
26-31	6	Advance Notification to Congress Date	If filled, must be numeric in YYMMDD format. To blank out this date, use an asterisk(*) in the rightmost column.
32-37	6	Statutory Notification to Congress Date	If filled, must be numeric in YYMMDD format. To blank out this date, use an asterisk(*) in the rightmost column.
38-42	5	Congressional Transmittal Number	If filled, this column should always have a numeric year in the two leftmost positions. Until establishment of a Statutory Notification to Congress Date, the other three positions must be alpha. Where there is a Statutory Notification to Congress Date entry, the three rightmost positions must be numeric.
43-44	2	Congressional Year of Interest	Must be filled when first entering Congressional information. Use numeric format. This field cannot be blanked out.
45-54	10	Blank	Leave Blank.
55	1	Zero Dollar Indicator	Must be "0" (zero) if filled (back-filled case). If left blank, it is assumed the case is a "lead tracking case."
56	1	Construction Indicator	If filled, must be either "Y" or "N".
57-68	12	36(b) Transmittal Value	Must be filled when first entering Congressional information on the data base. If filled, the 36(b) Transmittal Value must be right-justified using numeric entries with

TABLE 15-1-2. (Continued)

Card Column	Number of Columns	Data	Instruction
69-80	12	Construction Case Value	leading blanks. During the update, the leading blanks will be replaced with zeroes. This field is composed of ten (10) dollar positions and two (2) cents positions. If a zero is entered, the value field on the data base will be zeroed out. If filled, must be right-justified using numerics only with leading blanks (these leading blanks will be changed to zeroes during processing). This field is comprised of ten (10) dollar positions and two (2) cents positions. The Construction Case Value field is entered and/or changed by Change Originator "Q" or "S". If a zero value is entered, the construction value will be zeroed out.

NOTE: Any date entered on the data base by Transaction Type S2 should be equal to or higher than any previously recorded date.

TABLE 15-1-2. (Continued)

TABLE 15-I-3

DD FORM 1513 FORMAT - TRANSACTION TYPE S3

Card Column	Number of Columns	Data	Instruction
1-2	2	Card Code (Transaction Type)	Must be filled. Always enter "S3".
3-4	2	Country/Activity Code	Must be filled. Use codes shown in Appendix D, Tables D-5, D-6, and D-7.
5	1	Implementing Agency Code	Must be filled. Use codes shown in Appendix D.
6-8	3	Case Designator	Must be filled. Column 6 must be alpha, column 7 and 8 may be either alpha or numeric. No columns may be left blank.
9-10	2	Case Amendment Number	May be left blank or filled with zeroes for a basic case; otherwise, this field must be numeric using codes 01 thru 99.
11	1	Transaction Code (Action Code)	Must be filled. Use a "C" for a change to a FMS record, or use a "D" for deleting the offer and any higher information. Using this offer delete will still leave all Congressional and Letter of Request data on the file.
12	1	Change Originator Code	Must be filled. Use codes shown in Appendix D.
13	1	Status Code	The status code may be filled with an "X", when a case is cancelled during the 1513 cycle, or else left blank. All other status codes will be generated by the computer based on the dates entered in the system.
14-19	6	State Department List Date	If filled, this date must be numeric in YYMMDD format. Only Change Originators "S" and "Q" will be allowed to make this date entry. To remove a date from the record, use an asterisk (*) in the rightmost column. This date may be input by itself, but

TABLE 15-I-3. DD Form 1513 Format - Transaction Type S3.

Card Column	Number of Columns	Data	Instruction
			usually it will be entered at the same time as the 1513 offer information is entered for the case. If this field is left blank, then the State Department List Date will be generated equal to the Offer Date.
20-25	6	Offer Date (Counter-signature)	If filled, this field must be numeric in YYMMDD format. Only Change Originator "Q" or "S" will be allowed to make this date entry. When the Offer Date is first entered into the data base, the Offer Expiration Date must be entered at the same time. To remove a date from this field, use an asterisk (*) in the rightmost column. If the Offer Date is blanked out, then the Offer Expiration Date should also be blanked out.
26-31	6	Offer Expiration Date	If filled, this field must be numeric in YYMMDD format. Only Change Originator "Q" or "S" will be allowed to enter a date in this field. This date must be initially entered along with the Offer Date. If the Offer Date is removed, this date should also be removed from the record. To remove a date from this field, use an asterisk (*) in the rightmost column. If this column contains an asterisk and the Offer Date does not contain an asterisk, the transaction will be considered invalid.
32-37	6	Acceptance Date/ Signature Date	If filled, this field must be numeric in YYMMDD format. Only Change Originator "G", "Q", or "S" will be allowed to enter the Signature Date. When Change Originator "G" is used, the date entered will be considered to be the Acceptance Date. Signature Date changes may be accomplished only while the case is still in status "S"; additionally, it is impossible to retreat (by removing the date) to status "S". The Signature Date itself

TABLE 15-1-3. (Continued)

Card Column	Number of Columns	Data	Instruction
			may be removed by entering an asterisk (*) in the rightmost column. Once the record is in Accepted Status, this field entry (Acceptance Date) may have changes made to it by using Change Originator "G", "Q", or "S". To blank out the Acceptance Date, use an asterisk (*) in the rightmost column.
38-43	6	Obligation Authority Date	If filled, this field must be numeric in YYMMDD format. Only Change Originator Code "G" or "S" will be allowed to make an entry in this field. To blank out, use an asterisk (*) in the rightmost column.
44-49	6	Case Closure Date	If filled, this field must be numeric in YYMMDD format. Only Change Originator "G" or "S" will be allowed to make an entry in this field. To blank out, use an asterisk (*) in the rightmost column.
50-55	6	Cancellation Date	If filled, this field must be numeric in YYMMDD format. The Cancellation Date will be taken from the internal computer date if the transaction has an "X" status code and no Cancellation Date entry. To blank out the Cancellation Date through direct transaction input, use an asterisk(*) in the right-most column. Another way to blank out this field is by changing any date field in the data base, which will in turn cause either an open (active) or closed status to be generated for the case.
56	1	Construction Indicator	If filled, must be either an alpha "Y" or "N".
57-68	12	Total 1513 Case Value	If filled, must be right-justified using numerics only with leading blanks (these leading blanks will be changed to zeroes during processing). This field is comprised of ten (10) dollar positions and two (2) cents

TABLE 15-1-3. (Continued)

Card Column	Number of Columns	Data	Instruction
			positions. If a zero value is entered, the total case value will be zeroed out. The 1513 Total Case Value will need to be entered for any non-36(b) case, or if there's a value change for a 36(b) case. This field must have an entry when first entering offer information if there is no previous Congressional money. This Case Value, if entered by Change Originator Code "Q" or "S", will also update the DSAA value. SAAC (Change Originator "G") will use this field to submit the Total Case value as recorded at SAAC. The SAAC value will be used to update the SAAC value field on the data base.
69-80	12	Construction Case Value	If filled, must be right-justified using numerics only with leading blanks (these leading blanks will be changed to zeroes during processing). This field is comprised of ten (10) dollar positions and two (2) cents positions. Construction Case Value field is entered and/or changed by change originator "Q" or "S". If a zero value is entered, the construction value will be zeroed out. SAAC will leave this field blank.

NOTE: DD Form 1513 Transaction dates entered into the data base by this Transaction format should be equal to or higher than any previously recorded date. An exception to this is the Offer Expiration Date which must be higher than the Offer Date; no further sequence check can be accomplished upon the Offer Expiration Date field. Two other exceptions are the Program Directive Date and Case Establishment Date which are entered into the system by Transaction Type S4. These dates are not included in the date sequence checking. Any data base record which has a date field blanked out will be subjected to a sequence check in the same manner as any other actual date entry.

TABLE 15-1-3. (Continued)

TABLE 15-I-4
 IMPLEMENTING AGENCY FORMAT - TRANSACTION TYPE S4

Card Column	Number of Columns	Data	Instruction
1-2	2	Card Code (Transaction Type)	Must be filled. Always enter "S4".
3-4	2	Country/Activity Code	Must be filled. Use codes shown in Appendix D, Tables D-5, D-6, and D-7.
5	1	Implementing Agency Code	Must be filled. Use codes shown in Appendix D.
6-8	3	Case Designator	Must be filled. Column 6 must be alpha, columns 7 and 8 may be either alpha or numeric. No columns may be left blank.
9-10	2	Case Amendment Number	May be blank or filled with zeroes for a basic case; otherwise, this field must be numeric using codes 01 thru 99.
11	1	Transaction Code (Action Code)	Must be filled. Always enter "C" (Change).
12	1	Change Originator Code	Must be filled. Use codes shown in Appendix D.
13	1	Blank	Leave Blank.
14-19	6	Program Directive Date	When filled, must be all numeric in YYYYMMDD format. Only the appropriate Implementing Agency's Change Originator code or DSAA(C/O = Q or S) will be allowed to make this entry into the system. To blank out a date, enter an asterisk (*) in the rightmost column.
20-25	6	Case Establishment Date	When filled, must be all numeric in YYYYMMDD format. Only the appropriate Implementing Agency's Change Originator code or DSAA (C/O = Q or S) will be allowed to make this entry into the system. To blank out a date,

TABLE 15-I-4. Implementing Agency Format - Transaction Type S4.

Card Column	Number of Columns	Data	Instruction
			enter an asterisk (*) in the rightmost column.
26-31	6	Supply Completion Date	If filled, this field must be numeric in YYYYMMDD format. Only the appropriate Implementing Agency's Change Originator code or DSAA (C/O = Q or S) will be allowed to make this entry into the system.. To blank out a date, enter an asterisk (*) in the rightmost column.
32-80	49	Blank	Leave blank.

NOTE: The Supply Completion Date entered through this transaction card should be equal to or higher, than any previously recorded date. Any data base record with date fields to be blanked out will be subjected to a sequence check in the same manner as any other actual entries.

TABLE 15-1-4. (Continued)

TABLE 15-I-5
REDESIGNATING KEY FORMAT - TRANSACTION TYPE S5

Card Column	Number of Columns	Data	Instruction
1-2	2	Card Code (Transaction Type)	Must be filled. Always enter "S5".
3-4	2	Old Country/Activity Code	Must be filled. Use Codes shown in Appendix D, Tables D-5, D-6, and D-7.
5	1	Old Implementing Agency Code	Must be filled. Use codes shown in Appendix D.
6-8	3	Old Case Designator	Must be filled. Column 6 must be alpha, columns 7 and 8 may be alpha or numeric. No columns may be left blank.
9-10	2	Old Case Amendment Number	May be blank or filled with zeroes for a basic case; otherwise, this field must be numeric using codes 01 thru 99.
11	1	Transaction Code (Action Code)	Must be filled. Always enter "C" (change).
12	1	Change Originator Code	Must be filled. Use either "S" or "Q".
13-14	2	New Country/Activity Code	Must be filled. Use codes shown in Appendix D, Tables D-5, D-6, and D-7.
15	1	New Implementing Agency Code	Must be filled. Use codes shown in Appendix D.
16-18	3	New Case Designator	Must be filled. Column 6 must be alpha, columns 7 and 8 may be either alpha or numeric. No columns may be left blank.
19-20	2	New Case Amendment Number	May be blank or filled with zeroes for a basic case; otherwise, this field must be numeric using codes 01 thru 99.
21-80	60	Blank	Leave Blank.

TABLE 15-I-5. Redesignating Key Format - Transaction Type S5.

TABLE 15-I-6
 UNDER DOD PREPARATION FORMAT (ADD/CHANGE/DELETE)
 TRANSACTION TYPE S6

Card Column	Number of Columns	Data	Instruction
1-2	2	Card Code (Transaction Type)	Must be filled. Always enter "S6".
3-4	2	Country/Activity Code	Must be filled. Use codes shown in Appendix D, Tables D-5, D-6, and D-7.
5	1	Implementing Agency Code	Must be filled. Use codes shown in Appendix D.
6-10	5	Congressional Transmittal Number/Summary Control Record Serial Number	Must be filled with Congressional Transmittal Number for all add transactions. For changes, use the Summary Control Record Serial Number or the Case Designator and Amendment Number. The computer generates the Summary Control Record Serial Number for all adds.
11	1	Transaction Code (Action Code)	Must be filled. Use either "A", "C", or "D" for Add, Change, or Delete.
12	1	Change Originator Code	Must be filled. Always enter "Q" or "S".
13	1	Status Code	Leave blank. This code is generated by the computer.
14-15	2	Congressional Year of Interest	Must be filled using numerics for all add transactions. This is an optional field for change transactions.
16	1	Construction Indicator	If filled, must be either an alpha "Y" or "N".
17	1	Classification	If filled, must be either an alpha "C", "D", or "U".
18	1	Blank	Leave blank.

TABLE 15-I-6. Under DoD Preparation Format (Add/Change/Delete)
 Transaction Type S6.

Card Column	Number of Columns	Data	Instruction
19-24	6	Under DoD Preparation Date (DSAA, Operations)	When date is available, enter using all numerics in YYYYMMDD format.
25-30	6	Under DoD Preparation Date (DSAA, Compt)	When date is available, enter using all numerics in YYYYMMDD format.
[NOTE: One or both of the two dates above must be present for an add transaction.]			
31-40	10	Under DoD Preparation Value	If filled, must be all numeric (whole dollars).
41-80	40	Case Description	Must be filled for all add transactions. All entries must contain at least fifteen (15) non-blank, meaningful characters followed by the quantity of the major defense equipment items in parentheses (where appropriate).

TABLE 15-1-6. (Continued)

TABLE 15-I-7

UNDER DOD PREPARATION FORMAT - (CHANGE)
TRANSACTION TYPE S7

Card Column	Number of Columns	Data	Instruction
1-2	2	Card Code (Transaction Type)	Must be filled. Always enter "S7".
3-4	2	Country/Activity Code	Must be filled. Use codes shown in Appendix D, Tables D-5, D-6, and D-7.
5	1	Implementing Agency Code	Must be filled. Use codes shown in Appendix D.
6-10	5	Summary Control Record Serial Number/Case Designator + Amendment Number	Must be filled.
11	1	Transaction Code (Action Code)	Must be filled. Always enter "C" (change).
12	1	Change Originator Code	Must be filled. Always enter "Q" or "S".
13	1	Status Code	If filled, it must always be "Z" for cancellation.
14-15	2	Congressional Year of Interest	If filled, it must be numeric.
16	1	Construction Indicator	If filled, it must be either "Y" or "N".
17	1	Classification	If filled, it must be either "C", "D", or "U".
18	1	Blank	Leave blank.
19-24	6	Under DoD Preparation Date (DSAA, Operations)	Enter date, when available, using numeric YYMMDD format.

TABLE 15-I-7. Under DoD Preparation Form - (Change) Transaction Type S7.

Card Column	Number of Columns	Data	Instruction
25-30	6	Under DoD Preparation Date (DSAA, Comptroller)	Enter date, when available, using numeric YYMMDD format.
31-40	10	Under DoD Preparation Value	If filled, must be all numeric (whole dollars).
41-45	5	Congressional Transmittal Number	If filled, it changes the Congressional Transmittal Number.
46-51	6	Cancellation Date	Entry is required only if a case is cancelled.
52-57	6	New Case Identification	This is an optional field.
58-80	23	Blank	Leave blank.

TABLE 15-1-7. (Continued)

SECTION II - DSAA 1200 FOREIGN MILITARY SALES (FMS) SYSTEM OUTPUT PRODUCTS
--

A. PURPOSE. The purpose of this section is to provide users of the Foreign Military Sales Information System (DSAA (AR) 1200), commonly referred to as the DSAA 1200 System, with a description of the various reports which can be produced from the System. In addition, this chapter will outline the procedures to be used when requesting reports.

B. SOURCE OF OUTPUT REPORTS. The reports discussed herein are drawn from the DSAA 1200 System data base.

C. CATEGORIES OF DSAA 1200 SYSTEM OUTPUT REPORTS. The following categories of reports are produced from the System: (1) Update (Data Management) Products; (2) Item Detail Level Reports; (3) Summaries by Category from Item Detail Level; and (4) Case Level and Summary Management Reports.

D. REQUESTS FOR DSAA 1200 SYSTEM OUTPUT REPORTS.

1. Requirements for Requests. Requests for reports described in this chapter will be honored by DSAA, Comptroller, Data Management Division, if releasable and if a valid requirement is established. However, requesting agencies should insure that requirements are carefully screened prior to submission. In those instances where assistance is required in selecting the proper report, a telephone or written inquiry will be given prompt attention by the Data Management Division. All requests will be honored as rapidly as possible. Normal processing time is approximately one week. Subordinate elements of the MILDEPs should submit requests for reports through appropriate departmental channels.

2. Submission of Requests. All requests should be directed to DSAA, Office of the Comptroller, Data Management Division, Washington D.C. 20301.

3. Report Parameters. Agencies requesting reports must specify the report(s) desired, the number of copies for each report, the sort sequence, and the select options for each report. All select options should be reviewed carefully in order to limit the data desired. Data will be provided only on a need-to-know basis, i.e., Unified Commands will receive data for their area of concern, a Security Assistance Organization will receive data only for its country, etc. To facilitate users in ordering reports, a sample request is shown in Table 15-II-1 of this section.

4. Classification of Reports. Reports described herein are classified in accordance with guidelines set forth in this manual. Since a portion of the 1200 data base contains classified data, requestors with a need-to-know and appropriate security clearances will be provided this information. All requests for reports should address this consideration where appropriate.

E. DSAA 1200 SYSTEM OUTPUT REPORTS.

1. Availability of Reports. The following paragraphs outline the specific reports produced from the 1200 System. Unless otherwise indicated, these reports are available for users of the System. As shown in Tables

15-II-3 and 15-II-4, applicable sort and select options have been grouped together for a series of reports which are similarly controlled. A sample of each report is shown at Figures 15-II-1 through 15-II-10 of this section. These sample reports are to be viewed as examples for format purposes only. The data contained in the sample illustrations are not necessarily actual data from the file nor are the dates and numbers consistent from one sample to the next. All codes referred to in sort and select options may be found in Appendix D.

2. Report Descriptions.

a. Update (Data Management) Products. The following management products are produced after each weekly update. These reports are furnished to the appropriate implementing agency and/or to the concerned DSAA manager after each update. These products may not be requested by other organizations.

(1) Maintenance Acceptance and Error List. This list is produced by Transaction Type for each change originator and includes data input processed during the weekly update plus an error flag on each record which failed to pass the update edit procedures.

(2) File Maintenance Management Alert List - New Request Summary. This summary is a comprehensive listing of all pertinent case information prepared for each country case identifier for which LOR input was received from the implementing agency (IA) and processed by DSAA in the current weekly update. Under each IA section, all cases listed reflect the fiscal year, status, 36(b) indicator, classification, dates of request and receipt, notification dates to both State Department and to Congress, State Department list date, IA completion date, case description, construction indicator, and total case value.

(3) File Maintenance Management Alert List - Offers Tendered Summary. This summary portrays the same pertinent case information as does the New Request Summary; however, the records included in this summary are offers processed by DSAA in the current weekly update.

(4) File Maintenance Management Alert List - State Department List. This summary also portrays the same pertinent case information as the New Request Summary; however, the records included in this list are from data processed during the current weekly update that fall under the aspects of Section 36(b), Arms Export Control Act legislation.

(5) File Maintenance Management Alert List. This listing reflects data for fiscal year, status, 36(b) indicator, classification, State Department notification date, statutory notification to Congress date, offer date, acceptance date, obligational authority date, closure date, cancellation date, SAAC detail value, case description, construction indicator, total case value, and the country case identifier for each individual line of data processed during the current weekly update. All change transactions are reflected by two line entries followed by a printed message(s) which explains the action taken by the change. The first entry reflects the line as it appears before the update and the second entry reflects the line after the update has applied the changes. Add and delete transactions appear as one line entries

and like changes are followed by a printed message that explains the action taken.

b. Item Detail Level.

(1) Available Reports. The following paragraphs outline the reports available from the System which are provided from Item Detail Level data. These reports provide information about the latest position, e.g., delivery status, of item data corresponding to the DD Form 1513 Letter of Offer and Acceptance (LOA) detail lines.

(a) Item Delivery Status - Report E. This report contains one printed line for each item detail record which portrays the quantity and value purchased, the quantity and value delivered, and the computed quantity and value of purchases remaining undelivered. In addition, case and country totals are provided. (See sample report at Figure 15-II-1 of this section.)

(b) Item Purchases by NSN - Report I. This report contains one printed line for each item detail record which portrays the quantity and value purchased, the quantity and value delivered, and the computed quantity and value of purchases remaining undelivered. Normally, this report is prepared for major items only in order to limit the page volume of each report. (See sample report at Figure 15-II-2 of this section.)

(2) Sort and Select Options for Item Detail Level Reports.
See Table 15-II-3 of this section.

c. Summaries by Category from Item Detail Level.

(1) Available Reports. The following reports summarize purchases and/or deliveries into generic groupings and are available using the Item Detail Level data:

(a) Summary of Purchases - Report D. This report summarizes purchases into general categories and depicts for each of these categories the quantities and dollar amounts of purchased items by fiscal year (FY) spread across the page with a total purchase value shown for each category as a whole. Selection of the FY array for this report is similar to the selection process described below for the Selected Item Summary - Report G. This report contains nine columns of FY data in addition to two summary columns. The left-hand column combines all purchases from 1950 to the year shown in that heading. The right-hand column combines all purchases from 1950 through the last year of data included in the report. (See sample report at Figure 15-II-3 of this section.)

(b) Selected Item Summary - Report G. This report summarizes purchases into general categories and depicts for each of these categories the quantities and dollar amounts of purchased items by fiscal year spread across the page. Year of purchase is determined by the acceptance date of each case. The left-hand column accumulates purchases from 1950 to the year shown in the column heading. The number of years to be accumulated in this column is variable. The next six columns contain data for the six succeeding FYs up to and including the ending FY selected. For example, if FY

1982 is requested as the ending fiscal year, the data will be presented as follows from left to right: FY50-76; FY 77; FY 78; FY 79; FY 80; FY 81; and FY 82. Since only six years may be individually displayed on a single report, additional reports with different ending FYs must be requested in order to display additional years. However, 1964 is the first year which may be displayed. All data prior to 1964 has been totaled and is available only in summary form between 1950 and 1963. (See sample report at Figure 15-II-4 of this section.)

(c) FMS Status of Purchases and Deliveries - Report H.

This report summarizes purchases and deliveries into general categories and depicts for each category shown the quantity and value for (1) cumulative purchases, (2) cumulative deliveries, (3) current FY purchases, and (4) computed undelivered purchases. Purchases for the current FY to date column are based upon the fiscal year of acceptance of the case. Cumulative deliveries are based upon delivery data received from the MILDEPs through SAAC. When ordering this report, select the beginning and ending FY and quarter. This selection is based upon acceptance date of the case, not delivery date. To include all data, select FY 50 (1st quarter) to current FY (current reporting quarter). (See sample report at Figure 15-II-5 of this section.)

(2) Sort and Select Options for Summaries by Category-Item Detail Level. See Table 15-II-3 of this section.

d. Case Level and Summary Management Reports.

(1) Available Reports. The following paragraphs describe the reports available in this category:

(a) Fiscal Year Activity - Report B. This report summarizes (by country and fiscal year) the total case value contained in the case records. The data are accumulated by fiscal year based on the acceptance date of the case. Totals are provided at the end of each country, area, Unified Command, and for worldwide. (See sample report at Figure 15-II-6 of this section.)

(b) Case Listing - Report C. This report portrays at case level the case status, fiscal year, implementing agency, offer date, acceptance date, implementation date, case description, and total case value. It also reflects the Congressional transmittal number of the 36(b) cases. (See sample report at Figure 15-II-7 of this section.)

(c) Case Milestone Dates and Intervals - Report J. This report displays the following information for each country and implementing agency selected: letter of request date, IA receipt dates, IA LOA completion date, offer date, acceptance date, program directive date, delivery date, closure date, status, and fiscal year of acceptance of each case designator. This report also displays the number of days between each milestone date. (See sample report at Figure 15-II-8 of this section.)

(d) Congressional 36(b) Case Dates - Report K. This report displays for each country and implementing agency selected: congressional transmittal number and date each case was forwarded to State Depart-

ment, date of 36(b) State Department approval, date of advance notification to Congress, the date of statutory notification to Congress, State Department list date, offer date, acceptance date, and case establishment date for each case falling under the reporting criteria as prescribed in Section 36(b) of the Arms Export Control Act (AECA). This report also displays the number of days between each stage in the 36(b) processing cycle. (See sample report at Figure 15-II-9 of this section.)

(e) FMS Case Level Summary - Report L. This report consists of data drawn from both case and detail level and reflects by country the case value, total purchases, undefined purchases, total deliveries, and computed undelivered balances portrayed at the case level to provide an overall view of the status of each case. The undefined purchases column is computed by subtracting total purchases (derived from detail records) from case value (derived from case level records). The undelivered balance is computed by subtracting total deliveries (derived from detail records) from total purchases. (See sample report at Figure 15-II-10 of this section.)

(2) Sort and Select Options for Summary Management Reports. See Table 15-II-4 of this section.

F. ABBREVIATED TITLES USED IN DSAA 1200 SYSTEM OUTPUT PRODUCTS/REPORTS. Abbreviated titles are used in the column headings of reports prepared from the 1200 System. A list of these abbreviated titles along with the meaning of each is shown at Table 15-II-2 of this section.

UNCLASSIFIED

THIS IS A SAMPLE REPORT

DSAA - FOREIGN MILITARY SALES
ITEM DELIVERY STATUS

THIS IS A SAMPLE REPORT

COUNTRY: CANADA

SEQUENCE: CTRY. CASE NO.

IMPLEMENTING AGENCY: DMA
AREA:

I CC A	CASE NO	GEN RSM	CDR COE	NSN	DESCRIPTION	UI	TL	FY0	SC	DEL	PURCHASED		DELIVERED		UNDELIVERED	
											COM	QTY	VALUE	QTY	VALUE	QTY	VALUE
CN U	UAZ00	L00	L000100000	SUPPHS	SUPPLY OPERATIONS	XX	CC	772			3390		3390			
CN U	UAZ00	L6A	L6A015100L	LOGEXP	LOGISTIC MANAGEMENT EXP	XX	CC	772			2020		2020			
CN U	UAZ00	UAZ	JSA691000T	NQAIDS	TRAINING AIDS	XX	CC	772			100973		100973			
CASE TOTALS											106385		106385			
CN U	UNX00	UNX	JSA691000T	NQAIDS	TRAINING AIDS	XX	CC	644			91172		91172			
CASE TOTALS											91172		91172			
CN U	UNY00	UNY	JSA691000T	NQAIDS	TRAINING AIDS	XX	CC	644			5046		5046			
CASE TOTALS											5046		5046			
CN U	UNZ00	L00	L000100000	SUPPHS	SUPPLY OPERATIONS	XX	CC	644			3490		3490			
CN U	UNZ00	UNZ	JSA691000T	NQAIDS	TRAINING AIDS	XX	CC	644			46237		46237			
CASE TOTALS											51727		51727			
CN U	UVE00	UVE	JSA691000T	NQAIDS	TRAINING AIDS	XX	CC	634			73110		73110			
CASE TOTALS											73110		73110			
CN U	UVF00	UVF	JSA691000T	NQAIDS	TRAINING AIDS	XX	CC	634			6109		6109			
CASE TOTALS											6109		6109			
CN U	UV000	L00	L000100000	SUPPHS	SUPPLY OPERATIONS	XX	CC	634			2020		2020			
CN U	UV000	UV0	JSA691000T	NQAIDS	TRAINING AIDS	XX	CC	634			35947		35947			
CASE TOTALS											38773		38773			
COUNTRY TOTALS											2487222		2485636			1586

FIGURE 15-11-1. FMS Item Delivery Status.

FIGURE 15-11-1
FMS ITEM DELIVERY STATUS

15-27

U N C L A S S I F I E D

THIS IS A SAMPLE REPORT

OSAA - FOREIGN MILITARY SALES
ITEM PURCHASES BY NSN

THIS IS A SAMPLE REPORT

COUNTRY:

SEQUENCE: GEN/NSN, CTRY, CASE NO.

IMPLEMENTING AGENCY: DMA
AREA:

I CC	CASE A NO	GEN RSM	NSN CDE	DESCRIPTION	UI	IC TL	PURCHASED		DELIVERED		UNDELIVERED	
							FY0	COM	QTY	VALUE	QTY	VALUE
CO	U	UAM00	UAM	J5A691000TMOAIDS TRAINING AIDS	XX	C	761		2467		2467	
CO	U	UBD00	UBD	J5A691000TMOAIDS TRAINING AIDS	XX	X	774		485			485
CO	U	UBE00	UBE	J5A691000TMOAIDS TRAINING AIDS	XX	C	781		499		499	
CO	U	UXK00	UXK	J5A691000TMOAIDS TRAINING AIDS	XX	CC	662		1800		1800	
CO	U	UYR00	UYR	J5A691000TMOAIDS TRAINING AIDS	XX	CC	662		1438		1438	
CO	U	X6400	801	J5A691000TMOAIDS TRAINING AIDS	XX	CC	644		1838		1838	
CO	U	X6500	801	J5A691000TMOAIDS TRAINING AIDS	XX	CC	634		77		77	
CO	U	X6600	801	J5A691000TMOAIDS TRAINING AIDS	XX	CC	664		161		161	
CO	U	X6800	801	J5A691000TMOAIDS TRAINING AIDS	XX	CC	684		20		20	
CO	U	X6900	801	J5A691000TMOAIDS TRAINING AIDS	XX	CC	634		115		115	
NSN TOTALS									1676397		1676397	
CO	U	UBF00	UBF	J5V769Z00MSTDPUB NON-STANDARD FORMS/PUBS	XX	CC	793		432		432	
NSN TOTALS									432		432	
CM	U	5BA00	5BA	J8A768Z00MAPSPUB BOOKS,MAPS + PUBLICATIONS	XX	X	782		1449			1449
CM	U	5BB00	5BB	J8A768Z00MAPSPUB BOOKS,MAPS + PUBLICATIONS	XX	CC	784		147873		147873	
CM	U	5BC00	5BC	J8A768Z00MAPSPUB BOOKS,MAPS + PUBLICATIONS	XX	CC	793		185608		185608	
CM	U	5BD00	5BD	J8A768Z00MAPSPUB BOOKS,MAPS + PUBLICATIONS	XX	CC	803		201715		201715	
CM	U	5BE00	5BE	J8A768Z00MAPSPUB BOOKS,MAPS + PUBLICATIONS	XX	CC	813		241384		241384	
CO	U	5AA00	5AA	J8A768Z00MAPSPUB BOOKS,MAPS + PUBLICATIONS	XX	CC	804		714		714	
CO	U	5AB00	5AB	J8A768Z00MAPSPUB BOOKS,MAPS + PUBLICATIONS	XX	CC	811		867		867	
CO	U	5AC00	5AC	J8A768Z00MAPSPUB BOOKS,MAPS + PUBLICATIONS	XX	C	763		318		318	
CO	U	5AD00	5AD	J8A768Z00MAPSPUB BOOKS,MAPS + PUBLICATIONS	XX	C	763		137		137	
CO	U	5AE00	5AE	J8A768Z00MAPSPUB BOOKS,MAPS + PUBLICATIONS	XX	C	764		1639		1639	
CO	U	5AZ00	5AZ	J8A768Z00MAPSPUB BOOKS,MAPS + PUBLICATIONS	XX	C	763		759		759	
CO	U	5BA00	5BA	J8A768Z00MAPSPUB BOOKS,MAPS + PUBLICATIONS	XX	C	772		93		93	
NSN TOTALS									781955		788506	
CM	U	5BA00	L80	L00010000SUP0PMS SUPPLY OPERATIONS	XX	X	782		94			94
CM	U	5AA00	L80	L00010000SUP0PMS SUPPLY OPERATIONS	XX	CC	684		2379		2379	
CM	U	5AH00	L80	L00010000SUP0PMS SUPPLY OPERATIONS	XX	CC	694		3179		3179	
CM	U	5AK00	L80	L00010000SUP0PMS SUPPLY OPERATIONS	XX	CC	694		8		8	
CM	U	5AL00	L80	L00010000SUP0PMS SUPPLY OPERATIONS	XX	CC	784		1377		1377	
CM	U	5AM00	L80	L00010000SUP0PMS SUPPLY OPERATIONS	XX	CC	784		2110		2110	
CM	U	5AN00	L80	L00010000SUP0PMS SUPPLY OPERATIONS	XX	CC	784		71		71	
CM	U	5AO00	L80	L00010000SUP0PMS SUPPLY OPERATIONS	XX	CC	714		1874		1874	
CM	U	5AU00	L80	L00010000SUP0PMS SUPPLY OPERATIONS	XX	CC	723		70		70	
CM	U	5AZ00	L80	L00010000SUP0PMS SUPPLY OPERATIONS	XX	CC	772		3390		3390	
CM	U	5UN00	L80	L00010000SUP0PMS SUPPLY OPERATIONS	XX	CC	644		3490		3490	
CM	U	5VQ00	L80	L00010000SUP0PMS SUPPLY OPERATIONS	XX	CC	634		2828		2828	

FIGURE 15-11-2. FMS Item Purchases by NSN.

15-28

FIGURE 15-11-2
FMS ITEM PURCHASES BY NSN

FIGURE 15-11-3. FMS Summary of Purchases.

CATEGORIES/DESCRIPTIONS	UNCLASSIFIED										CUMULATIVE C FY 50-83 L	
	FY 50-74	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83		
MORTARS 155 MM	20		6									26
MORTARS 81 MM	19		21									40
MORTARS 107 MM - 4.2 INCH				200								200
RIFLES RECOILLESS 106 MM	4		12	30								46
OTHER WEAPONS UP TO 75MM		72										72
MOUNTS 20 MM	42											42
MOUNTS 40 MM	12											12
MOUNTS 3 INCH/50	18											18
LAUNCHERS ROCKET	21		47									68
TOTAL VEN + MPNS (+ SP)	36514	235	846	453	33				2	16898		54704
TORPEDOES	21	108										129
TOTAL AMMUNITION	7156	14396	3396	3783	2734			149	746	900		33260
SIDEMINDER MISSILES			87									87
TOTAL MISSILES (+ SP)	9		283						60	264		618
TOTAL COM EQPT (+ SP)	4863	293	248	63	438				200	301		6629
TOTAL OTHER EQPT (+ SP)	6704	963	937	11	44				106	596		9380
TOTAL REP + RENOV EQPT	36123	1	285	2	350			200	298	35		37293
TOTAL SUPPLY OPER	6200	1700	720	972	999		173	248	983	1727		13722
TOTAL TRAINING	3672	365	285	204	71		495	470	604	1190		7357
TOTAL OTHER SERVICES	3804	909	19	3030	1126	311	76	270	400	968		12921
TOTAL BOOKS MAPS + PUBS	37	1		62	1047		10	438	1185	345		3125
TOTAL NON-SPEC REQMTS												
COUNTRY TOTAL	220656	21789	10042	14718	13095	311	2743	4143	13525	35805		336827
WORLDWIDE TOTAL	220656	21789	10042	14718	13095	311	2743	4143	13525	35805		336827

IN THOUSANDS OF DOLLARS NN LESS THAN 0500 FY 1976 INCLUDES 77 * QTY IS MISSILES VALUE INCLUDES SUPPORT EQUIP
RCS 1200-PURCHASES(D)-DA THIS IS A SAMPLE REPORT UNCLASSIFIED AS OF 08 DEC 83 PROCESSED 13 DEC 83 PAGE 2
DA BR

FIGURE 15-11-3
FMS SUMMARY OF PURCHASES

OA BR
THIS IS A SAMPLE REPORT

UNCLASSIFIED
DSAA - FOREIGN MILITARY SALES
SELECTED ITEM SUMMARY

THIS IS A SAMPLE REPORT

COUNTRY: BRAZIL

SEQUENCE: CC

IMPLEMENTING AGENCY: ALL
AREA:

CATEGORIES/DESCRIPTIONS	CUM THRU FY 1977		FY 1978		FY 1979		FY 1980		FY 1981		FY 1982		FY 1983	
	QTY	VALUE	QTY	VALUE	QTY	VALUE	QTY	VALUE	QTY	VALUE	QTY	VALUE	QTY	VALUE
RADIO PBL+TRANSPRTL EQP	25													143
RADIO-RADAR EQP AIRBORNE														
RADIOS TACTICAL	129													
TELEPHONE SETS	6													
TEL-TEL TERMINL+TRANS EQP	32													318
OTHER COMMUNICATIONS EQP	3968		78								200			48
COMMUNICATION EQP SPARES	1313		388											
TOTAL COM EQPT (+ SP)	5469		458								200			501
MILITARY BRIDGES	2112													
TRACTORS CRLD + LHLB	118													
TOOL KITS AND SETS	656										100			259
GENERATORS 10KW + LARGER	60													337
MISC OTHER SUPPORT EQP	2720		11											
OTHER SUPPLIES	2876		6											
POL, GASES AND FUELS	100		27											
TOTAL OTHER EQPT (+ SP)	8639		44								100			596
REPAIR AND REHABILITATION	12669		350						200		298			39
SHIP OVERHAULS	24342													
TOTAL REP + RENAB EQPT	36911		350						200		298			39
SUPPLY OPERATIONS	6449		649				99		119		607			710
STOR + MAINT OF STOCKPILES							77		118		376			1017
LOGISTICS MANAGEMENT EXP	3149		390											
TOTAL SUPPLY OPER	9592		999				173		240		983			1727
TRAINING AIDS AND PUBL	1584		70						3					3
TRAINING	2942		1				499		468		604			1105
TOTAL TRAINING	4526		71				499		470		604			1108
TECHNICAL ASSISTANCE	1901		1120				76		278		608			123
RESEARCH AND DEVELOPMENT	2914													20
OTHER SERVICES	2279		6											

IN THOUSANDS OF DOLLARS

LESS THAN 0500

FY 1976 INCLUDES 77

= QTY IS MISSILES VALUE INCLUDES SUPPORT EQUIP

RCS 1200-SIPURCHES(03)-0A
OA BR

THIS IS A SAMPLE REPORT

UNCLASSIFIED

AS OF 18 DEC 83 PROCESSED 13 DEC 83 PAGE 3

FIGURE 15-11-4. FMS Selected Item Summary.

15-30

FIGURE 15-11-4
FMS SELECTED ITEM SUMMARY

DOD 5105.38-M

FIGURE 15-11-5. FMS Status of Purchases and Deliveries.

UNCLASSIFIED

DSAA - FOREIGN MILITARY SALES
FMS STATUS OF PURCHASES AND DELIVERIES

THIS IS A SAMPLE REPORT

COUNTRY: BRAZIL SEQUENCE: CG IMPLEMENTING AGENCY: ALL AREA:

CATEGORIES/DESCRIPTIONS	PURCHASES				DELIVERIES		UNDELIVERED	
	QTY	CUMULATIVE VALUE	QTY	FY TO DATE VALUE	QTY	CUMULATIVE VALUE	QTY	CUMULATIVE VALUE
OTHER SERVICES		2,389		28		2,281		28
FMSG 1 AGREEMENT		3,800		817				3,800
TOTAL OTHER SERVICES		12,921		948		7,716		5,203
BOOKS, MAPS + PUBLICATIONS		3,129		345		1,829		1,296
TOTAL BOOKS MAPS + PUBS		3,129		345		1,829		1,296
NON-SPEC REQMS (NON-CEIL)		##						##
TOTAL NON-SPEC REQMS		##						##
COUNTRY TOTAL		336,827		35,809		282,557		54,269
WORLDWIDE TOTAL		336,827		35,809		282,557		54,269

IN THOUSANDS OF DOLLARS
RCS 1200-DELIVERIES(M)-NA
NA BR

LESS THAN 0500
THIS IS A SAMPLE REPORT

UNCLASSIFIED

* QTY IS MISSILES VALUE INCLUDES SUPPORT EQUIP
AS OF 08 DEC 83 PROCESSED 13 DEC 83 PAGE 4

FIGURE 15-11-5
FMS STATUS OF PURCHASES AND DELIVERIES

THIS IS A SAMPLE REPORT

UNCLASSIFIED
OSAA - FOREIGN MILITARY SALES
FISCAL YEAR ACTIVITY

THIS IS A SAMPLE REPORT

SEQUENCE: CC

IMPLEMENTING AGENCY: DPA
AREA:

CTRY/PROG YR	CASE VALUE
CANADA	
64	166
65	118
66	113
67	152
68	172
69	149
70	146
71	150
72	150
73	142
74	111
75	106
76 * 77	151
77	191
78	200
79	249
80	387
81	438
82	3.323
83	
TOTAL	
COLOMBIA	
64	2
65	3
66	3
67	3
68	3
69	3
70	3
71	1
72	1
73	1
74	1
75	3
76 * 77	6
77	1
78	1
79	1
80	1
81	1
82	1
83	1
TOTAL	21

DOLLARS IN THOUSANDS, *# LESS THAN 500 DOLLARS
RCS 1266-CCACTIVE(0)-BA THIS IS A SAMPLE REPORT
BACH

UNCLASSIFIED

AS OP 07 DEC 83 PROCESSED 8 DEC 83 PAGE 1

FIGURE 15-11-6. FMS Fiscal Year Activity.

15-32

FIGURE 15-11-6
FMS FISCAL YEAR ACTIVITY

DOD 5105.38-M

UNCLASSIFIED

THIS IS A SAMPLE REPORT

DSAA - FOREIGN MILITARY SALES

THIS IS A SAMPLE REPORT

CASE LISTING

COUNTRY: CANADA

SEQUENCE: CC

IMPLEMENTING AGENCY: DMA
AREA:

CC	I CASE NO	FY	S	OFFER DATE	ACPT DATE	IMPLY DATE	DESCRIPTION	TRANS NO	CONSTRUCTION VALUE	TOTAL C VALUE L
CM U	SBA00	78	X	14 FEB 78			ROUND DOT SCREENS			1,584
CM U	SB300	78		02 MAR 78	12 JUL 78	18 SEP 78	FLIGHT INFORMATION PUBLICATIONS			151,485
CM U	SB000	79		02 MAR 79	04 APR 79	28 OCT 79	DOD FLIGHT INFORMATION PUBS			191,177
CM U	SB000	80		05 FEB 80	17 APR 80	31 MAY 80	REQUEST FOR FLIP SUBSCRIPTION RENEWAL			207,766
CM U	SB000	81		26 MAR 81	01 MAY 81	04 JUN 81	RENEWAL OF FLIP SUBSCRIPTION			248,626
CM U	UAA00	68		12 MAY 68	12 MAY 68	12 MAY 68	TRAINING AIDS PUB			35,909
CM U	UAB00	68		02 MAY 68	02 MAY 68	02 MAY 68	TRAINING AIDS PUB			6,354
CM U	UAC00	68		06 MAY 68	06 MAY 68	06 MAY 68	TRAINING AIDS PUB			78,979
CM U	UAF00	68		31 JUL 63	31 JUL 63	31 JUL 63	TRAINING AIDS PUB			37,610
CM U	UAG00	69		04 MAY 69	04 MAY 69	04 MAY 69	TRAINING AIDS PUB			48,961
CM U	UAJ00	69		29 APR 69	29 APR 69	29 APR 69	TRAINING AIDS PUB			7,853
CM U	UAK00	69		16 MAY 69	16 MAY 69	16 MAY 69	TRAINING AIDS PUB			104,571
CM U	UAL00	70		04 MAY 70	04 MAY 70	04 MAY 70	TRAINING AIDS PUB			136,982
CM U	UAM00	70		22 MAY 70	22 MAY 70	22 MAY 70	TRAINING AIDS PUB			27,435
CM U	UAN00	70		05 MAY 70	05 MAY 70	05 MAY 70	TRAINING AIDS PUB			7,194
CM U	UAP00	71		05 JAN 71	05 APR 71	05 APR 71	PUBLICATIONS FLIGHT			129,682
CM U	UAR00	71		05 JAN 71	01 APR 71	01 APR 71	AERONAUTICAL CHARTS			16,882
CM U	UAS00	71		05 JAN 71	02 MAR 71	02 MAR 71	PUBLICATIONS FLIGHT			5,482
CM U	UAT00	72		05 JAN 72	09 MAR 72	09 MAR 72	PUBLICATIONS FLIGHT			136,378
CM U	UAU00	72		05 JAN 72	18 FEB 72	18 FEB 72	PUBLICATIONS FLIGHT			7,133
CM U	UAV00	73		22 JAN 73	15 MAR 73	15 MAR 73	PUBLICATIONS FLIGHT			153,644
CM U	UAW00	74		12 FEB 74	19 FEB 74	08 MAR 74	INFORMATION PUBLICATIONS			158,412
CM U	UAX00	75		07 JAN 75	03 APR 75	15 APR 75	FLIGHT INFO PUBLICATIONS IAPR75-31MAR76			141,842
CM U	UAY00	76		16 FEB 76	30 MAR 76	14 APR 76	FLIGHT INFORMATION PUBLICATIONS			118,628
CM U	UAZ00	77		17 NOV 76	01 MAR 77	30 MAR 77	FLT INFO PUBLICATIONS			106,385
CM U	UNX00	64		13 APR 64	13 APR 64	13 APR 64	TRAINING AIDS PUB			51,172
CM U	UNY00	64		13 APR 64	13 APR 64	13 APR 64	TRAINING AIDS PUB			5,046
CM U	UNZ00	64		13 APR 64	13 APR 64	13 APR 64	TRAINING AIDS PUB			51,727
CM U	UV000	65		28 APR 65	28 APR 65	28 APR 65	TRAINING AIDS PUB			73,118
CM U	UVF00	65		12 APR 65	12 APR 65	12 APR 65	TRAINING AIDS PUB			6,189
CM U	UVG00	65		12 APR 65	12 APR 65	12 APR 65	TRAINING AIDS PUB			38,773

COUNTRY TOTAL

2,487,221

FIGURE 15-11-7. FMS Case Listing.

FIGURE 15-11-7
FMS CASE LISTING

RC3 1288-CASE(C)-CA

THIS IS A SAMPLE REPORT

AS OF 07 DEC 83 PROCESSED 8 DEC 83 PAGE 1

CHUSBA00

UNCLASSIFIED

DOD 5105.38-M

FIGURE 15-11-8. FMS Case Milestone Dates and Their Intervals.

UNCLASSIFIED
DSAA - FOREIGN MILITARY SALES
THIS IS A SAMPLE REPORT

CASE MILESTONE DATES AND THEIR INTERVALS

CC	I CASE AM T	S FY	LOA DATE	NO DAY	IA RECT C NO DAY	I/A LOA COMP DATE	NO DAY	OFFER DATE	NO DAY	ACCEPTANC DATE	NO DAY	PROG DIR DATE	NO MTM	DELIVERY DATE	NO DAY	CLOSURE DATE	
CO	U SAA	80	10 SEP 79		10 SEP 79	31	11 OCT 79		11 OCT 79	244	01 JUL 80					30 JUN 81	
CO	U SAB	81	08 SEP 80					08 OCT 80	50	27 NOV 80						31 DEC 82	
CO	U UAC	70					12 JAN 70	12 JAN 70		12 JAN 70		12 JAN 70	121	03 JAN 80		03 JAN 80	
CO	U UAD	71					04 JAN 71	04 JAN 71	8	12 JAN 71		12 JAN 71	109	03 JAN 80		03 JAN 80	
CO	U UAE	72					20 JUL 71	20 JUL 71	21	10 AUG 71		10 AUG 71	102	03 JAN 80		03 JAN 80	
CO	U UAF	72					03 JAN 72	03 JAN 72	1	04 JAN 72		04 JAN 72	97	03 JAN 80		03 JAN 80	
CO	U UAG	72					19 APR 72	19 APR 72	149	17 OCT 72		19 APR 72	94	03 JAN 80		03 JAN 80	
CO	U UAH	73					21 MAY 72	21 MAY 72		17 OCT 72		17 OCT 72	80	03 JAN 80		03 JAN 80	
CO	U UAI	73					28 JUN 72	03 JUL 72	104	17 OCT 72		17 OCT 72	80	03 JAN 80		03 JAN 80	
CO	U UAJ	73					02 JAN 73	28 JUN 72	214	31 JAN 73		31 JAN 73	84	03 JAN 80		03 JAN 80	
CO	U UAK	73					02 JAN 73	02 JAN 73	84	29 MAR 73		29 MAR 73	82	03 JAN 80		03 JAN 80	
CO	U UAL	74					13 SEP 73	13 SEP 73	14	27 SEP 73	34	31 OCT 73	75	03 JAN 80		03 JAN 80	
CO	U UAM	74					10 JAN 74	10 JAN 74	25	04 FEB 74	24	28 FEB 74	71	03 JAN 80		03 JAN 80	
CO	U UAN	74					20 MAY 74	20 MAY 74	43	02 JUL 74	213	31 JAN 75	60	03 JAN 80		03 JAN 80	
CO	U UAO	75					03 JUL 74	03 JUL 74	56	28 AUG 74	19	16 SEP 74	64	03 JAN 80		03 JAN 80	
CO	U UAP	75					07 JAN 75	07 JAN 75	77	25 MAR 75	21	15 APR 75	57	03 JAN 80		03 JAN 80	
CO	U UAQ	75					29 APR 75	29 APR 75	50	16 JUN 75	104	30 SEP 75	52	03 JAN 80		03 JAN 80	
CO	U UAR	76					03 JUN 75	03 JUN 75	112	23 SEP 75	7	30 SEP 75	52	03 JAN 80	735-	31 DEC 77	
CO	U UAS	76					03 JUL 75	03 JUL 75	216	03 FEB 74	26	29 FEB 74	47	03 JAN 80	348-	31 DEC 78	
CO	U UAT	76					13 JAN 76	13 JAN 76	0	23 JAN 74	10	29 FEB 74	47	03 JAN 80	348-	31 DEC 78	
CO	U UAU	76					04 JUN 76	04 JUN 76	5	09 JUN 76	21	30 JUN 76	43	03 JAN 80	348-	31 DEC 78	
CO	U UAV	76					04 JUN 76	04 JUN 76	4	06 JUL 76	25	31 JUL 76	42	03 JAN 80	348-	31 DEC 78	
CO	U UAW	76					03 JAN 77	03 JAN 77	03	03 JAN 77	52	24 FEB 77	35	03 JAN 80	348-	31 DEC 78	
CO	U UAX	76	07 JUN 76		07 JUN 76	2	04 JUN 76	04 JUN 76		19	20 JUN 77	122	20 OCT 77				
CO	U UAY	76	28 JUN 76		28 JUN 76	2	30 JUN 76	30 JUN 76		21	22 JUL 77	90	20 OCT 77				
CO	U UAZ	76	07 DEC 76		07 DEC 76	24	03 JAN 77	03 JAN 77		19	20 JUN 77	122	20 OCT 77				
CO	U UBA	77	16 MAY 77		16 MAY 77	14	01 JUN 77	01 JUN 77		21	22 JUL 77	90	20 OCT 77				
CO	U UBB	77	13 JUN 77		13 JUN 77	18	01 JUL 77	01 JUL 77		44	14 NOV 77	24	08 DEC 77	25	03 JAN 80	187-	30 JUN 79
CO	U UBC	77					01 OCT 77	01 OCT 77		192	11 JUN 79		11 JUN 79	7	03 JAN 80	1-	31 DEC 79
CO	U UBD	78	15 AUG 78	18	02 SEP 78	90	28 OCT 69	28 OCT 69		28 OCT 69		28 OCT 69	173	03 JAN 80		03 JAN 80	
CO	U UBE	66					28 OCT 69	28 OCT 69		28 OCT 69		28 OCT 69	173	03 JAN 80		03 JAN 80	
CO	U UBK	66					30 JUN 64	30 JUN 64		30 JUN 64		30 JUN 64	189	03 JAN 80		03 JAN 80	
CO	U UBL	64					30 JUN 64	30 JUN 64		30 JUN 64		30 JUN 64	177	03 JAN 80		03 JAN 80	
CO	U UBM	63					30 JUN 64	30 JUN 64		30 JUN 64		30 JUN 64	164	03 JAN 80		03 JAN 80	
CO	U UBN	66					30 JUN 64	30 JUN 64		30 JUN 64		30 JUN 64	140	03 JAN 80		03 JAN 80	
CO	U UBQ	66					30 JUN 69	30 JUN 69		30 JUN 69		30 JUN 69	128	03 JAN 80		03 JAN 80	

FIGURE 15-11-8
FMS CASE MILESTONE DATES AND THEIR INTERVALS

15-34

FIGURE 15-11-9. FMS Congressional Section 36(b), AECA Case Dates.

15-35

ATBYTA00

THIS IS A SAMPLE REPORT

UNCLASSIFIED

DSAA - FOREIGN MILITARY SALES

CONGRESSIONAL (36 B) CASE DATES

THIS IS A SAMPLE REPORT

CC	A	I	CASE	TRANS	TO STATE	NO	36B STATE	NO	ADVANCED	NO	FORMAL	NO	STATE	NO	OFFER	NO	ACCEPTANC	NO	CASE	ESTAB
			AM	NO	DATE	DAY	APPROVAL	DAY	NO	CONG	NO	CONG	LIST	DAY	DATE	DAY	DATE	DAY	DATE	DATE
AT	B	YTA		80-101	06 AUG 80	7	13 AUG 80	6	19 AUG 80	21	09 SEP 80	31	10 OCT 80		18 OCT 80	21	31 OCT 80			
AT	D	KDF	1	81-086	13 JUN 81	34	17 JUL 81	30	24 AUG 81	30	24 AUG 81	30	23 SEP 81		23 SEP 81	203	14 APR 82			
AT	D	SCD		76-039	06 FEB 76	11	17 FEB 76		17 FEB 76	2	19 FEB 76	33	24 MAR 76		24 MAR 76	98	30 JUN 76	19	19 JUL 76	
AT	D	SEA		80-122	25 AUG 80	8	02 SEP 80	6	08 SEP 80	21	29 SEP 80	105	03 APR 81		03 APR 81	49	22 MAY 81			
AT	D	YAS		80-100	07 AUG 80	6	13 AUG 80	6	19 AUG 80	22	10 SEP 80	38	10 OCT 80		10 OCT 80	75	24 DEC 80			
AT	D	YBB		81-047	05 MAR 81	27	01 APR 81		01 APR 81	33	04 MAY 81	38	11 JUN 81		11 JUN 81	15	24 JUN 81			
AT	P	AID		77-078	05 JUL 77	51	25 AUG 77		25 AUG 77		25 AUG 77	35	29 SEP 77		29 SEP 77	13	12 OCT 77		12 OCT 77	
AT	P	AKY		78-104	23 AUG 78	38	22 FEB 78	2	24 FEB 78	83	18 MAY 78	35	22 JUN 78		22 JUN 78	29	21 JUL 78		32	22 AUG 78
AT	P	ALR		78-074	08 MAY 78	64	11 JUL 78	6	17 JUL 78	51	06 SEP 78	41	17 OCT 78		17 OCT 78	28	14 NOV 78		34	18 DEC 78
AT	P	ADF		80-061	18 MAR 80	16	03 APR 80	6	09 APR 80	23	02 MAY 80	27	29 MAY 80	4	02 JUN 80	9	11 JUN 80		30	11 JUL 80
AT	P	ADJ		80-062	17 MAR 80	17	03 APR 80	6	09 APR 80	20	29 APR 80	30	29 MAY 80	1	30 MAY 80	3	02 JUN 80		10	12 JUN 80
AT	P	APA		81-004	29 SEP 80	21	20 OCT 80	15	04 NOV 80	22	26 NOV 80	34	30 DEC 80		30 DEC 80	141	10 JUN 81		42	22 JUL 81
AT	P	APR		81-046	05 MAR 81	27	01 APR 81		01 APR 81	37	08 MAY 81	74	21 JUL 81		21 JUL 81	70	29 SEP 81			
AT	P	BBJ		80-078	24 MAR 80	80	12 JUN 80		12 JUN 80	41	23 JUL 80	495	01 DEC 81		01 DEC 81		01 DEC 81		7	08 DEC 81
AT	P	BBK		80-078	24 MAR 80	80	12 JUN 80		12 JUN 80	41	23 JUL 80	495	01 DEC 81		01 DEC 81		01 DEC 81		4	05 DEC 81
AT	P	BCL		80-078	24 MAR 80	80	12 JUN 80		12 JUN 80	41	23 JUL 80	495	01 DEC 81		01 DEC 81		01 DEC 81		4	05 DEC 81
AT	P	BHE		80-078	24 MAR 80	80	12 JUN 80		12 JUN 80	41	23 JUL 80	495	01 DEC 81		01 DEC 81		01 DEC 81		4	05 DEC 81
AT	P	BHF		80-078	24 MAR 80	80	12 JUN 80		12 JUN 80	41	23 JUL 80	495	01 DEC 81		01 DEC 81		01 DEC 81		4	05 DEC 81
AT	P	BHM		81-033	04 FEB 81	47	23 MAR 81		23 MAR 81	29	21 APR 81	125	24 AUG 81		24 AUG 81		01 DEC 81		4	05 DEC 81
AT	P	LMU		80-078	24 MAR 80	80	12 JUN 80		12 JUN 80	41	23 JUL 80	495	01 DEC 81		01 DEC 81		01 DEC 81		4	05 DEC 81
AT	P	LMZ		81-033	04 FEB 81	47	23 MAR 81		23 MAR 81	29	21 APR 81	156	24 SEP 81		24 SEP 81	36	30 OCT 81		17	16 NOV 81
AT	P	LMZ	1	81-033	04 FEB 81	47	23 MAR 81		23 MAR 81	29	21 APR 81	874	12 SEP 83		12 SEP 83	44	26 OCT 83			
AT	P	RAS		78-006	03 OCT 77	30	04 NOV 77	4	08 NOV 77	24	02 DEC 77	238	08 APR 77		08 APR 77	108	25 JUL 77		17	11 AUG 77
AT	P	RDA		80-078	24 MAR 80	71	03 JUN 80		03 JUN 80	50	23 JUL 80	671	26 MAY 82		26 MAY 82	31	28 JUN 82		40	27 AUG 82
AT	P	RDA	1	80-078	24 MAR 80	71	03 JUN 80		03 JUN 80	50	23 JUL 80	181	18 OCT 83		18 OCT 83		28 MAY 82		31	28 JUN 82
AT	P	RDB		80-078	24 MAR 80	71	03 JUN 80		03 JUN 80	50	23 JUL 80	671	26 MAY 82		26 MAY 82	31	28 JUN 82		40	27 AUG 82
AT	P	RDC		80-078	24 MAR 80	71	03 JUN 80		03 JUN 80	50	23 JUL 80	671	26 MAY 82		26 MAY 82	31	28 JUN 82		40	27 AUG 82
AT	P	SAB		75-015	02 MAY 75	23	27 MAY 75		27 MAY 75	1	28 MAY 75	197	12 NOV 74		12 NOV 74	224	24 JUN 75		24	JUN 75
AT	P	SAB	1	77-033	01 SEP 74	91	01 SEP 74		01 SEP 74	94	25 OCT 74		23 OCT 76		23 OCT 76	7	01 NOV 76		1	31 OCT 76
AT	P	SAS		76-019	11 NOV 75	3	14 NOV 75		14 NOV 75	4	18 NOV 75	15	03 NOV 75		03 NOV 75	109	19 FEB 76		19	FEB 76
AT	P	SAY		77-074	27 JUN 77	59	25 AUG 77		25 AUG 77	25	25 AUG 77	36	30 SEP 77		30 SEP 77	46	15 NOV 77		15	NOV 77
AT	P	SBE		80-078	24 MAR 80	71	03 JUN 80		03 JUN 80	50	23 JUL 80	495	01 DEC 81		01 DEC 81		01 DEC 81		4	05 DEC 81
AT	P	SBL		80-047	29 FEB 80	29	29 FEB 80		29 FEB 80	20	21 MAR 80	24	14 APR 80		21 APR 80		21 APR 80		171	07 JUL 83
AT	P	SBT		81-035	04 FEB 81	48	24 MAR 81		24 MAR 81	48	11 MAY 81									

RCS KA
ATBYTA00

THIS IS A SAMPLE REPORT

UNCLASSIFIED

AS OF 07 DEC 83 PROCESSED 8 DEC 83 PAGE 1

FIGURE 15-11-9
FMS CONGRESSIONAL SECTION 36(b), AECA CASE DATES

DOD 5105.38-M

UNCLASSIFIED
 OSAA - FOREIGN MILITARY SALES
 FMS CASE LEVEL SUMMARY

THIS IS A SAMPLE REPORT
 THIS IS A SAMPLE REPORT
 COUNTRY: CANADA

SEQUENCE: CC

IMPLEMENTING AGENCY: DMA
 AREA:

THIS IS A SAMPLE REPORT

CC	I A	CASE NO	S PY	M T	M D	CASE VALUE	TOTAL PURCHASES	UNDEFINED PURCHASES	TOTAL DELIVERIES	UNDELIVERED BALANCE
CC		59A00	78	X	N	1,586	1,586			1,586
CC		58000	78	C	N	131,485	131,485		131,485	
CC		58C00	79	C	N	191,177	191,177		191,177	
CC		58D00	80	C	N	207,766	207,766		207,766	
CC		58E00	81	C	N	248,626	248,626		248,626	
CC		58A00	80	C	N	35,989	35,989		35,989	
CC		58A00	88	C	N	6,354	6,354		6,354	
CC		58A00	88	C	N	70,979	70,979		70,979	
CC		58A00	84	C	N	57,610	57,610		57,610	
CC		58A00	69	C	N	40,861	40,861		40,861	
CC		58A00	69	C	N	7,853	7,853		7,853	
CC		58A00	69	C	N	104,571	104,571		104,571	
CC		58A00	70	C	N	136,982	136,982		136,982	
CC		58A00	70	C	N	27,433	27,433		27,433	
CC		58A00	70	C	N	7,194	7,194		7,194	
CC		58A00	70	C	N	129,682	129,682		129,682	
CC		58A00	71	C	N	14,882	14,882		14,882	
CC		58A00	71	C	N	5,482	5,482		5,482	
CC		58A00	72	C	N	138,571	138,571		138,571	
CC		58A00	72	C	N	7,133	7,133		7,133	
CC		58A00	73	C	N	153,647	153,647		153,647	
CC		58A00	74	C	N	158,412	158,412		158,412	
CC		58A00	75	C	N	141,842	141,842		141,842	
CC		58A00	76	C	N	110,420	110,420		110,420	
CC		58A00	77	C	N	106,385	106,385		106,385	
CC		58A00	77	C	N	51,172	51,172		51,172	
CC		58A00	66	C	N	5,846	5,846		5,846	
CC		58A00	66	C	N	51,727	51,727		51,727	
CC		58A00	64	C	N	73,110	73,110		73,110	
CC		58A00	65	C	N	6,189	6,189		6,189	
CC		58A00	65	C	N	38,775	38,775		38,775	
COUNTRY TOTAL						2,487,221	2,487,222		2,485,436	1,586

FIGURE 15-11-10. FMS Case Level Summary.

FIGURE 15-11-10
 FMS CASE LEVEL SUMMARY

15-36

DOD 5105.38-M

TABLE 15-II-1
SAMPLE REQUEST FORM

Report Name Item Delivery Status - Report E

Number of Copies 1 Sort Sequence Country (Alphabetic)

Select Options (Indicate applicable code(s) for each - if no entry is made all codes for that data element will be included in the report requested)

Implementing Agency B (Army)
 Country/Activity _____
 Area 2 (NESA)
 Unified Command _____
 Status S, A, I, D, C
 Beginning Year + Qtr 741
 Ending Year + Qtr 821
 Generic Code _____
 Unit of Issue _____
 Classification _____
 Other (list) (major defense equipment, large dollar value cases, etc.) _____

The above example would produce an Item Delivery Status - Report E for all countries in Near East South Asia using all records which have an IA code of B (Army); are either in the signed, accepted, implemented, supply complete, or closed status; and are within the range of years requested (in this case 1st Qtr 74 through 1st Qtr 82). If only unclassified data are desired, the select option "classification" should be filled in accordingly. Not all options are listed above; requirements for those that are not listed that are applicable to the report being requested should be listed under the "other" line.

TABLE 15-II-1. Sample Request Form.

TABLE 15-II-2

ABBREVIATED TITLES USED IN THE DSAA 1200 SYSTEM OUTPUT REPORTS

<u>Abbreviation</u>	<u>Meaning</u>
ACCPT DATE	Acceptance Date
A C	Action Code
AM	Case Amendment Number
ADVANCE NOTI/CONGR	Advance Notification to Congress Date
CASE ESTAB DATE	Case Establishment Date
CASE NO	Case Number
CC	Country/Activity Code
C D	Card Code
CL or C L	Classification
C L	Completed Line Item Code (item detail reports only)
CLOSURE DATE	Closure Date
C O	Change Originator
CTRY	Country/Activity
CSE	Case Number
CSEID	Case Identifier
CUM	Cumulative
DELIVERY DATE	Delivery Date

TABLE 15-II-2. Abbreviated Titles Used in the DSAA 1200 System Output Reports.

<u>Abbreviation</u>	<u>Meaning</u>
DEL COM	Delivery Commitment
DEL FOR	Delivery Forecast
EQPT	Equipment
ESTAB	Establishment
FORMAL NOTI/CONGR	Statutory Notification to Congress Date
FY	Fiscal Year
FYQ	Fiscal Year and Quarter
GEN CDE	Generic Code
IA or I A	Implementing Agency
IA LOA COMP DATE	Implementing Agency Letter of Acceptance Complete Date
IA RECTC DATE	Implementing Agency Receipt Date (Complete)
IMPLT DATE	Implementation Date
LOA	Letter of Acceptance
LOR	Letter of Request
M D	Major Defense
MDE	Major Defense Equipment
MTH	Month
NO	Number
NSN	National Stock Number
OFFER DATE	Offer Date - also referred to as Counter- Signature Date

TABLE 15-II-2. (Continued)

<u>Abbreviation</u>	<u>Meaning</u>
OED	Offer Expiration Date
PROG DIR DATE	Program Directive Date
Q	Quarter
QTR	Quarter
QTY	Quantity
RCS	Report Control Symbol
RSN	Record Serial Number
S P	Spare Parts Code
S T	Status Code
S	System Code
TRANS NO	Transmittal Number
TO STATE DATE	Date 36(b) case sent to State Department
UI	Unit of Issue
VALUE	Cost expressed in Dollars
YR	Year
36B STATE APPROVAL	Date of State Department Approval of 36(b) case.

TABLE 15-11-2. (Continued)

TABLE 15-II-3

SORT AND SELECT OPTIONS FOR ITEM DETAIL LEVEL AND
ITEM DETAIL SUMMARIZED TO CATEGORY REPORTS

Options for each report are indicated by "X" if available for that particular report.

<u>SORT OPTIONS</u>	<u>REPORT E</u>	<u>REPORT D,G,H</u>	<u>REPORT I</u>
Area, Country	X	X	X
Area, Country, Implementing Agency	X		X
Sub-Area/Country	X	X	X
Country (Alphabetic)	X	X	X
Country, Implementing Agency	X		X
Country, Fiscal Year	X		X
Implementing Agency, Country	X	X	X
Generic/NSN, Country			X

NOTE: Within these major sorts, reports are sequenced by case identifier and RSN where appropriate.

PAGE BREAK OPTIONS

First Sort Position	X	X	X
First and Second Sort Position	X	X	X
First, Second, Third Sort Position	X	X	X

SELECT OPTIONS

Area	X	X	X
Unified Command	X	X	X
Ceiling Country	X	X	X
Country	X	X	X
Implementing Agency	X	X	X
Case Identifier	X		
Case Amendment Indicator	X		
Status	X	X	X
Beginning and Ending Date-FY and Quarter	X	X	X
Classification	X	X	X
Major Defense Equipment	X		X
Unit of Issue	X	X	X
Commitment Forecast	X		X
Overdelivered	X		X
Completed Line	X		X
Generic	X		X
Selected Item Sequence Number		X	
Worldwide total only		X	
Bypass worldwide recap		X	

TABLE 15-II-3. Sort and Select Options for Item Detail Level and Item Detail Summarized to Category Reports.

TABLE 15-II-4

SORT AND SELECT OPTIONS FOR CASE AND SUMMARY MANAGEMENT REPORTS

Options for each report are indicated by "X" or by the report indicator if available for that particular report.

<u>SORT OPTIONS</u>	<u>REPORT B</u>	<u>REPORT C</u>	<u>REPORT J,K</u>	<u>REPORT L</u>
Area, Country (CC)	X	X		X
Area, Country, Implementing Agency (IA)		X		X
Sub-Area/Country	X	X		X
Country (Alphabetic)	X	X	X	X
Country, Implementing Agency		X	X	X
Country, Fiscal Year (FY)		X	X	X
Implementing Agency, Country	X	X		X
IA, Country, FY			X	
IA, FY			X	
IA, Congressional Transmittal FY			K	

NOTE: Within these major sorts, reports are sequenced by case identifier.

PAGE BREAK OPTIONS

First Sort Position	X	X	X	X
First and Second Sort Position	X	X	X	X
First, Second and Third Sort Position	X	X		X

SELECT OPTIONS

Area	X	X		X
Unified Command	X	X		X
Ceiling Country	X	X		X
Country/Activity	X	X	X	X
Implementing Agency	X	X	X	X
Case Identifier		X		X
Case Amendment Identifier		X		X
Status	X	X	X	X
Beginning and Ending Date-FY and Quarter	X	X	J,K Qtr	X
Classification	X	X		X
Million Dollar Cases	X	X		X
Major Defense Equipment	X	X		X
Value Relations				X
Low Undelivered				X
High Undelivered				X
Worldwide total only	X	X		X
Bypass Worldwide Recap				X

TABLE 15-II-4. Sort and Select Options for Case and Summary Management Reports.

<p>SECTION III - DSAA 1000 MATERIEL AND TRAINING SYSTEM OVERVIEW, DATA SUBMISSION INSTRUCTIONS AND OUTPUT PRODUCTS</p>
--

A. PURPOSE. This section provides users of the Military Assistance Program (MAP), International Military Education and Training (IMET) Program, and the Foreign Military Sales Training Program with a description of the DSAA 1000 System. It also provides descriptions of the various reports produced by the system and instructions for preparing and furnishing data used in maintenance of the system.

B. DESCRIPTION OF THE DSAA 1000 MATERIEL AND TRAINING PROGRAM SYSTEM.

1. General. DSAA maintains program data in an automated data base, which is updated on a weekly basis. The results of these updates are provided to the DSAA staff, MILDEPs, and SAOs. The file is also used to produce pre-programmed, standardized reports in various formats and at different levels of detail for use by all security assistance activities.

2. System Program Data Files. The following system program data files are maintained by the DSAA 1000 System:

a. Master Program File. This file includes cumulative records for PY 50 through 63 and individual detailed records for all years thereafter. Records are contained within this file for MAP Materiel, Korea Transfers (ROK), Excess Defense Articles, Redistribution of Defense Articles, MAP Training, MASF Training, IMET, and FMS Training (PY 79 and subsequent years). IMET data for prior years is maintained in this file in summary form (Budget Project level). All prior year IMET detailed program data is maintained separately in the Historical Training File.

b. Historical Training File. This file contains detailed IMET/MAP/MASF training records for prior years. A detailed program is transferred from the Master Program File to this file approximately nine months after the close of that PY.

C. DSAA 1000 SYSTEM OUTPUT REPORTS.

1. Availability of Reports. The following paragraphs outline the specific reports available from the System. All reports are available on either microfiche or on continuous form computer paper. Sample reports are shown at Figures 15-III-1 through 15-III-15 of this section. The data contained in these sample illustrations are for display purposes only. The samples do not contain valid program data nor is the data consistent between samples.

2. Report Descriptions.

a. Update Products. The Master Program File is updated on a weekly basis. Products from these updates are shown below with a brief description of each document. These products are distributed to program managers in DSAA and MILDEPs as required after each update. MAP and IMETP Orders are mailed to the respective MILDEP and SAO.

(1) Military Articles and Services List (MASL) Input Error Listing. This document contains all incoming MASL transactions failing the update edit process.

(2) MASL Transactions. This document contains all valid MASL transactions processed in the update.

(3) Transaction Input Listing. This document contains all valid program data processed in the update.

(4) MILDEP Input Errors. This document contains program data submitted by the MILDEPs failing the update edit process.

(5) Unified Command Input Errors. This document contains all program data submitted for the update failing the update edit process.

(6) MILDEP Feedback. This document contains program transactions submitted by the MILDEPs which have either been held in abeyance or disapproved by DSAA.

(7) Unified Command Feedback. This document contains all program transactions submitted within the update cycle which have either been held in abeyance or disapproved by DSAA.

(8) Referral/Effects List. This document contains proposed transactions (changes and deletions) to be processed against funded program lines. It also reflects the cumulative dollar effect by country which would result if all proposed transactions were approved and processed.

(9) Program Amendment List. This document contains all approved transaction processed in the update. It also reflects the cumulative dollar values programmed and funded by country.

(10) Financial Summary. This document provides a summary by Budget Activity and Project Account.

(11) MAP and IMET Orders. This document reflects a detailed record of all funding actions accomplished within an update cycle. A detailed program line is displayed along with an action code (See Appendix D, Table D-1 for a list of these codes) designating the type of action which has transpired (e.g., add, change, or delete). If the action initiated was either an add or delete, one program line will appear on the report. If the action initiated was a change both the old (record before the change) and the new (record after the change) lines will appear on the report. This report is provided in two sequences. A program originator sequence within country and PY is provided to the SAO. A country sort within MILDEP and PY is provided to the MILDEPs. The MILDEP MAP/IMETP Orders also contain additional budgeting information in the form of four tabs. These are:

- (a) TAB A - A country funding recap.
- (b) TAB B - A Budget Project funding recap.
- (c) TAB C - An Implementing Agency funding recap.
- (d) TAB D - A cumulative funding summary by Implementing Agency of all MAP/IMET Orders issued by fiscal year.

b. Materiel/Training Program Detail Listing. This document reflects detailed program lines. Various select and sort options are available for extracting and sequencing the data. A list of the available select and sort options is contained at Table 15-III-1 of this section. Sample detail program listings are provided at Figures 15-III-3 and 15-III-4 of this section.

c. Summary Reports. These documents reflect summarized program and/or delivery data. A list of available select options is contained at Table 15-III-1 of this section. These reports may be sorted by either country within unified command or within area. Sample reports are provided at Figures 15-III-5 through 15-III-7 of this section.

(1) Materiel Status of Deliveries Report. This report summarizes materiel program and delivery data into generalized categories. Within each category, both the quantity and dollar values are displayed.

(2) Training Student Count Report. This report displays the number of students trained by country within PY. Within each country, students are categorized by student code (type of student) within program originator.

(3) Training Summary Report. This report displays the number of students/teams, courses/team members, and dollar values by MILDEP within country and PY. Within each country, the students are categorized by type of training (a generalized course description).

3. Request for DSAA 1000 System Reports.

a. Submission of Requests. Requests for reports, or assistance in developing report requirements, described herein should be submitted to the DSAA, Officer of the Comptroller, Data Management Division, Washington, DC 20301. Subordinate elements of the MILDEPs should submit requests for reports through appropriate departmental channels.

b. Report Parameters. Agencies requesting reports must specify the report(s) desired, the number of copies, and sort sequence and select options desired.

c. Classification of Reports. Reports described herein are classified in accordance with guidelines set forth in Chapter Five.

4. Abbreviated Titles Used in the DSAA 1000 System Output Products. Abbreviated titles are used in the headings of most products produced by this System. A list of these abbreviated titles, along with a brief description of each, is shown at Table 15-III-2 of this section.

D. PREPARATION AND SUBMISSION OF DATA INPUT FOR THE DSAA 1000 SYSTEM.

1. Submission of Data. Program and MASL data are submitted by the MILDEPs to DSAA in punched card format via the AUTODIN network. Development of the initial training requirements are accomplished by the SAOs and submitted to the respective MILDEP by message prior to the above process occurring.

2. Data Submission Formats and Instructions.

a. Formats and instructions for submission of training program data, for use by the SAOs and MILDEPs are provided in Chapter Ten of this Manual.

b. Formats and instructions for submission of materiel program data for use by the MILDEPs and DSAA staff elements follow.

(1) Program Additions (Card 1). Additions to the Master Program File for defense articles and services (other than training) should be prepared as follows:

Card Column	Data Element	Instruction
1	Card Code-----	Enter "3."
2-5	Record Control Number-----	Enter Record Control Number. See Appendix D.
6	Method of Funding Code-----	Leave blank.
7	Action Code-----	Leave blank.
8-20	National Stock Number-----	Enter the group, class, NCB Code and item ident. numbers as they appear in the MASL.
21	Generic Code-----	Enter, 1st position only, the generic code exactly as it appears in the MASL.
22	Commitment Code-----	Enter appropriate Commitment Code See Appendix D, Table D-2.
23-24	Reason Code-----	Enter appropriate Reason for Change Code. See Appendix D, Table D-11.

Card Column	Data Element	Instruction
25-29	Quantity-----	Dollar lines leave blank. Excess defense articles Actual Value Card leave quantity field blank. Major Item - Enter total quantity. Right justify (units position in Column 28, ten position in Column 28, etc.)
30	Program Originator Code-----	Enter Program Originator Code. See Appendix D.
31-32	Country/Activity Code-----	Enter Country/Activity Code. See Appendix D, Tables D-5 through D-7.
33	Customer Code-----	Dollar Lines - leave blank. Major Items - Enter Customer Within Country Code required for entry in Column 33 of MILSTRIP requisitions. Refer to Appendix D for explanation and MILDEP directive containing the codes.
34	Special Supply----- Procedure	Enter appropriate code. See Appendix D.
35	Type of Assistance Code-----	Enter Type of Assistance code. See Appendix D, Table D-14.
36-43	Unit Price-----	Obtain from the MILDEP. Must reflect Repair & Rehabilitation codes (as applicable) for Excess Defense Articles. Enter actual value of excess defense articles in EDA Actual Value Card.
44	Cost Code-----	Enter Cost Code. See Appendix D, Table D-4.
45-46	Program Year-----	Enter last two digits of fiscal year in which the item is programmed or to be programmed.
47-50	MAP Element Code-----	Enter MAP Element Code. See Appendix D, Table D-10.
51	Lead Time-----	Major Items - Obtain Lead Time Code from the MILDEP. Dollar Value Line Items Leave blank.
52	Spare Parts-----	Enter "N" for Concurrent Spare Parts (CSP). Enter "A" for initial Aerospace Ground Equipment (AGE). Enter "E" for Concurrent Equipment attachments in FSC 3810 and 3830 (item identification number 383ZATCHMNT).

Card Column	Data Element	Instruction
53	Condition Code/ Commercial Item Code	Enter Condition Code for Excess Defense Articles. Appendix D, Table D-3. Enter numeric "1" for Commercial Items.
54	Communications/ Ancillary Code	Enter Communications/Ancillary Code See Appendix D.
55	Implementing Agency Code	Leave blank. Implementing Agency Code to be assigned by DSAA.
56	Blank	Leave blank.
57	Status	Leave blank. Status Code to be entered by DSAA only.
58-59	Funding Priority	Enter funding priority code on all articles and services program lines in budget year program. See Appendix D.
60-61	Issue Priority	Enter Issue Priority. Issue Priority Codes are those prescribed in MILSTRIP regulations.
62-64	Required Delivery	Enter Required Delivery Date, as appropriate. See Issue Priority/Required Delivery Date Code in Appendix D.
NOTE:	Columns 60-64 may also be used to identify MILDEP MIMEX offer number or DPDS listing/flyer number for Excess Defense Articles. See Excess Offer Number Code in Appendix D.	
65	Source of Supply	Obtain applicable Source of Supply Code in Appendix D, Table D-12 from the MILDEP. Do not leave blank.
66-68	MILSTRIP Routing Identifier Code	Enter from MASL, except as follows: A change from the MASL entry may be necessary when a change in Source of Supply Code, as in the case of codes B, E, F, J, N, O, R, S, or T, is effected. Enter appropriate MRI Code in all cases as determined from the MASL or Appendix D. MASL Footnote Code K (See Footnote Code in Appendix D, Table D-8) requires a determination of the appropriate MILSTRIP RI code from Appendix D.
69	Change Originator Code	Enter appropriate Program Change Originator Code. See Appendix D.

Card Column	Data Element	Instruction
		Note that this code ("Program Originator" code) may be different from the Program Originator Code in Column 30.
70	System Identifier Code-----	Enter System Identifier Code, if appropriate. See Appendix D.
71	Fiscal Code-----	Leave blank. Data will be entered by DSAA.
72	CRA-----	Enter appropriate CRA code. See Appendix D.
73-80	Total Cost-----	Enter Total Cost (including cost for Source Codes B, F, J, S, and T) to the nearest dollar. Must include repair and rehabilitation costs, as appropriate, for Source of Supply E or R items. Where the unit price is zero, as for selected Source of Supply Code E and R items, leave blank. Do not enter acquisition unit price or actual value in these columns for Code E and R items. Enter actual value total in Source of Supply E (EDA) value card. Right justify. Enter dollar position in Column 80.

(2) Confirmation, Materiel and Services. Following program submission, confirmation of approval will be sent to program originators by AUTODIN.

(3) Delivery/Expenditure Materiel and Services (Card 8).

(a) Delivery and forecast cards will be transmitted to DSAA by the MILDEPs by Card 8 as portrayed in below on a monthly basis. Cards will be transmitted not later than 15 days after the last calendar day of the previous month. Delivery cards will be submitted only for those lines in which a change in deliveries or deliver forecast data (initial entry, improvement, or slippage) has occurred during the previous month. Card Columns 6668 will reflect the fiscal year quarter applicable to the shipment month, not the reporting month. All reports of completed deliveries will be based on constructive deliveries by the logistics system, not the completion of related financial transactions. Major items should be reported delivered at the total program value if the actual delivery price is unknown. Adjustments to program values, if required, will be accomplished at the time of final billing. Deliveries against dollar lines will be reported at a value equal to the obligational authority issued against the applicable requisitions.

(b) Instructions for preparing Card 8 are as follows:

Card Column	Date	Footnote	Instruction
1	Card Code	1	Always an 8.
2-5	Record Control Number	1	Enter Record Control Number. See Appendix D.
6-24 25-29	Quantity Delivered	2	Leave blank. Represents the total quantity delivered to date; not the incremental plus or minus change during the reporting period.
30 31-32	Country Code	1	Leave blank. Enter Country/Activity Code. See Appendix D.
33-35 36-43	Acquisition Value Delivered	2	Leave blank. Represents the total dollar value of excess materiel delivered at no MAP cost against dollar lines having Source of Supply Code K, L, E or R. For all major items, regardless of Source of Supply, and dollar lines with no excess deliveries this field will be blank.
44 45-46	Program Year	1	Leave blank. Enter Program Year. See Appendix D.
47-57			Leave blank.

(4) Program Changes (Card P). Program changes will be submitted by Card P which contains the same data element fields as Card 3. Complete Card P as follows:

(a) Enter the following control data elements exactly as they would appear in the Card 3 received from DSAA. (NOTE: If any of these control data must be changed, a Card R and a new Card 3 must be submitted).

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

(b) Enter the following data in the card columns indicated:

Card Column	Data Element	Instruction
1	Card Code-----	Enter "P".
23-24	Reason Code-----	Enter appropriate Reason for Change Code. See Appendix D, Table D-11.
69	Change Originator----- Code	Enter appropriate Change Originator Code. See Appendix D.

(3) Enter 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 12-23), or generic code (1st position only, Column 21) the complete field (Columns 8-21) must be filled in. Enter changed and unchanged data in Columns 8-21. Leave Columns 8-21 blank if there is no change in MASL data elements.

(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 unit price (Columns 36-43) will be the revised price and not the amount of change. Enter an asterisk in the units position (Column 43) if the unit price is to be deleted,

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

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

(5) Program Deletions (Card R). Program deletions will be submitted by Card R entered as follows:

Card Column	Data Element	Instruction
1	Card Code-----	Enter "R".
2-5	Record Control Number-----	Enter the RCN exactly as it appears in the Card 3 or 4 received from DSAA.
6-22	Blank-----	Leave blank.
23-24	Reason Code-----	Enter appropriate Reason for Change Code. See Appendix D, Table D-11.
25-30	Blank-----	Leave blank.
31-32	Country/Activity Code-----	Enter code exactly as it appears in the Card 3 or 4 received from DSAA.
33-44	Blank-----	Leave blank.

Card Column	Data Element	Instruction
45-46	Program Year-----	Enter program year exactly as it appears in Card 3 or 4 received from DSAA.
47-68	Blank-----	Leave blank.
69	Change Originator Code-----	Enter appropriate Change Originator Code. See Appendix D.
70-80	Blank-----	Leave blank.

FIGURE 15-III-1. Program Originator MAP Order - Materiel.

15-53

UNCLASSIFIED
PROGRAM ORIGINATOR - NAVY

COUNTRY NAME _____ (MATERIEL)																														
NA	RCN	FC	GRCL	ITEM-ID	GC	DESCRIPTION	C	P	CPT	UNIT	C	MAP	LSCCI	S	S	CSFC	NO-AJ													
							UIM	RE	QTY	O	CC	UCA	PRICE	SPY	ELEM	TPLAA	T	FP	IPRODS	MRI	OYCR	COST	YR	NO						
PROG DIR/MAP ORDER NO. 76N/ID/92																														
XE02	2M	9C9A00	SHIPPTS	C9A	SHIP	SP	PTS	COMP	AND	ACRYS	XX0	P1		P	**	2			076	3MVN	P	F	33	K	N65	N073	482563			
XE02	2M	9C9A00	SHIPPTS	C9A	SHIP	SP	PTS	COMP	AND	ACRYS	XX0	P1		P	**	2			076	3MVN	P	F	33	K	N65	N073	477682-01	31		
ZB03	2M	9F3200	NAVORDN	F3Z	OTHER	NAVAL	ORDNANCE	WPNS	XX0	P1			P	**	E	2			176	3MCE	P	F	33	K	N65	N 70	39655-01	31		
ZB03	2M	9F3200	NAVORDN	F3Z	OTHER	NAVAL	ORDNANCE	WPNS	XX0	P1			P	**	E	2			176	3MCE	P	F	33	K	N65	N 70	51789			
ZB00	2M	131500	C348C1N	G2M	CTG	JIN50	RF	HC	NFL	EAO	P3	6000	P	**	2			54	076	3MU0	0	P	F	33	K	N35	N 70	115960		
ZB00	2M	131500	C348C0M	G2M	CTG	JIN50	RF	HC	NFL	EAO	P3	6000	P	**	2			54	076	3MU0	0	P	F	33	K	N35	N 70	324000-01	31	
P.O. TOTAL (MAT)				.001			.002	191025-		.003			.004					MAP DOLLAR COST						191025-						
				B			J			S			T					ASSETS APPLIED												
																		FOREIGN CURRENCY												
																		SERVICE FUNDING												
																		GRAND TOTAL						191025-						

** Country Code will show in lieu of asterisks.

PROGRAM ORIGINATOR MAP ORDER - MATERIEL

FIGURE 15-111-2. Program Originator IMET Order - Training.

15-54

COUNTRY NAME:		PROGRAM ORIGINATOR - AIR FORCE																			
NA	RCN FC	GRCL	ITEM-ID	SC	DESCRIPTION	U	S	P	U	Y	UNIT PRICE	PY	FLA	S	MSCM	EXA	CRPC	IO-AJ			
						REC	QTY	O	CC	R	A		T				QRCR	COST	YR	NO	
						IMET ORDER NO.		82F/00/24													
	NB36	1W	0131009	N1C	PRECISION MEAS EQUIP	S-P	EA	840	1	0	** 291	1680	82	F	2271	OJJ	J32A	1680-82	99		
	NB36	1W	0131009	N1C	PRECISION MEAS EQUIP	S-P	EA	840	1	0	** 291	1740	82	F	2371	OJJ	J32A	1740			
	N888	1W	0172005	N1B	IMAGERY INTEL OFF/FGM	EA	840	1	0	** 081	450	82	F	2104	OJJ	J22B	450				
	N888	1W	0172005	N1B	IMAGERY INTEL OFF/FGM	EA	840	1	0	** 981	895	82	F	2174	OJJ	J22B	895-82	19			
	N892	1W	0173014	N1G	PHOTO PROCESSING/ *	EA	840	1	0	** 041	400	82	F	2124	OJC	J22B	400				
	N892	1W	0173014	N1G	PHOTO PROCESSING/ *	EA	840	1	0	** 041	352	82	F	2104	OJO	J22B	352-82	08			
	N875	1W	0171001	N1B	ACADEMIC INSTRUCTOR SCHOOL	EA	840	1	0	** 061	550	82	F	2116	OJO	J12B	550-82	04			
	N875	1W	0171001	N1B	ACADEMIC INSTRUCTOR SCHOOL	EA	840	1	0	** 061	610	82	F	2116	OJO	J12B	610				
	NH88	1R	0119001	N1A	ADV FLYING LANGUAGE REFR	EA	840	1	0	** 051	530	82	F	2127	OJJ	J22A	500-82	08			
	NC37	1W	0172005	N1B	IMAGERY INTEL OFF/FGM	EA	840	1	0	** 091	847	82	F	2320	OJJ	J22B	847-82	08			
	NC37	1W	0172005	N1B	IMAGERY INTEL OFF/FGM	EA	840	1	0	** 081	450	82	F	2320	OJJ	J22B	450				
	NC39	1W	0173014	N1G	PHOTO PROCESSING/ *	EA	840	1	0	** 041	400	82	F	2320	OJO	J22B	400				
	NC39	1W	0173014	N1G	PHOTO PROCESSING/ *	EA	840	1	0	** 041	352	82	F	2320	OJO	J22B	352-82	08			
P.O. TOTAL (TNG)				.991	1126-	.002		.003		.004			MAP DOLLAR COST ASSETS APPLIED FOREIGN CURRENCY SERVICE FUNDING GRAND TOTAL					1126-			
				0		J		3		T								1126-			

** Country Code will show in lieu of asterisks.

PROGRAM ORIGINATOR IMET ORDER - TRAINING

DOD 5105.38-M

FIGURE 15-II-3. Grant Aid Detail Listing - Materiel.

UNCLASSIFIED
 OSAA - GRANT AID
 DETAIL LISTING

MAP FUNDED MATERIEL PROG

(PROGRAM SORT UC,CC,GC,FSNA)

COMMAND NAME _____ COUNTRY NAME _____

HA	RCN	FC	GRCL	ITEM	ID	GC	-----DESCRIPTION-----	C	U	R	Q	F	CPT	UNIT	C	MAP	L	S	S	CSFC	NO						
								UNIT	RE	QTY	0	CC	UOA	PRICE	SPY	ELEM	TPLNA	T	FP	IPRODS	MRI	OYCR	COST	AJ			
12345	67	8901234567890	I							2	22	22222	3	33	333	33334444	444	4445	5555555	55	6666666	666	6777	77777778	--		
										2	34	96789	0	12	345	67890123	456	7890	1234567	89	012345	678	9012	34567890			
NE74	2A	1510000000F5F	A1F	AIRCRAFT	FIGHTER	F-5F		EA9	P3	1	0	**	B	I	5261000	I80	2AF0		D	F	12	K	FA0	00	5261000	61	
MINOR.(AID						)(STATE		)(OSD				)(A.F.		)(NAVY				)(ARMY				)(TOTAL		5261000)	
NL92	2A	1410010072507	B1J	TOM	GW	SURFATTACK	BGM71A-1	EA9	P3	1000	0	**	F	2	5086	I80	3A00		B	F	16	K	B33	00	5086000	05	
NN93	2A	142000T0UCOMP	B1J	TOM	COMP			XX0				**	F	1	080	3A00			B	F	22	K	B77	00	22636	11	
MINOR.(AID						)(STATE		)(OSD				)(A.F.		)(NAVY				)(ARMY		5108636		)(TOTAL		5108636)	
NN35	2A	2350010414590	O2F	HOW	SP	FT	BIN M110A2	EA0	P3	16	0	**	K	1	613840	I80	3A00		B	F	22	K	B33	00	9821440	11	
MINOR.(AID						)(STATE		)(OSD				)(A.F.		)(NAVY				)(ARMY		9821440		)(TOTAL		9821440)	
NN30	2A	9J6200SUPTEGP	J6Z	OTHER	SUPPORT	EQUIPMENT		XX0				**	B	1	080	3LP0			D	F	06	K	FA0	00	95395	50	
MINOR.(AID						)(STATE		)(OSD				)(A.F.		)(NAVY				)(ARMY				)(TOTAL		95395)	
NN44	2A	9K62000THRPOL	K6Z	OTH	PETROL	OIL AND LUBRICTS		XX0				**	B	1	080	3LP0			D	F	10	K	FA0	00	36652	60	
MINOR.(AID						)(STATE		)(OSD				)(A.F.		)(NAVY				)(ARMY				)(TOTAL		36652)	
NN31	2A	2296033303C1P	M1E	CIP	J85-21	ENGINES		XX0				**	B	1	080	2AF0			D	F	16	K	FA0	00	750000	05	
MINOR.(AID						)(STATE		)(OSD				)(A.F.		)(NAVY				)(ARMY		14930076		)(TOTAL		750000)	
INTER.														6143047										21073123			

** Country Code will appear on the actual report.

FIGURE 15-II-3
 GRANT AID DETAIL LISTING - MATERIEL

FIGURE 15-111-4. IMET Detail Listing - Training.

15-56

UNCLASSIFIED																									
D 3 A A - M A P / I M E T P																									
O E T A I L L I S T I N G																									
IMET FUNDED PROGRAM																									
(PROGRAM SORT UC,CC,GC,FSN)																									
COMMAND NAME _____ COUNTRY NAME _____																									
A	S	P	T	UNIT	S	O	C	R	F	R	I	O													
RCN	C-ITEM-ID-GC	-----	DESCRIPTION-----	UI	RE	C	QTY	0	CC	OUR	A	PRICE	PY	---TLA	T	M	--USCN	EXA	0	C	P	---	COST	AJ	
2349	7	4567890	1		22	2	2222	3	33	33	333334444	44		555555	5	55666666	666	6	7	7	777777778	--			
					34	5	6789	0	12	34	567890123	56		123456	7	89012345	678	9	0	1	234567890				
NG79	A	0112003	NIA UPT/T41/PHI/26.9	EA	0	1	0	**	07	1	1030	81	2240	F	0034A	DJJ	1	1	A	3270	14				
NG76	A	0112008	NIA UPT/T-37, 38/PH II/III	EA	0	1	0	**	49	1	145080	81	5450	F	0034B	DJJ	1	1	A	150530	39				
MINOR.(AID) (STATE) (OSD) (A.F.)					153800 (NAVY)					(ARMY) (TOTAL) 153800)															
NG57	A	9182000	NIM ORIENT TOUR-CONUS	EA	0	5	8	**	03	1		81	2700	F	M0304A	BC0	2	1	C	13500	30				
NL57	A	0183305	NIM OBSERVER*	EA	0	1	0	**	04	1	200	81	420	F	0100B	OJO	4	1	B	620	44				
NL58	A	0183305	NIM OBSERVER*	EA	0	1	0	**	04	1	200	81	420	F	0101B	OJO	4	1	B	620	44				
MINOR.(AID) (STATE) (OSD) (A.F.)					1240 (NAVY)					(ARMY) 13500 (TOTAL) 14740)															
NL29	A	0214002	N1N LOADMSTR/C130AIRCREV/200-9	EA	E	1	0	**	02	1	160	81	700	F	0961	000	4	1	A	860	30				
NL30	A	0214002	N1N LOADMSTR/C130AIRCREV/200-9	EA	E	1	0	**	02	1	160	81	700	F	0962	000	4	1	A	860	30				
NL31	A	0214002	N1N LOADMSTR/C130AIRCREV/200-9	EA	E	1	0	**	02	1	160	81	700	F	0963	000	4	1	A	860	30				
MINOR.(AID) (STATE) (OSD) (A.F.)					2580 (NAVY)					(ARMY) (TOTAL) 2580)															
NL39	A	0307009	N2G ENGLISH LANGUAGE SURVEY	EA	C	2	0	**	06	1		81	12000	F	0020A	DJO	4	1	0	24000	35				
NL41	A	0397330	N2G ENGLISH LANGUAGE SPEC	EA	C	1	0	**	06	1		81	12500	F	0020B	DJO	4	1	0	12500	35				
MINOR.(AID) (STATE) (OSD) (A.F.)					36500 (NAVY)					(ARMY) (TOTAL) 36500)															
N497	A	9365003	N7E MEDICAL COST-CONUS	XX				**		1		81		F	F0009	BX0	2	1	A	2590	42				
N499	A	9365003	N7E MEDICAL SERVICES/CGNUS	XX				**		1		81		F	0001	OJO	1	1	A	100	43				
N460	A	9365003	N7E MEDICAL SERVICES	XX				**		1		81		F	0003X	P00	1	1	A	7910	43				
MINOR.(AID) (STATE) (OSD) (A.F.)					100 (NAVY)					7910 (ARMY) 2590 (TOTAL) 10600)															
TOTAL					194220					7910 16090 218220															

** Country Code will appear on the actual report.

FIGURE 15-111-4
IMET DETAIL LISTING - TRAINING

UNCLASSIFIED
DSAA - GRANT AID
STATUS OF DELIVERIES

CATEGORIES/DESCRIPTIONS	PROGRAM		DELIVERIES		UNDEL BALANCE			
	CUMULATIVE 50-81 (QTY)	CUMULATIVE 50-81 (COST)	CURRENT YEAR 81 (QTY)	CURRENT YEAR 81 (COST)	CUMULATIVE 50-81 (QTY)	CUMULATIVE 50-81 (COST)	AS OF 31 DEC 81 (QTY)	AS OF 31 DEC 81 (COST)
AIRCRAFT FIGHTER F-5A	19	13254			19	13254		
AIRCRAFT FIGHTER F-5B	3	2225			3	2225		
AIRCRAFT FIGHTER F-51	126				126			
AIRCRAFT FIGHTER F-86	78	11356			78	11356		
AIRCRAFT SPARE PARTS		46933	239			45968		573
TOTAL AIRCRAFT (+ SP)	8	73369	239			72795		573
LANDING CRAFT MECHANIZED	23	2129			23	2129		
SHIP SPARE PARTS		11469				11434		36
TOTAL SHIPS (+ SP)	8	13599				13563		36
TANKS	7	303			7	303		
TRUCKS 2 1/2T ALL TYPES	2280	9418	4	182	2276	9236	4	182
MACHINE GUNS	2284	3305			2071	2603	213	702
RIFLES RECOILLESS 90 MM	285	1374	28	101	257	1274	28	101
VEH + SUPPORT EQUIP SPARES		26649		403		25930		719
TOTAL VEH + WPNS (+ SP)	8	41050		686		39346		1704
SIDEWINDER MISSILES	= 230	773			230	773		
TOTAL MISSILES (+ SP)	8	773				773		
TOTAL PROGRAM	8	128791		921		126478		2313
LESS MAP ASSETS	8	2454				2454		
NET MAP COST	8	126337		921		124025		2313

DOLLARS IN THOUSANDS
PROCESS DATE 28 DEC 81
RCS 1000-DELVRY(2)

** LESS THAN 500

= QTY IS MISSILES & INCLUDES SUPPORT EQUIPMENT
DELIVERY DATE 31 DEC 81 PROGRAM DATE 21 DEC 81

FIGURE 15-III-5. Grant Aid Status of Deliveries.

15-57

FIGURE 15-III-5
GRANT AID STATUS OF DELIVERIES

DOD 5105.38-M

FIGURE 15-111-6. Student Count by Type and Program Year.

15-58

UNCLASSIFIED

OSAA - MAP/INETP

STUDENT COUNT BY TYPE AND PROGRAM YEAR

FUNDED INETP UC CC COUNTRY NAME	C-O-N-U-S										O V E R S E A S								
	CUM										CUM								
	PY50-72	PY73	PY74	PY75	PY76	PY77	PY78	PY79	PY80		PY50-72	PY73	PY74	PY75	PY76	PY77	PY78	PY79	PY80
STUDENT GROUP BY PO																			
SENIOR OFFICER	15	1	4	7	5			2	2	315	17	2	2	2	3	1	5		
OFFICER	609	65	41	37	81	29	35	33	26	163	5								
ENLISTED	346	11	4	4	16	13	16	8	9	1681									
CIVILIAN			1							2161	15	2	2	2	3	1	5		
STUDENT TOTAL-ARMY	970	77	50	48	102	42	51	43	37										
SENIOR OFFICER	5			2	2					287	17	4	2						2
OFFICER	207	18	17	17	24	12	20	13	8	1215	71	36	13				18	21	
ENLISTED	264	22	3	4	9	11	8	5	5	3739			1				18	23	
CIVILIAN				1	1	1	1			5241	88	48	16						
STUDENT TOTAL-AIR FORCE	476	48	20	24	36	24	29	18	13										
SENIOR OFFICER	5	1	1	1	1					11	4	12	24	21					
OFFICER	18	3	3	2	4		2	3	2	212	1		124	47					
ENLISTED	23	1	3					3	2	223	5	12	148	68					
STUDENT TOTAL-MARINE CORPS	46	5	7	3	5		2	6	4										
SENIOR OFFICER	40	8	5	6	4	5	3	3	1	3									
OFFICER	253	20	12	13	24	18	11	7	14	182	36	3	18	78	5	4			
ENLISTED	613	24	18	14	14	11	17	4	6	266	26	20	35	59	18	16			
CIVILIAN	4									4271									
STUDENT TOTAL-NAVY	913	52	35	33	42	34	31	16	21	4722	62	23	53	137	23	20			
SENIOR OFFICER	65	19	10	16	12	5	3	7	3	3									
OFFICER	1087	106	73	69	133	59	68	56	53	795	67	21	46	101	8	5	5	2	
ENLISTED	1246	58	28	22	39	39	41	20	22	1858	103	56	172	106	18	16	18	21	
CIVILIAN	4		1	1	1	1	1			9691			1						
STUDENT TOTAL-ALL PO	2402	174	112	108	185	100	113	83	75	12347	179	77	219	207	26	21	23	23	

FIGURE 15-111-6
STUDENT COUNT BY TYPE AND PROGRAM YEAR

UNCLASSIFIED

D S A A - M A P / I N E T P

APPROVED INET

A CC

TRAINING SUMMARY BY IMPLEMENTING AGENCY AND GENERIC CODE

PY 82

COUNTRY NAME _____

AREA NAME _____

GEN)(---DESCRIPTION---)	SPACES/MEMBERS/ TECHNICIANS				STUDENTS/TEAMS				COST				TOTAL
	ARMY	NAVY	AF	TOTAL	ARMY	NAVY	AF	TOTAL	ARMY	NAVY	AF	OTHER	
STUDENT TRAINING													
M18 OPERATIONS TNG	29	5	5	39	25	4	3	32	74801	9289	12060		96150
M1C COMM/ELECT TNG	10	18	17	45	10	7	17	34	26362	26760	80660		133762
M1D MAINTENANCE TNG	44	6	14	64	31	4	9	44	77357	7973	28028		113358
M1E LOGISTICS TNG	31	15	4	50	18	6	2	26	57542	21109	10240		88911
M1F ADMIN TNG	14	26	13	53	14	22	6	42	31054	71599	23830		126483
M1G PROF/SPEC TNG	99	17	21	137	65	13	15	93	343553	126712	103260		573525
SUB-TOTAL US	227	87	74	388	163	56	52	271	610649	263442	258098		1132189
M1T ADMIN TNG	1			1	1			1	790				790
SUB-TOTAL OS	1			1	1			1	790				790
TOTAL STUDENT TRAINING	228	87	74	389	164	56	52	272	611439	263442	258098		1132979
OTHER TNG SUPPORT													
M7E SERVICES									2485	3150	1400		7035
M7F OTHER										6357			6357
M7G SHIPMNT INST MATL									12662		9490		22152
TOTAL OTHER TNG SUPPORT									15147	9507	10890		35544
TOTAL COUNTRY									626586	272949	268988		1168523

TRAINING SUMMARY BY IMPLEMENTING AGENCY AND GENERIC CODE
 FIGURE 15-III-7

FIGURE 15-III-7. Training Summary by Implementing Agency and Generic Code.

TABLE 15-III-1

SORT AND SELECT OPTIONS
(DSAA 1000 SYSTEM)

A. SORT OPTIONS. The following sort options are available when ordering detail listings:

Unified Command, Country, MAP Element
 Unified Command, Country, Generic
 Unified Command, Country, Record Control Number
 Unified Command, Country, Program Originator, Generic Code
 Unified Command, Country, Program Originator, MAP Element Code
 Unified Command, Country, Funding Priority, Generic Code
 Area, Country, MAP Element Code
 Area, Country, Generic Code
 Generic Code, National Stock Number/Item Identification
 Implementing Agency, Generic Code, NSN/Item Identification
 Implementing Agency, Unified Command, Country, Worksheet Control Number
 Execution Agency, Generic Code, Item Identification
 MILSTRIP Routing Identifier, Generic Code, NSN
 Unified Command, Country, Program Originator, Worksheet Control Number
 Unified Command, Country, MAP Element Code, Worksheet Control Number
 Unified Command, Country, Implementing Agency, Worksheet Control Number

B. SELECT OPTIONS. The following select options are available when ordering item detail listings. Selects must be indicated for those options marked with an asterisk. When an option is not indicated in a field, the DSAA will include all records relevant to that data field. For example, if generic is not specified, records pertaining to all generic codes will be included in the report.

Area Code	Requirements Priority Code
Availability Reporting Quarter	Selected Item Description
Commitment Code	Number
Continuing Resolution Authority Code	Selected Item Sequence
*Country Code	Number Code
Course Costs only	Source of Supply Code
Execution Agency Code (1-3 positions)	Spare Parts Code
Fiscal Code	Status Code
*Generic Code (1-3 positions)	Student Code
Implementing Agency Code	Travel and Living Allowance
MAP Element Code	Costs Only
Method of Funding Code	Type of Assistance Code
MILSTRIP Routing Identifier Code	*Unified Command Code
Program Originator Code	
*Program Year	
Quarter	

TABLE 15-III-1. Sort and Select Options (DSAA 1000 System).

TABLE 15-III-2

ABBREVIATED TITLES USED IN THE DSAA 1000 SYSTEM OUTPUT PRODUCTS

A. ABBREVIATED TITLES. The following abbreviated titles are used in output products prepared from the DSAA 1000 system data base:

<u>Abbreviation</u>	<u>Meaning</u>
A	Area Code
A C	Action Code
ACT	Activity
ACQ	Acquisition
ADMIN	Administration
ART	Articles
AUTH	Authority
C A	Communications/Ancillary Code
CC	Country/Activity Code
C C	Card Code
C E	Ceiling Code
CG	Congressional Group
CAT	Congressional Category
C L	Condition/Commercial Consumables Code
CL	Federal Supply Class
C or CL L	Classification Code
C M	Commitment Code

TABLE 15-III-2. Abbreviated Titles Used in the DSAA 1000 System Output Products.

<u>Abbreviation</u>	<u>Meaning</u>
C N	Communications/Ancillary Code
C or CO O	Change Originator Code
COST	IMET Total Cost in dollars
COURSE TITLE	Title of Training Course
CR or CRA	Continuing Resolution Authority Code
C S	Cost Code
CTL CODE	Control Code
C U	Customer within Country Code
CUM	Cumulative
CY	Current Year
DEF	Defense
DESCRIPTION	Description of the materiel item
DISTR	Distribution
DUR	Duration of training course
D W	DSAA Waiver
ECL/SET REQ	English Comprehension Level/ Specialized English Training Requirement
EXA	Execution Agency Code
F or FC C	Fiscal Code
FND DT /CASE	IMET Funding Date/FMS Case Designator
FOR CURR	Foreign Currency

TABLE 15-III-2. (Continued)

<u>Abbreviation</u>	<u>Meaning</u>
FP	Funding Priority Code
FT or FTNT NT	Footnote Code
GEN or GC CODE	Generic Code
GP	Federal Supply Group
I or IA A	Implementing Agency Code (First Digit of Execution Agency Code) for Training
IMET	International Military Education and Training
INTER	Intermediate
INV	Investment
IO AJ	IMET Order Adjustment Number
IO-AJ YR NO	IMET Order Year and Adjustment Number
IP	Issue Priority
ITEM ID	Item Identification Number
L T	Lead Time
MAP or ME ELEM	MAP Element Code
MDE	Major Defense Equipment Indicator Code
M F	Method of Funding Code
MO AJ	MAP Order Adjustment Number
MO-AJ YR NO	MAP Order Year and Adjustment Number
MRI	MILSTRIP Routing Identifier Code
MT-SV	Materiel and Services

 TABLE 15-III-2. (Continued)

<u>Abbreviation</u>	<u>Meaning</u>
MUP	Materiel/Training Unit Price
NCB	National Codification Bureau Code
NSN	National Stock Number
OPR	Operating Cost
OSP	Offshore Procurement
PC	Special Supply Procedure Code
P or PO O	Program Originator Code
PRE-REQ COURSE	Item Identification Number of Pre-Requisite Training Course
PROG DIR	Program Directive
P or PY Y	Program Year
QTR	Quarter
QTY	Quantity
RCN	Record Control Number
RCS	Reports Control Symbol
RDD	Required Delivery Date
R or RE E	Reason for Change Code
R or RP P	Requirements Priority Code
R or RQ Q	Availability Reporting Quarter
RSC	Reports Sequence Control
RSVN	Reservation
S or SC C	Student Code

 TABLE 15-III-2. (Continued)

<u>Abbreviation</u>	<u>Meaning</u>
SERVICE-ID NUMBER	Military Service Course Identification Number
SIC	Selected Item Code
Q SISC	Selected Item Sequence Code and Quantity Control Code
SIDN	Selected Item Description Number
S P	Spare Parts Code
S T	Status Code
SUP or SUP OPS OPS	Supply Operations
SVC	Service
T A	Type of Assistance Code
TLA	Travel and Living Allowance
TNG	Training
UC	Unified Command
UI	Unit of Issue
UNDEL	Undelivered
UNIT PRICE	Training Course Cost
WEST HEM	Western Hemisphere
WCN	Worksheet Control Number

TABLE 15-III-2. (Continued)

<p>SECTION IV - MILITARY ARTICLES AND SERVICES LIST (MASL) OVERVIEW, GUIDANCE, DATA SUBMISSION INSTRUCTIONS AND SYSTEM OUTPUT PRODUCTS</p>
--

A. PURPOSE. This section provides guidance and instructions on the development, maintenance and utilization of the Military Articles and Services List which is used in the Military Assistance (MAP), International Military Education and Training (IMET), Foreign Military Sales (FMS), and Foreign Military Construction Sales (FMCS) programs.

B. GENERAL.

1. Purpose of the MASL. The MASL, which is maintained by the DSAA as part of the Agency's automated data base, is oriented toward the needs of the program originators. It contains information submitted to the DSAA by the supplying agencies on identification and availability of defense articles, defense services and training. In addition to being a key tool in the development of plans and programs in the areas listed above, the MASL provides a uniform level of line item detail in the automated security assistance programs of all agencies.

2. Types of MASL Data Maintained. The MASL master file is subdivided by type of data, as indicated below:

a. Materiel MASL. This portion of the MASL contains information on identification and availability of defense articles and defense services and is used by the Unified Commands, Security Assistance Organizations and MILDEPs in the development of plans and programs for the MAP, FMS and FMCS. The materiel MASL is segregated in the data base as follows:

(1) Active (Current) Materiel MASL. The records in the active materiel MASL can be identified by the assignment of MASL control code "K" and are comprised of items of defense articles and defense services which may be included in prior, current or future MAP, FMS or FMCS programs, subject to special conditions explained by the footnote codes. (See Appendix D.)

(2) Inactive Materiel MASL. The inactive MASL contains records which were once used in the Foreign Military Sales or Foreign Military Construction Sales programs, but are no longer available for programming. These records are assigned a footnote code of "YY", (See Paragraph C.1.e. of this section.)

b. Training MASL. The training portion of the MASL master file contains identification, availability, cost and duration information on all formal and informal training courses (including correspondence courses; technical, education or information publications; training aids; orientation and training exercises) conducted by or under the jurisdiction of the United States Government. It can be used by the Unified Commands, Security Assistance Organizations and MILDEPs in the development of plans and programs for IMET and FMS training. The training portion of the MASL master file is segregated into the following types of data:

(1) Current Year Training MASL. This MASL contains line item data for training which is currently available for programming and is used during each update of the master program file to provide supplemental information for all additions to the file.

(2) Budget Year Training MASL. The budget year training MASL contains line item data for training that is planned to be available for programming in the budget and later years. This MASL is used to add supplemental information and to verify the course cost and course duration of each record being added to the file, when processing budget year program data to the master program file.

(3) Prior Year Training MASL. The prior year training MASL contains line item data for training programmed prior to the current year training program. This IMET MASL is retained for historical purposes only, as the IMET program data for each FY is rolled up (summarized) to seven dollar lines (N10 thru N90) per country/per implementing agency approximately 6 months after it becomes a prior year. The FMS training MASLs for prior years are retained for use in the updating of any prior year data in the FMS training program file.

c. Further Definition of Training MASL Data. Separate data are maintained for each of the above listed MASLs as follows:

(1) IMET - used for all countries eligible to receive training under IMET.

(2) FMS-NATO - used for all FMS customers having concluded a Standardization Agreement with the U.S. Government.

(3) FMS/IMET - used for all FMS customers who are concurrent IMET recipients enabling them to request FMS training at incremental prices.

(4) FMS - used for all FMS customers not eligible for FMS-NATO and FMS/IMET prices.

d. Summary MASL. The summary MASL is comprised of generically described items. This MASL is used to assign supplemental information to each FMS detail and MAP master program record which is used in the preparation of Congressional reports and other summarized data. Records in this file are established and maintained by the DSAA and are assigned a footnote code of "PP" and a MASL control code of "L".

C. MASL CONTENT. The MASL is arranged in budget activity sequence. (See generic code information in Appendix D.) Budget activity codes A thru K have been assigned to defense articles, codes L, M, P, Q, R, T and U have been assigned to defense services, and code N has been assigned to training. The following paragraphs provide definitization policy, information on the structure of individual MASL lines and instructions on submission of data to the DSAA for inclusion in the master MASL file.

1. Materiel (Defense Articles and Defense Services).

a. Federal Supply Classification (FSC). All records in the materiel MASL are oriented toward the Federal Supply Classification (FSC) System. The FSC is a commodity classification developed and adopted by the Office of the Secretary of Defense for use in classifying items of supply, identified under the Federal Cataloging Program. The FSC uses a four digit coding structure, with the first two digits identifying the federal supply group (FSG) and the last two digits identifying the federal supply class within each group. The orientation of this system permits the program originator, with few exceptions, to identify an item in the federal supply catalog and then relate the item to the MASL structure. Where the FSC is known, the selection of an appropriate MASL line can be made with ease by using the definitization guide in Appendix D, Table D-9. In questionable cases, Cataloging Handbooks (H2-1, H2-2, and H-3 published by the Commander, Defense Logistics Services Center, Attn: DLSC-APP, Federal Center, Battle Creek, Michigan 49016) provide valuable supplementary information. The combination of generic code and FSC provide a unique identification for each item that is contained in the MASL master file.

b. Major Items Versus Dollar Value Lines. The materiel MASL contains two types of lines for use in programming requirements; namely, major items and dollar value lines. Major items are specific individual items identified in the MASL with a unit of issue other than "XX" (dollar lines), e.g., aircraft. Dollar value lines are homogeneous groupings of related items, such as automotive supplies, which generally represent a high density of specific individual items or spare parts with relatively low unit prices. The following guidance is provided for use in making the determination of major item versus dollar value line selection:

(1) Major Items.

(a) Control over programming of specific items is desired by DSAA, e.g., aircraft, missiles, ships, combat vehicles, tactical and support vehicles.

(b) The MILDEP responsible for supply must have advance information on requirements for supply planning purposes.

(2) Dollar Value Lines.

(a) All items for defense articles which do not meet the major item selection criteria will be included in the MASL as dollar value lines.

(b) Unless otherwise indicated in the definitization guide, all defense service lines will be included as dollar value lines. Defense services will include all services, repairs and assistance used for the purpose of furnishing non-military type assistance.

c. Definitization Guide. The definitization guide, as shown in Table D-9 of Appendix D, provides guidance for making the determination as to whether a requirement should be placed in the MASL and programmed as a major item or included in a dollar value line, as follows:

(1) An "X" in the column headed "Major Item" indicates that all requirements under that Generic Code must be included in the MASL and programmed as defined lines.

(2) An "X" in the column headed "Dollar Line" indicates that all applicable requirements must be programmed under the appropriate dollar value lines which have been previously established in the MASL.

(3) An "X" in the column headed "Major Item" and also in the column headed "Dollar Line" indicates that specific major items must be programmed as major items with secondary items and components programmed as dollar value lines.

d. Structure of Materiel MASL Records. Each item listed is assigned a generic code and along with the national stock number provides an identification for each record.

(1) Generic Code Structure. The generic codes assigned to the defense articles and defense services are contained in Appendix D, Table D-9. Following is an example of a generic code assignment:

A1A ----- Attack Aircraft
 A ----- 1st position of generic (Budget Activity) = Aircraft
 A1 ----- 1st and 2nd position of generic (Budget project) =
 a Combat Aircraft
 A1A ----- 1st, 2nd, 3rd position defined as generic code =
 type of Combat Aircraft, which in this case is Attack
 Aircraft

(2) National Stock Number (NSN). The NSN for an item consists of the applicable four digit Federal Supply Classification Code (FSC) and a nine digit National Item Identification Number (NIIN).

(a) Major Items Assigned Specific NSNs. All major items of materiel (except ammunition) listed in the MASL are identified by a specific NSN where one has been assigned by the Defense Logistics Services Center (DLSC). Following is a sample of a DLSC-assigned NSN for a Truck Utility 1/4 Ton, M825.

NSN ----- 2320 00 1779257
 23 ----- FSG 23 (Ground Effect Vehicles, Motor Vehicles,
 Trailers + Cycles)
 20 ----- Class 20 (Trucks and Truck Tractors, Wheeled)
 00 ----- NCB Code
 1779257 ----- Item identification number assigned by DLSC for Truck,
 Utility, 1/4 Ton, M825

(b) Major Items Not Assigned Specific NSNs (Other than Ammo). Where an NSN has not been assigned by DLSC, as in the case of ships and aircraft, major items are assigned the proper FSC and a pseudo NIIN by the

responsible MILDEP. Following is an example of a pseudo NSN identifying a UH-34D Helicopter:

<u>NSN</u> -----	<u>1520 00 00UH34D</u>
15 -----	FSG 15 (Aircraft; and Airframe Structural Components)
20 -----	Class 20 (Aircraft, Rotary Wing)
00 -----	NCB Code
00UH34D -----	Pseudo item identification number

(c) Matériel Dollar Line NSN Structure. Each item that does not meet the major item criteria will be included in a dollar value line and can usually be identified by FSG and FSC and can be correlated to the pre-established dollar lines in the matériel MASL. NSN 2310 00 2325750 Tractor, Full Track, LS, Heavy would be programmed under the following dollar line:

<u>NSN</u> -----	<u>2310 00 TRACTFT (Tractors, Full Track in FSC 2310)</u>
23 -----	FSG 23 (Tractors)
10 -----	Class 10 (Tractors, Full Track, Low Speed)
00 -----	NCB code
TRACTFT -----	Pseudo item identification number established by the DSAA for Tractors, Full Track in FSC 2310

(d) Defense Services Dollar Line NSN Structure. The defense services lines may utilize FSG codes of 01, 02 and 06 through 09. These FSGs along with non-significant class and distinctive pseudo NIINs are assigned for various types of defense services to provide positive identification. Following is an example of a services dollar line:

<u>NSN</u> -----	<u>0228 00 OORRMSL (R+R Missiles)</u>
02 -----	FSG 02 - from reserved numbers
28 -----	Class 28 non-significant number assigned by DSAA
00 -----	NCB code
OORRMSL -----	Pseudo item identification number assigned by DSAA for Repair and Rehabilitation of Missiles

e. Footnote Code Assignment.

(1) General. MILDEPs are responsible for the assignment of footnote codes, where applicable, to all lines under their cognizance. (See Appendix D for a list of applicable codes and their meaning.)

(2) Footnote Code "NN". This code, as defined in Appendix D, is assigned to items which are not available from supply, under normal circumstances, to meet requirements. If a replacement item is known, the new MASL data should be submitted to DSAA by the appropriate MILDEP. Dollar lines will not be assigned this footnote code.

(3) Footnote Code "YY". When a MILDEP desires to remove an item from the MASL which is no longer available, and that item has been previously used in an FMS or FMCS case, the DSAA will place the item in the

inactive portion of the MASL and will add a "YY" footnote code to the record, indicating that it is now inactive.

f. Maintenance of Materiel MASL Data. The appropriate MILDEP should submit additions, changes and deletions to DSAA as they develop, using the following instructions:

(1) Materiel Major Item Submission. All additions of new items, or changes and deletions to existing lines, should be submitted by the appropriate MILDEP having single-service wholesale inventory management responsibility. Guidelines for submitting MASL materiel cards are contained in Paragraph H of this section. When a change is being submitted to transfer the wholesale inventory management responsibility to another MILDEP, such changes will be initiated by the MILDEP acquiring the responsibility and will be coordinated with the MILDEP relinquishing responsibility, prior to submission to DSAA.

(2) Materiel Dollar Line Submission. All additions of new items, or changes and deletions to existing dollar value lines, will be initiated by DSAA, unless otherwise directed. Recommendations concerning dollar line additions and changes may be made by the MILDEPs when deemed appropriate.

(3) Responsibility for Data Submission for DLA Items. Responsibility for submission of MASL data (adds/changes/deletions) for items supplied by the Defense Logistics Agency will be the responsibility of the Department of the Army.

g. Review of Materiel MASL Data. DSAA will review all materiel MASL input received from the MILDEPs to insure compliance with the definitization standards.

h. Materiel MASL Input and Output Processing.

(1) Updates. All materiel MASL input received by the DSAA will normally be processed along with program data into the next weekly update.

(2) Output. Feedback from each update is provided to the MILDEPs via AUTODIN. This feedback includes all transactions (additions, changes or deletions) which passed the update edits and were successfully posted to the master MASL file. Errors (input not passing edits) are provided to the applicable MILDEP as printed output and/or by AUTODIN.

2. Training.

a. Definitization Policy. All individual formal or informal training courses conducted in the U.S. or overseas, which are available for programming in the IMET or FMS training programs, will be defined. The training portion of the MASL is arranged in MASL control code, generic code and item identification sequence.

b. MASL Control Code. Each separate portion of the training MASL can be identified by a distinctive single digit alpha MASL control code which is assigned by the DSAA at the time a new budget year MASL is created. This code remains with the data to which it is assigned throughout the budget year, current year and prior year cycle.

c. Structure of Generic Code. All records in the training portion of the MASL are assigned generic codes from the list contained in Appendix D, Table D-9. Following is an example of a generic code assignment:

<u>N1A</u>	-----	<u>Flying Training, CONUS</u>
N	-----	1st position generic (budget activity code) = Training
N1	-----	1st and 2nd position generic (budget project) = Student Training
N1A	-----	1st, 2nd, 3rd position generic is the code for Flying Training, CONUS

d. Structure of Item Identification Numbers of MASL Training Lines. The lines in the training MASL contain an item identification number which identifies each line item of training that can be used for programming or planning purposes. Specific training item identification is obtained by the assignment of a seven (7) digit identification number as follows:

(1) MILDEP Responsible for Specific Training Line. The first digit identifies the MILDEP responsible for the training and uses the program originator code (B, D, P).

(2) Categories of Training. The 2nd, 3rd, and 4th positions of the seven digit number are prescribed by DSAA and are listed in Appendix D, Table D-9.

(3) Identification Number (Item ID) of Specific Course. The last three positions of the seven digit number are assigned by the MILDEP to identify a specific course of instruction. Following is an example of a completed training line which is ready for entry into the training MASL master file:

<u>Item ID</u>	-----	<u>B152224 (Medical Supply Specialist)</u>
B	-----	1st position of number - responsible service (Army)
152	-----	2nd, 3rd and 4th position of number - category assigned by DSAA (Supply/Warehousing)
224	-----	5th, 6th and 7th positions of number - course identity assigned by the MILDEP (Medical Supply Specialist)

e. Maintenance of Training MASL. All additions of new lines, or changes and deletions to existing lines (major items and dollar lines) will be submitted to DSAA by the MILDEP offering the training course, and should conform to the instructions on MASL data submission contained in paragraph H of this Section.

(1) Current Year Training MASL. The current year MASL should be continuously updated throughout the applicable fiscal year to add new courses which become available for programming during that fiscal year and to incorporate significant changes such as course costs or duration of training.

(2) Budget Year Training MASL. During the second quarter of each new fiscal year the budget year MASL data are developed by the MILDEPs and submitted to DSAA based on guidance furnished by DSAA. Once the budget year MASL is established, this data will be continuously updated. On 1 October of each year the budget year MASL becomes the new current year MASL.

f. Review of Training MASL Data. It is the sole responsibility of the appropriate MILDEP to review MASL training lines for accuracy and item content.

g. Training MASL Input and Output Processing.

(1) Updates. The training MASL is updated weekly along with the master program file.

(2) Output. Feedback from each update is provided to the applicable MILDEP as requested either as printed output or via AUTODIN. Errors (input not passing the update edits) are furnished to the appropriate MILDEP as printed output.

D. MASL RELATIONSHIP TO DSAA PROGRAM DATA

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

a. Verification of Data. The match determines that the program requirement being added is a valid line in the MASL.

b. Description/Unit of Issue Information. Provides a description and unit of issue for items being added to the program file, and verifies the MILSTRIP Routing Identifier (MRI) and Execution Agency (EXA) codes and assigns Implementing Agency codes consistent with the MRI and EXA codes.

c. Data Error Feedback. Provides the program originator a list of all input (3/4/P/Q cards) which fail to match the MASL.

d. Implementing Service. Assures the issuance of MAP and IMET Orders to the correct Implementing Agency or Execution Agency.

e. Course Cost and Duration. The match posts the most up-to-date IMET course and duration information to each unfunded record of the program master file.

2. FMS, FMCS and FMS Training.

a. FMS and FMCS 1200 System. The materiel MASL is used by DSAA in the 1200 system updating process as follows:

(1) Verification of Data. The defined generic code and national stock number entered on the DD Form 1513, Letter of Offer and Acceptance (LOA), must be reflected in the MASL before the Letter of Offer is countersigned. Once offers are tendered, the MASL is used to screen incoming detail records from the Security Assistance Accounting Center (SAAC) to ensure that the correct national stock number and generic code have been used in each record. All item detail transactions which do not match the MASL are rejected in the 1200 system updating process and SAAC is notified of each rejection.

(2) Description/Unit of Issue Information. The MASL match provides a description of each item entered into the 1200 system and also provides information on the unit of issue in each record.

b. FMS Training 1000 System. All input data cards which constitute an addition of training (Card format 4) to the FMS training program are matched against the appropriate fiscal year MASL for that category of training and the following is accomplished:

(1) Verification of Data. The MASL match determines that the program requirement is a valid line in the MASL.

(2) Description/Unit of Issue Information. The MASL match provides a description and unit of issue of each course being added to the program master file for FMS training.

(3) Course Cost and Duration. The match ensures that the most up-to-date course cost and duration information is used in each record being added.

3. Summary MASL. The Summary MASL is used along with the regular MASL data to assign supplemental information to each record in the master program file to facilitate subsequent preparation of reports.

E. MASL DISTRIBUTION.

1. Schedule. The Materiel and Training MASLs are printed and distributed to all Unified Commands, SAOs, MILDEPs, and numerous other activities, including schools and component commands, on a semi-annual basis.

2. Requests for MASL Information. MASL data may be obtained by submitting a request to the Data Management Division, Office of the Comptroller, Defense Security Assistance Agency, Washington, D.C. 20301. All requests should specify the particular MASL(s) desired and the format; i.e., punched card, magnetic tape, microfiche, or in printed form. (Sample MASL reports are shown in Figures 15-IV-1 through 15-IV-5 and abbreviated titles in Table 15-IV-1 of this section.)

F. INQUIRIES ON MASL CONTENT.1. Materiel Inquiries.

a. Clarification of Data. All requests pertaining to the source of supply and availability of items should be directed to the MILDEP indicated by the MILSTRIP routing identifier (MRI) code of the item as having inventory management responsibility.

b. New Major Items. Requests for addition of major items to the MASL should be forwarded to the MILDEP to which single-service wholesale inventory management responsibility has been assigned. When the assignment is not known, requests should be directed to the MILDEP indicated in the MASL as having responsibility for a similar type item.

c. Other Requests. All requests pertaining to the materiel MASL, except those listed above, should be directed to the DSAA, Data Management Division, Office of the Comptroller, Washington, D. C. 20301.

2. Training Inquiries on MASL Content. All inquiries regarding training MASL data content should be directed to the appropriate implementing agency (MILDEP) indicated by the first position of the execution agency (EXA) code.

G. MASL DATA SUBMISSION.

1. Submission of Data. MILDEPs will submit transactions (additions and changes) to and deletions from the MASL on one of the appropriate card formats illustrated in Figure 15-IV-6.

2. Method of Submission. MASL data in card 1 (materiel) and card 2 (training) format may be transmitted to DSAA using AUTODIN - call DSAA for Routing Identifier. (Preferred Method)

H. DATA SUBMISSION INSTRUCTIONS AND FORMATS.

1. Additions to the MASL Master File. For new items recommended for addition to the MASL, complete all appropriate card columns in accordance with the following instructions:

a. Card 1 - Materiel (Defense Articles and Defense Services (all Generic Codes except Generic Code N)).

<u>Card Column</u>	<u>Data</u>	<u>Instruction</u>
1	Card Code	The card code is used to signify the type of card being processed. A "1" in this column signifies that the card is a MASL card for materiel and services other than training. Code "G" through 0 in this column identify "trailer cards" used to amplify the description of a dollar line. (Trailer cards contain only Control Code, NSN, Generic Code, and a continuation of the description.)

<u>Card Column</u>	<u>Data</u>	<u>Instruction</u>
2-3	Footnote Code	The footnote code is used in the MASL to provide significant information on availability of military articles and services. See Appendix D, Table D-8 for explanation and list of footnote codes.
4-6	MILSTRIP Routing Identifier Code	MILSTRIP routing identifier code is the abbreviation for military standard requisitioning and issue procedures routing identifier, commonly referred to as the "MRI". The MRI identifies the headquarters within the MILDEPs which has provided the MASL data. A complete listing of MRIs (except FAO which is used for US Air Force MASL lines and identifies Headquarters US Air Force) is contained in the MILDEP implementation of Department of Defense Manual, Military Standard Requisitioning and Issue Procedures (MILSTRIP) as follows: Army -- Army Regulation AR 725-50 Navy -- NAVSANDA Publication 437 Air Force -- AFM 67-1, Vol. 1 For most dollar value lines, the MRI entry is blank and the MASL line has a "K" in the footnote code column. See Appendix D for an explanation of how to determine the correct MRI.
7	Action Code	Enter "D" for deletions, "s" for changes and leave blank for additions.
8-20	National Stock Number	GP CL NCB ITEM-ID is the abbreviation for Federal Stock Group (FSG), Class (FSC), National Codification Bureau Code (NCB) and Item Identification Number. Where cards are submitted ensure that O's are punched as numeric zeroes and I's are punched as numeric ones. In generic code G where the DoD ammunition code is used in lieu of NIIN, right justify and punch zeros in unused columns.
21-23	Generic Code	A description of each generic code is contained in Appendix D, Table D-9.
24	Classification Code	The code appearing in this column indicates the indicates the security classification of the item for guidance in complying with national disclosure policy and MILDEP security regulations.

<u>Card Column</u>	<u>Data</u>	<u>Instruction</u>	
		<u>Code</u>	<u>Classification</u>
		T	Top Secret
		S	Secret
		C	Confidential
		U	Unclassified
25-26	Unit of Issue	The abbreviation in this column represents the standard unit of issue to be used for programming the related MASL item. Appendix D, Table D-15 contains the abbreviations appearing in the unit of issue column of the MASL.	
27-52	Description	The entry in this column is the description of the item. It is necessary for mechanical reasons, that the description be 26 characters or less. For this reason, numerous abbreviations and mnemonic words have been used. Where an item in the MASL is described by a National Stock Number (NSN), reference to the appropriate catalog will provide a more detailed description. Where more than 26 characters are required for dollar lines, trailer cards may be submitted (see card code, card column 1).	
53	Control Code	Enter "K". Must be filled.	
54-55	Blank	Leave blank.	
56-58	Selected Item Sequence Number	Leave blank. DSAA will assign.	
59	Quantity Control Code	Leave blank. The code in this column will be entered by the DSAA to determine quantity count for summarizing data. See Appendix D for explanation of codes.	
60	Major Defense Equipment Indi- cator Code	The MDE indicator code must be filled in for all major items. A code of "Y" should be used to indicate that an item is MDE and a code of "N" to indicate that a line is non-MDE.	
61	Blank	Leave blank.	
62-64	Selected Item Description	Leave blank. The Selected Description Number (SIDN) will be entered by DSAA to provide a means for identification and rollup of detail records into standard groups or categories for the preparation of summary documents and Congressional data. (See Appendix D.)	

<u>Card Column</u>	<u>Data</u>	<u>Instruction</u>
65-80	Blank	Leave blank.

b. Card 2 - Training (Generic Code "N" only)

<u>Card Column</u>	<u>Data</u>	<u>Instruction</u>
1	Card Code	The Card Code is used to signify the type of card being processed. A "2" in this column signifies that the card is a MASL card (training).
2-3	Duration	Enter duration of course, expressed in number of weeks. Leave blank for all categories of training except individual courses. Precede significant digits with a zero, e.g., 09. For courses in excess of 99 weeks, see Appendix D. Where duration is variable because the training line has a non-specific variable duration which should be determined separately, enter the code VA.
4-6	Execution Agency Code	Enter the execution agency code as described in Chapter 10.
7	Action Code	Enter "D" for deletions, "S" for changes and leave blank for additions.
8-13	ECL/SET Requirement	Enter the required English Comprehension Level/ Specialized English Training requirement (e.g. 80SA).
14-20	Item Identification Number	A seven-digit number used to identify each specific training item. The first four digits are prescribed by DSAA and are listed in Appendix D, Table D-9. These four digits will be used as a "root" by the MILDEP which adds the last three digits to complete the seven digit identification number.
21-23	Generic Code	Enter the appropriate generic code prescribed in prescribed in Appendix D, Table D-9.
24	Classification Code	Enter the appropriate classification code prescribed in Appendix D. Classified training requires the execution of disclosure authority prior to implementation.

<u>Card Column</u>	<u>Data</u>	<u>Instruction</u>
25-26	Unit of Issue	Enter "EA" (each) for student training (formal training, mobile training teams-detachments and field training services). Enter "XX" (dollars) for training support, personnel training, and extraordinary expenses.
27-52	Course Title	Enter the abbreviated course title (26 spaces or less). Insure that course titles are as uniform as possible.
53	Control Code	Must be entered -- the control code is used to designate the program year to which the MASL entry applies. DSAA will specify this code annually.
54-60	Prerequisite Course Number	Enter the MASL item identification number of any required prerequisite training. Assigned by the MILDEP.
61-72	Service Course Identification Number	Enter the appropriate service course identification number. Air Force and Navy also enter their course location code in columns 70-72.
73-80	Unit Price	An amount entered in this field represents the unit or contract cost for an individual course to be charged by the MILDEP. "N/C" entered in this column signifies that no charge is made by the MILDEP. "EST" entered in this field signifies that unit price must be estimated. The basis for estimating the unit price is contained in MILDEP publications.

2. Changes. To submit changes to existing MASL lines, the following fields must be completed:

<u>Columns</u>	<u>Field Definition</u>
1	Card Code
7	Action Code - Always use "S"
8-20	National Stock Number (Materiel only)
14-20	Item Identification Number (Training only)
53	Control Code

Entries in fields other than the above are required only where a change is intended, e.g., unit price, duration etc. When a change is required, enter the new data for that field. When changing a MASL line you may desire to blank certain fields. The fields listed below may be blanked by entering an asterisk (*) in the right-most column of the field to be blanked:

<u>Columns</u>	<u>Field Definition</u>
2-3	Footnote Code (Materiel only)
2-3	Duration (Training only)
4-6	MRI (Materiel only)
54-60	Prerequisite course number (Training only)
61-72	Service Course Identification Number (Training only)
73-80	Unit Price (Training only)

3. Deletions. To delete an existing line from the MASL the following fields must be completed. All other columns should be left blank.

<u>Columns</u>	<u>Field Definition</u>
1	Card Code
7	Action Code - Always use "D"
8-20	National Stock Number (Materiel only)
14-20	Item Identification Number (Training only)
21-23	Generic Code
53	Control Code

DSAA MILITARY ARTICLES AND SERVICES LIST
MILITARY ASSISTANCE/FOREIGN MILITARY SALES - MATERIEL

C	FT	A	GEN	C	CTL	Q	C								
C	NT	MRI	GP	CL	NCB	ITEM-ID	CODE	L	UI	----- DESCRIPTION -----	CODE	SISC	MDE	SIGN	E
1	YY	B33	15	20	00	5747951	A4L	U	EA	HELICOPTER OH-13G	K	1	N	262	1
1	YY	B33	15	20	00	5747952	A4L	U	EA	HELICOPTER OH-13H	K	1	N	262	1
1	NN	B33	15	20	00	9181523	A4L	U	EA	HELICOPTER OH-6A	K	1	N	345	1
1	YY	B33	15	20	00	9731227	A4L	U	EA	HELICOPTER OH-13S	K	1	N	262	1
1	NN	N21	15	20	00	00SH34J	A4S	U	EA	HELICOPTER SH-34J	K	1	N	292	1
1	A	N21	15	20	00	00SH60B	A4S	U	EA	HELICOPTER SH-60B	K	1	Y	370	1
1	N21	15	20	00	000SH04	A4S	U	EA	HELICOPTER SH-34	K	1	N	292	1	
1	NN	N21	15	20	00	000SH3A	A4S	U	EA	HELICOPTER SH-3A	K	1	Y	263	1
1	J	N21	15	20	00	000SH3D	A4S	C	EA	HELICOPTER SH-3D	K	1	Y	263	1
1	NN	N21	15	20	00	00H47J2	A4T	U	EA	HELICOPTER TH-13N	K	1	N	264	1
1	NN	N21	15	20	00	00TH13L	A4T	U	EA	HELICOPTER TH-13L	K	1	N	264	1
1	XX	N21	15	20	00	000TH13	A4T	U	EA	HELICOPTER TH-13	K	1	N	264	1
1	YY	B33	15	20	00	7603333	A4T	U	EA	HELICOPTER TH-13T	K	1	N	264	1
1	NN	FA0	15	20	00	00UH19A	A4U	U	EA	HELICOPTER UH-19A	K	1	N	258	1
1	NN	FA0	15	20	00	00UH19B	A4U	U	EA	HELICOPTER UH-19B	K	1	N	258	1
1	J	N21	15	20	00	00UH34D	A4U	U	EA	HELICOPTER UH-34D	K	1	N	266	1
1	BD	N21	15	20	00	00UH34G	A4U	U	EA	HELICOPTER UH-34G	K	1	N	266	1
1	XX	B33	15	20	00	00UA205	A4U	U	EA	HELICOPTER BELL UTIL 205A1	K	1	N	275	1
1	FA0	15	20	00	000HH43	A4U	U	EA	HELICOPTER MH-43	K	1	N	259	1	
1	B33	15	20	00	000UH1H	A4U	U	EA	HELICOPTER UH-1H COMM	K	1	Y	265	1	
1	NN	N21	15	20	00	000UH1N	A4U	U	EA	HELICOPTER UH-1N	K	1	Y	265	1
1	FA0	15	20	00	002145T	A4U	U	EA	HELICOPTER BELL 2145T	K	1	N	275	1	
1	D	B33	15	20	00	0077637	A4U	U	EA	HELICOPTER UH-1H	K	1	Y	265	1
1	NN	N21	15	20	00	1339204	A4U	U	EA	HELICOPTER UH-1N	K	1	Y	265	1
1	NN	B33	15	20	00	7139912	A4U	U	EA	HELICOPTER UH-1B	K	1	N	265	1
1	NN	B33	15	20	00	8092631	A4U	U	EA	HELICOPTER UH-1N W/AVNCS	K	1	N	265	1
1	NN	B33	15	20	00	8592670	A4U	U	EA	HELICOPTER UH-1D	K	1	N	265	1
1	B33	15	20	01	0350264	A4U	U	EA	HELICOPTER UH-60A	K	1	Y	395	1	
1	YY	N21	15	00	00	0000E2C	A5E	U	EA	AIRCRAFT ELECTRONIC E-2C	K	1	Y	366	1
1	XX	FA0	15	00	00	0000E3A	A5E	U	EA	AIRCRAFT ELECTRONIC E-3A	K	1	Y	374	1
1	XX	N21	15	10	00	0000E2C	A5E	U	EA	AIRCRAFT AEW E-2C	K	1	Y	366	1
1	FA0	15	10	00	ACFTREC	ASL	U	EA	AIRCRAFT ATLANTIQUE	K	1	N	275	1	
1	B33	15	10	00	000L19A	ASL	U	EA	AIRCRAFT OBSERVATION L19A	K	1	N	275	1	
1	NN	FA0	15	10	00	000001A	ASL	U	EA	AIRCRAFT OBSERVATION O-1A	K	1	N	235	1
1	NN	FA0	15	10	00	01F0000	ASL	U	EA	AIRCRAFT OBSERVATION O-1F	K	1	N	235	1
1	FA0	15	10	00	02A0000	ASL	U	EA	AIRCRAFT OBSERVATION O-2A	K	1	N	263	1	
1	NN	FA0	15	10	00	02B0000	ASL	U	EA	AIRCRAFT OBSERVATION O-2B	K	1	N	263	1
1	YY	B33	15	10	00	5910565	ASL	U	EA	AIRCRAFT OBSERVATION O-1E	K	1	N	235	1
1	XX	N21	15	10	00	000PB1W	ASP	U	EA	AIRCRAFT PATROL PB-1W	K	1	N	275	1
1	NN	N21	15	10	00	000SP2E	ASP	U	EA	AIRCRAFT SP-2E	K	1	N	270	1
1	N21	15	10	00	000SP2H	ASP	U	EA	AIRCRAFT PATROL SP-2H	K	1	N	270	1	
1	NN	N21	15	10	00	0000PBM	ASP	U	EA	AIRCRAFT PATROL PBM	K	1	N	275	1

SEQUENCE: GENERIC CODE, NATIONAL STOCK NUMBER

PAGE

AS OF 03 MAY 82

FIGURE 15-IV-1. Materiel MASL.

FIGURE 15-IV-1
MATERIEL MASL

15-81

DOD 5105.38-1M

OSAA MILITARY ARTICLES AND SERVICES LIST

INTERNATIONAL MILITARY EDUCATION AND TRAINING (IMET)

C	OUR	EXA	A	GEN	C	UI	DESCRIPTION	CTL	PRE-REQ	SERVICE - IO	UNIT PRICE
C			C	ITEM-ID	CODE	L		CODE	COURSE	NUMBER	
2	10	BCA		0112010	N1A	U	EA	F	ECL80SA	28-15A	18005
2	16	SCA		0113002	N1A	U	EA	F	ECL80CSA	2C-F2X	5063
2	10	BCA		0113013	N1A	U	EA	F	ECL80SR	2C-15A-I	8163
2	24	BCA		0113014	N1A	U	EA	F	ECL-80	2C-15A-II	52819
2	12	BCA		0113324	N1A	U	EA	F	ECL80SA	2C-ASI10	20335
2	04	BCA		0113327	N1A	U	EA	F	ECL80SA	2C-F23	5146
2	06	BCA		0113031	N1A	U	EA	F	ECL80SA	2C-ASI1M	37451
2	04	BCA		0113037	N1A	U	EA	F	ECL80SA	2C-ASI1M	15460
2	02	BCA		0114005	N1A	U	EA	F	ECL70SA	7K-F14	72
2	38	BCA		0114206	N1A	U	EA	F	ECL80SA	7K-F12	282
2	37	BCA		0114444	N1A	U	EA	F	ECL70SA	51-71P10	344
2	13	BCA		0114445	N1A	U	EA	F	ECL80SA	222-93H10	607
2	15	SCA		0114046	N1A	U	EA	F	ECL80CSA	222-93J10	690
2	02	BCA		0114047	N1A	U	EA	F	ECL-70	2C-F43	110
2	04	BCA		0114048	N1A	U	EA	F	ECL-80	2C-F31	7031
2	07	BCA		0114049	N1A	U	EA	F	ECL70SA	26-F35	307
2	04	BCA		0115003	N1A	U	EA	F	ECL80SA	2C-F3-I	9920
2	32	BCA		0115004	N1A	U	EA	F	ECL80SA	2C-F3-II	21776
2	06	BCA		0115005	N1A	U	EA	F	ECL80SA	2C-F35	35090
2	06	BCA		0115017	N1A	U	EA	F	ECL80SA	2C-F27	13109
2	06	BCA		0115018	N1A	U	EA	F	ECL80SA	2C-F10	66609
2	06	BCA		0115019	N1A	U	EA	F	ECL80SA	28-F5	40310
2	37	BCA		0115220	N1A	U	EA	F	ECL80SA	2C-100C-0	36122
2	37	BCA		0117006	N1A	U	EA	F	ECL80SA	28AS12K-13CR	44791
2	06	BCA		0118132	N1A	U	EA	F	ECL80SA	28-F11	21923
2	04	BZZ		0119900	N1A	U	EA	F	ECL-80		EST
2	04	BZZ		0119901	N1A	U	EA	F	ECL80CSA		EST
2	04	BZZ		0119902	N1A	U	EA	F	ECL80SA		EST
2	15	SCA		0121445	N10	U	EA	F	ECL-70	4-5-C20-21A	815
2	18	BCF		0121139	N10	U	EA	F	ECL70SA	2-6-C20	7795
2	09	BCF		0121142	N10	U	EA	F	ECL70SA	2E-130	677
2	09	BCF		0121140	N10	U	EA	F	ECL70SA	420-93F13	420
2	11	BCF		0121150	N10	U	EA	F	ECL70SA	412-02C17	432
2	07	SCF		0121152	N10	U	EA	F	ECL70SA	221-17910	333
2	07	SCF		0121161	N10	U	EA	F	ECL70SA	412-17C13	390
2	10	SCA		0121165	N10	C	EA	F	ECL70SA	2-44-C20	515
2	07	BCF		0121166	N10	U	EA	F	ECL70SA	250-13F10	5874
2	13	BCF		0121167	N10	U	EA	F	ECL70SA	420-ASI1M	543
2	16	BCO		0121175	N10	U	EA	F	ECL-70	2-7-C20(M)	1629
2	16	SCO		0121177	N10	U	EA	F	ECL-70	2-7-C20(L)	1777
2	03	BCO		0121180	N10	U	EA	F	ECL80SA	2E-F3/501Y	297
2	03	BCO		0121181	N10	U	EA	F	ECL80SA	2E-F2/C11-F2	1765
2	03	BCO		0121182	N10	U	EA	F	ECL-80	2E-F1/711-F1	283
2	06	BCO		0121183	N10	U	EA	F	ECL-70	2E-ASI32/F1	1179
2	17	BCX		0121200	N10	U	EA	F	ECL-70	4-3-C20-74A	2241
2	01	BCX		0121204	N10	C	EA	F	ECL-70	4-9-C20-73A	1127
2	01	BCX		0121206	N10	U	EA	F	ECL-70	4-9-C20-75A	1121
2	09	SCX		0121207	N10	U	EA	F	ECL-70	4-9-C20	500

SEQUENCE: EXECUTION AGENCY (1ST POS), GENERIC, NSN

PAGE

AS OF 07 JUN 82

FIGURE 15-IV-2. Training MASL (IMET).

15-82

FIGURE 15-IV-2
TRAINING MASL (IMET)

DOD 5105.38-M

DSAA MILITARY ARTICLES AND SERVICES LIST
 FOREIGN MILITARY SALES - NATO TRAINING (FMS-NATO)

C	DUR	EXA	A	GEN	C	CTL	PRE-REQ	SERVICE - ID	UNIT	PRICE		
C			C	ITEM-ID	CODE	L	UI	----- DESCRIPTION -----	CODE	NUMBER	UNIT	PRICE
2	32	BCX		8195009	N1J	C	EA	LND COBAT SPT SYS TEST SP	6	ECL70SA	121-27B10	20810
2	43	BCX		8199274	N1J	C	EA	NIKE RADAR + COMPT REPAIR	6	ECL70SA	104-23M10	38203
2	36	BCX		8199275	N1J	S	EA	NIKE HIPAR + RADAR SIM RPR	6	ECL70SA	104-23U10	23400
2	33	BCX		8199276	N1J	C	EA	NIKE TEST EQUIP REPAIR	6	ECL70SA	121-22L10	22720
2	32	BCX		8199278	N1J	C	EA	NIKE MSL/LAUNCHER REPAIR	6	ECL70SA	121-22M10	20072
2	37	BCR		8199672	N1J	C	EA	AD ACQUISITION RADAR MAINT	6	ECL70SA	104-24P10	25300
2	08	BCR		8199676	N1J	U	EA	AD ACO RADAR CREW MEMBER	6	ECL70SA	221-16J10	4701
2	02	BCR		8199702	N1J	C	EA	REDEYE GUNNER + CONTROLLER	6	ECL70SA	250-F4	1821
2	24	BCX		8199705	N1J	C	EA	CHAPARRAL/REDEYE SYS RPR	6	ECL70SA	121-27G10	14632
2	14	BCR		8199706	N1J	U	EA	VULCAN SYSTEMS MECHANIC	6	ECL70SA	121-24M10	10207
2	15	BCX		8199707	N1J	C	EA	SMILLELAGH MSL SYS REPAIR	6	ECL70SA	121-27M10	9553
2	12	BCR		8199709	N1J	C	EA	CHAPARRAL SYSTEMS MECHANIC	6	ECL70SA	121-24N10	7230
2	04	BCR		8199710	N1J	C	EA	ADA SHGRAD CREW MEMBER-(T)	6	ECL70SA	43-16P40-T	1344
2	08	BCR		8199711	N1J	C	EA	ADA SHORAD - VULCAN	6	ECL70SA	43-16R1G	4701
2	06	BCR		8199712	N1J	C	EA	FAAR SYSTEM MECHANIC	6	ECL-70	121-ASIX-7	5747
2	18	BCX		8199713	N1J	C	EA	TOW/Dragon REPAIR - NON-US	6	ECL-70	121-27E1GX	13624
2	19	BCR		8199716	N1J	S	EA	SHORT RANGE AD SYS TECH	6	ECL-70	4F-224B	13242
2	05	BCR		8199717	N1J	C	EA	CHAP/VUL OFF QUAL - I	6	ECL-70	2E-140	4920
2	23	BCX		8199719	N1J	C	EA	VULCAN REPAIR	6	ECL70SA	121-27F10	13236
2	07	BCR		8199721	N1J	C	EA	CHAPARRAL CREW MEMBER	6	ECL-70	043-16P10	2680
2	16	BCX		8199724	N1J	C	EA	BAS EL/TOW RPR - NON-US	6	ECL-70	121-27E10X	8276
2	12	BCX		8199725	N1J	C	EA	BAS EL/Dragon RPR - NON-US	6	ECL-70	121-27E10X	6944
2	VA	BZZ		8199990	N1J	U	EA	CONTRACT MISSILE TNG-CONUS	6	ECL-70	UNNUMBERED	EST
2	VA	BZZ		8199991	N1J	U	EA	OJT MISSILE TNG-CONUS	6	ECL-70	UNNUMBERED	EST
2	VA	BZZ		8199992	N1J	U	EA	OBS MISSILE TNG-CONUS	6	ECL-70	UNNUMBERED	EST
2	VA	BZZ		8219901	N1N	U	EA	OJT FLYING TNG-OS	6	N/A	UNNUMBERED	EST
2	C2	BMM		8227061	N1P	S	EA	NBC DEFENSE OFF-NCO	6	ECL-70	NBC-54	382
2	VA	BZZ		8229962	N1P	U	EA	OBS OPERATIONS TNG-OS	6	N/A	UNNUMBERED	EST
2	C5	BMM		8232485	N10	S	EA	TACTICAL COMMO OFF/CHIEF	6	ECL-70	E-S16-29-E	926
2	C1	BMM		8232487	N10	U	EA	MEDCAP MCHAN COMM SYS SPR	6	ECL-70	E-S16-24-E	1382
2	C1	BMM		8232494	N10	U	EA	LOWCAP MCHAN COMM SYS SPR	6	ECL-70	E-S16-25-E	1382
2	03	BMM		8232498	N10	S	EA	RTT OPERATOR	6	ECL-70	E-S16-7-E	826
2	VA	BZZ		8239902	N10	U	EA	OBS COMM/ELECT TNG-OS	6	N/A	UNNUMBERED	EST
2	02	BMM		8242335	N1R	U	EA	SMALL ARMS ORG MAINT	6	ECL-70	E-SAR-31-EC	507
2	04	BMM		8242336	N1R	U	EA	M60/M113A1 VEHICLE MAINT	6	ECL70SA	TYM-13	871
2	02	BMM		8242339	N1R	U	EA	M113A1 VEHICLE MAINT	6	ECL70SA	TYM-140	1599
2	04	BPH		8242350	N1R	U	EA	M60A3 ORG TURRETT MAINT	6	ECL70SA	TRT-213	14073
2	02	BMM		8243328	N1R	U	EA	WHEELED VEHICLE MAINT	6	ECL-70	HTT-25-CC	1219
2	02	BMM		8244340	N1R	U	EA	MOTOR SERGEANT	6	ECL-70	LOG-213	403
2	04	BMM		8252813	N1S	U	EA	ORG SUPPLY PROCEDURES	6	ECL-70	E-LOG-73-OEC	539
2	01	BMM		8252817	N1S	U	EA	MOTOR OFFICER	6	ECL-70	LOG-214	254
2	02	BMM		8271769	N1U	U	EA	INSTAL SECURITY	6	ECL-70	E-MP-38-OEC	479
2	04	BPH		8273591	N1U	U	EA	MP INVESTIGATOR	6	ECL-80	MP-94	1282
2	05	BMM		8273600	N1U	U	EA	CGSC OFF-NR, EUR, PH I/II	6	ECL-80	1-250-C3E1	595
2	05	BMM		8273601	N1U	U	EA	CGSC OFF-NR, EUR, PH III/IV	6	ECL-80	1-250-C3E2	595
2	05	BMM		8273602	N1U	U	EA	CGSC OFF-NR, EUR, PH V/VI	6	ECL-80	1-250-C3E3	595
2	VA	BZZ		8304400	N2D	U	EA	HTY-MAINTENANCE	6	N/A	UNNUMBERED	EST
2	VA	BZZ		8304608	N2D	U	EA	HTY-EQUIPMENT OPERATIONS	6	N/A	UNNUMBERED	EST

SEQUENCE: EXECUTION AGENCY (1ST POS), GENERIC, NSN

FIGURE 15-IV-3. Training MASL (FMS-NATO).

15-83

FIGURE 15-IV-3
 TRAINING MASL (FMS-NATO)

DOD 5105.38-M

OSAA MILITARY ARTICLES AND SERVICES LIST

FOREIGN MILITARY SALES/INTERNATIONAL MILITARY EDUCATION + TRAINING (FMS/IMET)

C	OUR	ERA	A	GEN	C	UI	DESCRIPTION	CTL	PRE-REQ	SERVICE - ID	UNIT PRICE	
C			C	ITEM-IO	CODE	L		CODE	COURSE	NUMBER		
2	VA	PCT		P179025	NIG	U	EA	PGS SELF-STUDY 1 CREDIT HR	I	ECL 80	P00-2001 PGS	EST
2	VA	PCT		P179026	NIG	U	EA	PGS AIR-OCEAN SCIENCE	I	ECL 80	P00-2001 PGS	24218
2	VA	PCB		P179027	NIG	U	EA	MARINE SCIENCE TECH CL A	I	ECL 70	CGR	2058
2	VA	PCT		P179030	NIG	U	EA	PGS OPNS RESEARCH PHD	I	ECL 80	P00-2001 PGS	36328
2	VA	PSB		P179040	NIG	U	EA	MISC US ARMY TRAINING	I	ECL 70	FORMAT	EST
2	VA	PCT		P179049	NIG	C	EA	SMOS DEPT HEAD CRSE INTL	I	ECL 80	A26-0029 SVS	4656
2	VA	PCB		P179060	NIG	U	EA	MISC COAST GUARD TRAINING	I		FORMAT	EST
2	VA	PCT		P179101	NIG	U	EA	DIVER SECOND CLASS	I	ECL 80	A4330022 DIV	2800
2	VA	PCT		P179104	NIG	U	EA	HAZARDOUS CHEMICAL TRNG	I	ECL 70	CGR	443
2	VA	PCB		P179105	NIG	U	EA	PGS MANPOWER/PERS TRA ANAL	I	ECL 80	PC0-2001 PGS	18164
2	VA	PCT		P179106	NIG	U	EA	PGS ORGANIZATIONAL DEVLPT	I	ECL 80	P00-2001 PGS	18164
2	VA	PCT		P179108	NIG	U	EA	PGS MECHANICAL ENG PHD	I	ECL 80	P00-2001 PGS	30273
2	VA	PCT		P179109	NIG	U	EA	PGS ELECTRICAL ENG DOCT	I	ECL 80	P00-2001 PGS	24218
2	VA	PCT		P179111	NIG	U	EA	HU-SCH INT	I	ECL 70	A4500012 MUS	1577
2	VA	PCT		P179112	NIG	U	EA	PGS ELECTRICAL ENGRS MS	I	ECL 80	P00-2001 PGS	27246
2	VA	PCT		P179113	NIG	U	EA	PGS SELF-STUDY 1.5 CR HR	I	ECL 80	P00-2001 PGS	EST
2	VA	PCT		P179114	NIG	U	EA	PGS SELF-STUDY 2.0 CR HR	I	ECL 80	P00-2001 PGS	EST
2	VA	PCT		P179115	NIG	U	EA	PGS APPLIED MATHEMATICS MS	I	ECL 80	P00-2001 PGS	24218
2	VA	PCT		P179116	NIG	U	EA	PGS MANAGEMENT MS	I	ECL 80	P00-2001 PGS	24218
2	VA	PCT		P179117	NIG	U	EA	SMOS BASIC INTL	I	ECL 80	A26-0036 COR	5861
2	VA	PCT		P179119	NIG	S	EA	PGS ANTISUBMARINE WARFARE	I	ECL 80	P00-2001 PGS	24218
2	VA	PCT		P179120	NIG	U	EA	PGS AIR-OCEAN TACT ENVIROM	I	ECL 80	PC0-2001 PGS	24218
2	VA	PCB		P179121	NIG	U	EA	PS-SCH (PORT SEC)	I	ECL 70	CGR	1773
2	VA	PCT		P179122	NIG	U	EA	PGS WPNS SYS ENGINEERING	I	ECL 80	P00-2001 PGS	27246
2	VA	PCT		P179123	NIG	U	EA	PGS WPNS SYS SCIENCE	I	ECL 80	P00-2001 PGS	27246
2	VA	PCT		P179125	NIG	U	EA	SCUBA DIVER COURSE	I	ECL 80	A4330023 DIV	1986
2	VA	PCT		P179126	NIG	U	EA	PGS AERO ENG AVIONICS	I	ECL 80	P00-2001 PGS	24218
2	VA	PCT		P179127	NIG	U	EA	PGS FINANCIAL MANAGEMENT	I	ECL 80	P00-2001 PGS	18164
2	VA	PCT		P179128	NIG	U	EA	PGS MATERIAL LOGISTICS	I	ECL 80	P00-2001 PGS	18164
2	VA	PCT		P179202	NIG	U	EA	USMC TRAINING--GENERAL	I	ECL 70	DD 2060/2061	EST
2	VA	PCB		P179203	NIG	U	EA	USCG TRAINING - GENERAL	I	ECL 70	DD 2060/2061	EST
2	VA	PCT		P1797JT	NIG	U	EA	OJT COAST GUARD	I		FORMAT	EST
2	VA	PCT		P1798JT	NIG	U	EA	OJT MARINE CORPS CONUS	I		FORMAT	EST
2	VA	PCT		P179831	NIG	U	EA	MISC MARINE CORPS TRAINING	I		FORMAT	EST
2	VA	PCT		P181030	NIM	U	EA	ORIENTATION VISIT O/V	I		FORMAT	EST
2	VA	PCT		P181031	NIM	U	EA	ORIENTATION VISIT NON-O/V	I		FORMAT	EST
2	VA	PCT		P182030	NIM	U	EA	ORIENTATION TRAINING TOUR	I		FORMAT	EST
2	VA	PCT		P182201	NIM	U	EA	LATAN WAR COLLEGE TOUR	I		FORMAT	EST
2	VA	PCT		P189005	NIM	U	EA	OBSERVERSHIP NAV TRNG CMD	I	ECL 70	FORMAT	EST
2	VA	PCT		P189006	NIM	U	EA	OJT-NAVAL TRAINING COMMAND	I	ECL 70	FORMAT	EST
2	VA	PCT		P189007	NIM	U	EA	OJT NAVSEA	I		VAR	EST
2	VA	PCT		P189008	NIM	U	EA	OJT NAVAIR	I		VAR	EST
2	VA	PCT		P195903	NII	C	EA	ASROC MISSILE INT NT	I	ECL 70	A1210146 ORL	289
2	VA	PCT		P199013	NII	S	EA	MISSILE FLT ANALYSIS SM-1	I	ECL 80	FAC	EST
2	VA	PCT		P199014	NII	S	EA	MISSILE FLT ANAL SCASPARROW	I	ECL 80	FAC	EST
2	VA	PCT		P199016	NII	S	EA	SURFACE MISSILE SYS FUND	I	ECL 70SA	A2F-C011 GNS	347
2	VA	PCT		P199022	NII	S	EA	TARTAR OFFICER ADV	I	ECL 70SA	A2F-0037 GNS	1380
2	VA	PCT		P199039	NII	S	EA	COMBAT SYS TRNG PH 1	I	ECL 70	J1130160 TCL	991

FIGURE 15-IV-4. Training MASL (FMS/IMET).

FIGURE 15-IV-4
TRAINING MASL (FMS/IMET)

15-84

CSAA MILITARY ARTICLES AND SERVICES LIST
 FOREIGN MILITARY SALES TRAINING (FMS)

C	DU	FA	A	ITEM-ID	GEN	C	UI	DESCRIPTION	CTL	PRE-REQ	SERVICE - 10	UNIT PRICE
C	DU	FA	C		CODE	L			CODE	COURSE	-- NUMBER --	
2	12	DJJ		D155025	NIE	U	EA	PGTOP VEH OPERATIONS MGT	H	J3AZR	SHE60370-000	1200
2	VA	DJC		D156003	NIE	U	EA	BUDGET/ *	H	410/WK	VAR QUAL	EST
2	19	DJJ		D156006	NIE	U	EA	BUDGET OFF	H	J3OBR	SHE 6751-000	7170
2	10	DJJ		D156007	NIE	U	EA	ACCOUNTING & FINANCE OFF	H	J3OBR	SHE 6721-001	8260
2	VA	DJC		D156009	NIE	U	EA	DATA SERVICES/ *	H	410/WK	VAR QUAL	EST
2	VA	DJC		D156010	NIE	U	EA	ACCOUNTING * FINANCE/ *	H	410/WK	VAR QUAL	EST
2	05	DJJ		D156011	NIE	U	EA	COMPUTER OPERATOR	H	E3ABR	KEE51130-002	2880
2	VA	DJC		D156012	NIE	U	EA	ELECT DATA PROCESSING/ *	H	410/WK	VAR QUAL	EST
2	12	DJJ		D156013	NIE	U	EA	FINANCIAL MANAGEMENT SPECL	H	J3ABR	SHE67231-001	6340
2	11	DJJ		D156016	NIE	U	EA	PROGRAMMING SPECL	H	E3ABR	KEE51131-002	6340
2	07	DJJ		D156029	NIE	U	EA	COMPTROLLER STAFF OFF	H	J3OAR	SHE 6751-000	5230
2	07	DJJ		D156030	NIE	U	EA	COMPUTER SYSTEMS OPN OFF	H	E3OBR	KEE 5151-002	5930
2	16	DJJ		D156032	NIE	U	EA	COMPUTER SYSTEMS ANALYST	H	E3OZR	KEE51358-002	4050
2	19	DJJ		D156033	NIE	U	EA	COMPUTER SYS DEV OFF/APPL	H	E3OZR	KEE51318-000	7270
2	07	DJJ		D156035	NIE	U	EA	SUPPLY SYSTEM SUPV	H	63AAR	LOU64572-000	6250
2	06	DJJ		D156040	NIE	U	EA	COMPUTER SYS STAFF OFF	H	E3OAR	KEE 5111-001	3040
2	13	DJJ		D156045	NIE	U	EA	COMPUTER SYS DEV OFF	H	E3OBR	KEE51318-000	10100
2	06	DJJ		D161002	NIF	U	EA	PERSONNEL PROGRAM OFFICER	H	E3OBR	KEE 7321-000	4210
2	VA	DJC		D161003	NIF	U	EA	PERSONNEL/ *	H	410/WK	VAR QUAL	EST
2	06	DJJ		D161005	NIF	U	EA	ADMIN MGT SPECL	H	E3ABR	KEE 7023CA-0	3460
2	06	DJJ		D161006	NIF	U	EA	PERSONNEL SPECL	H	E3ABR	KEE73230-000	4500
2	VA	DJC		D161007	NIF	U	EA	RESEARCH * TESTING/ *	H	410/WK	VAR QUAL	EST
2	09	DJJ		D161010	NIF	U	EA	ADMINISTRATION OFFICER	H	E3OBR	KEE 7800-000	3740
2	VA	DJC		D161011	NIF	U	EA	ADMINISTRATION/ *	H	410/WK	VAR QUAL	EST
2	06	DJJ		D161013	NIF	U	EA	ADMIN SPECL/STF SPT ADMIN/	H	E3ABR	KEE 70230B-0	3350
2	03	DJJ		D161016	NIF	U	EA	CBPO CHIEF MANAGEMENT	H	E3OZR	KEE 7311-000	1680
2	09	DJJ		D162002	NIF	U	EA	MANAGEMENT ANALYSIS OFF	H	J3OBR	SHE 6921-000	8060
2	VA	DJC		D162003	NIF	U	EA	DATA SERV * MANAGEMENT/ *	H	410/WK	VAR QUAL	EST
2	VA	DJC		D162006	NIF	U	EA	MAINTENANCE SCHEDULING/ *	H	410/WK	VAR QUAL	EST
2	10	DJJ		D162007	NIF	U	EA	MANPOWER MGT SPECL	H	E3ALR	KEE73331-001	11530
2	VA	DJC		D162008	NIF	U	EA	MANPOWER MANAGEMENT/ *	H	410/WK	VAR QUAL	EST
2	VA	DJC		D162009	NIF	U	EA	TNG ANALYSIS * DEVELOP/ *	H	410/WK	VAR QUAL	EST
2	VA	DJC		D162010	NIF	U	EA	T.O.PUBLICATIONS/**	H	430/WK	VAR FTD/SPEC	EST
2	08	DJJ		D162011	NIF	U	EA	MAINT PGT SPECL	H	E3ALR	CHA39230-000	6100
2	10	DJJ		D162013	NIF	U	EA	MANAGEMENT ANALYSIS SPECL	H	J3ABR	SHE69130-000	5650
2	10	DJJ		D162014	NIF	U	EA	MANPOWER MANAGEMENT OFF	H	E3OBR	KEE 7421-001	7770
2	01	DJJ		D162015	NIF	U	EA	DEV & MGT OF INSTRUC SYS	H	J3OZR	SHE 7500-003	750
2	04	DJJ		D162022	NIF	U	EA	BASE COMDR & MGT CRS	H		MAXLMDC 810	6110
2	VA	DJC		D166005	NIF	U	EA	TRAINING SUPERVISOR/ *	H	410/WK	VAR QUAL	EST
2	03	DJJ		D166007	NIF	U	EA	ATC INSTRUCTOR/NAVIGATOR	H		MAT 8P/BV7DA	1960
2	01	DJJ		D166009	NIF	U	EA	INSTRUCTIONAL SYS DEV	H		VARSPECT51XX	870
2	01	DJJ		D166010	NIF	U	EA	TESTS * MEASUREMENT	H		VAR 75120X	870
2	04	DJJ		D166011	NIF	U	EA	TRAINING SUPERVISOR	H		VAR 75140X	3590
2	01	DJJ		D166012	NIF	U	EA	ACADEMIC COUNSELING	H		VAR 75110X	1870
2	03	DJJ		D166014	NIF	U	EA	AUDIOVISUAL METHODS	H	J3AZR	SHE75000-006	2220
2	VA	DJC		D166020	NIF	U	EA	AIRCREW LIFE SUPT SUPV	H	396/WK	VAR QUAL	EST
2	01	DJJ		D166021	NIF	U	EA	COMDR/STF/SR NCO DJT BRF**	H	430/WK	VARF TD7500-8	EST
2	04	DJJ		D166023	NIF	U	EA	INSTRUCTIONAL SYS DESIGNER	H	J3AZR	SHE75133-000	3400

FIGURE 15-IV-5. Training MASL (FMS).

FIGURE 15-IV-5
 TRAINING MASL (FMS)

TABLE 15-IV-1

ABBREVIATED TITLES USED IN THE MILITARY ARTICLES
AND SERVICES LIST (MASL) OUTPUT REPORTS

ABBREVIATED TITLES. The following abbreviated titles are used in output products prepared from the MASL master file:

<u>Abbreviation</u>	<u>Meaning</u>
C C	Card Code
C E	Ceiling Code
CL	Federal Supply Class
C L	Classification Code
CTL CODE	Control Code
COURSE TITLE	Title of Training Course
DESCRIPTION	Description of the materiel item
DUR	Duration of training course
ECL/SET REQ	English Comprehension Level/Specialized English Training Requirement
EXA	Execution Agency Code
FT NT	Footnote Code
GEN CODE	Generic Code
GP	Federal Supply Group
ITEM-ID	Item Identification Number
MDE	Major Defense Equipment Indicator Code
MRI	MILSTRIP Routing Identifier Code
NCB	National Codification Bureau Code

TABLE 15-IV-1. Abbreviated Titles Used in the MASL Output Reports.

AbbreviationMeaningPRE-REQ
COURSEItem Identification Number of prerequisite
training courseSERVICE-ID
NUMBER

Military service course identification number

SIDN

Selected Item Description Number

Q
SISCSelected Item Sequence Number and Quantity
Control Code

UNIT PRICE

Training course cost

UI

Unit of Issue

TABLE 15-IV-1. (Continued)

APPENDIX A

ABBREVIATIONS AND ACRONYMS

A

AAO	Authorized Acquisition Objective
ACDA	Arms Control and Disarmament Agency
AECA	Arms Export Control Act, as amended
AFAO	Approved Force Acquisition Objective
AIASA	Annual Integrated Assessment of Security Assistance
AID	Agency for International Development
AMEMB	American Embassy
APOD	Aerial Port of Debarkation (Delivery)
ARC	Adjustment Reply Code
ASD	Assistant Secretary of Defense
ASD(C)	Assistant Secretary of Defense (Comptroller)
ASD(ISA)	Assistant Secretary of Defense (International Security Affairs)
ASD(ISP)	Assistant Secretary of Defense (International Security Policy)
ASD(MI&L)	Assistant Secretary of Defense (Manpower, Installations and Logistics)
ATMG	Arms Transfer Management Group
AU	Asset Use
AUTODIN	Automated Digital Network

B

BA	Budget Authorization
B/L	Bill of Lading
BO	Blanket Order

C

CAD/PAD	Cartridge Actuated/Propellant Actuated Devices
CAS	Contract Administrative Services
CBL	Commercial Bill of Lading
CCBL	Collect Commercial Bill of Lading
CBO	Congressional Budget Office
CDR	Consolidated Data Report
CET	Civilian Engineering Team
CETS	Contractor Engineering Technical Services
CETSP	Contractor Engineering Technical Services Program
CFS	Contract Field Services
CFE	Contractor Furnished Equipment
CGSEL	Common Ground Support Equipment List
CIA	Central Intelligence Agency
CIP	Component Improvement Program (Engine)
CLO	Country Liaison Officer (Foreign Country Representative)

CLSSA	Cooperative Logistics Supply Support Arrangements
CMS	Contractor Maintenance Services
CONUS	Continental United States
COOPLOG	Cooperative Logistics
CPD	Congressional Presentation Document
CPL	Country Program Listing
CPM	Country Program Manager
CRA	Continuing Resolution Authority
CRS	Congressional Research Service
CSP	Concurrent (initial) Spare Parts

D

DAO	Defense Attache Office
DAR	Defense Acquisition Regulation
DAS	Defense Audit Service
DATT	Defense Attache
DAVA	Defense Audiovisual Agency
DCAA	Defense Contract Audit Agency
DCAS	Defense Contract Administration Service
DCASR	Defense Contract Administration Services Region
DCM	Deputy Chief of Mission (U.S. Embassy)
DCSC	Defense Construction Supply Center (DLA)
DEA	Data Exchange Agreement
DESC	Defense Electronics Supply Center (DLA)
DFSC	Defense Fuel Supply Center (DLA)
DGSC	Defense General Supply Center (DLA)
DIC	Document Identifier Code
DIFS	Defense Integrated Financial System
DIL	Director of International Logistics
DISAM	Defense Institute of Security Assistance Management
DISC	Defense Industrial Supply Center (DLA)
DLA	Defense Logistics Agency
DLIELC	Defense Language Institute, English Language Center
DLSC	Defense Logistics Services Center
DLSSO	Defense Logistics Standards Systems Office
DMA	Defense Mapping Agency
DMAAC	Defense Mapping Agency Aerospace Center
DMAHTC	Defense Mapping Agency Hydrographic/Topographic Center
DOD	Department of Defense
DODIP	Department of Defense Informational Program
DODISS	Department of Defense Index of Specifications and Standards
DODSSP	Department of Defense Single Supply Point
DOS	Department of State
DPDS	Defense Property Disposal Service
DPSC	Defense Personnel Support Center (DLA)
DSAA	Defense Security Assistance Agency
DSC	Defense Supply Center/Delivery Source Code
DTC	Delivery Term Code
DTS	Defense Transportation System

E

EA	Expenditure Authority
ECL	English Comprehension Level
ECP	Engineering Change Proposal
EDA	Excess Defense Articles
EDD	Estimated Delivery Date
EOQ	Economic Order Quantity
EPG	European Producing Group
ESF	Economic Support Fund
ETSS	Engineering and Technical Service Specialist

F

FAA	Foreign Assistance Act of 1961, as amended
FAD	Force Activity Designator
FAMJT	Familiarization Job Training
FAPSS	Foreign Affairs Planning and Scheduling System
F/F	Freight Forwarder
FFB	Federal Financing Bank
FLO	Foreign Liaison Office (located within CONUS)
FORDAD	Foreign Disclosure Automated Data Systems
FMS	Foreign Military Sales
FMSCR	Foreign Military Sales Credit
FMSMP	Foreign Military Sales Management Plan
FMSO I	Foreign Military Sales Order (stock level sales case)
FMSO II	Foreign Military Sales Order (requisition/consumption sales case)
FMT	Foreign Military Trainee
FOB	Free On Board
FSC	Federal Supply Classification
FSL	Foreign Service Local (Embassy Employee)
FSO	Foreign Service Officer (Department of State)
FST	Field Service Team
FTO	Foreign Training Officer (U.S.)
FTS	Field Training Service
FYDP	Five Year Defense Program

G

GA	Grant Aid
GAO	General Accounting Office
GBL	Government Bill of Lading
GFAE	Government Furnished Aeronautical Equipment
GFE	Government Furnished Equipment
GSA	General Services Administration
GSE	Ground Support Equipment

H

[None at this time.]

I

IA	Implementing Agency
ICP	Inventory Control Point
IDCA	International Development Cooperation Agency
IL	International Logistics
ILCO	International Logistics Control Office
ILP	International Logistics Program
ILS	International Logistics Support
IM	Item/Inventory Manager
IMET	International Military Education and Training
IP	Informational Program
ISA	International Security Affairs
ISP	International Security Policy
ISSL	Initial Spares Support List
ITAR	International Traffic in Arms Regulations
ITO	Invitational Travel Order

J

JCS	Joint Chiefs of Staff
JFM	Joint Forces Memorandum
JMP	Joint Manpower Program
JSAM	Joint Security Assistance Memorandum
JSPD	Joint Strategic Planning Document (Document replacing the JSOP)
JSPDSA	Joint Strategic Planning Document Supporting Analysis (Portion of the JSPD, which will be submitted by the field)
JSPS	Joint Strategic Planning System

K

[None at this time.]

L

LOA	Letter of Offer and Acceptance
LOI	Letter of Intent
LOR	Letter of Request
LTD	Language Training Detachment

M

MAC	Military Airlift Command
MAG	Military Assistance Group
MAAG	Military Assistance and Advisory Group
MAP	Military Assistance Program
MAPAC	Military Assistance Program Address Code
MAPAD	Military Assistance Program Address Directory
MAPEX	MAP Excesses
MAPOM	MAP Owned Materiel
MASL	Military Articles and Services List(s) for Materiel; and Training and Training; IMET, FMS and NATO
MCL	Munitions Control List
MCTL	Military Critical Technology List
MDA(A)	Mutual Defense Assistance Agreements
MDE	Major Defense Equipment
MFP	Major Force Program
MFO	Multi-National Force and Observers
MILDEPS	Military Departments
MILSBILLS	Military Standard Billing System
MILSCAP	Military Standard Contract Administration Procedures
MILSTAMP	Military Standard Transportation and Movement Procedures
MILSTEP	Military Supply and Transportation Evaluation Procedures
MILSTRAP	Military Standard Transaction Reporting and Accounting Procedures
MILSTRIP	Military Standard Requisitioning and Issue Procedures
MIMEX	Major Item Material Excess
MIPR	Military Interdepartmental Purchase Request
MIRR	Material Inspection and Receiving Report (DD Form 250)
MOA	Memorandum of Agreement
MOS	Mode of Shipment
MOU	Memorandum of Understanding
MPS	Military Postal Service
MTMC	Military Traffic Management Command
MTT	Mobile Training Team

N

NAMSA	NATO Maintenance and Supply Agency
NAMSO	NATO Maintenance and Supply Organization
NAPR	NATO Armaments Planning Review
NATO	North Atlantic Treaty Organization
NDP-1	National Disclosure Policy
NDPC	National Disclosure Policy Committee
NICSMA	NATO Integrated Communication System Management Agency
NIIN	National Item Identification Number
NOA	Notice of Availability
NSA	National Security Agency
NSC	National Security Council
NSN	National Stock Number (replaces FSN)

0

OA	Obligation Authority
OASD/ISA	Office of Assistant Secretary of Defense/International Security Affairs
OADS(ISP)	Office of the Assistant Secretary of Defense (International Security Policy)
OASD(MRA&L)	Office of the Assistant Secretary of Defense (Manpower, Reserve Affairs and Logistics)
ODC	Office of Defense Cooperation
OJCS	Office Joint Chiefs of Staff
OJT	On-the-Job Training
O&M	Operations and Maintenance
OMB	Office of Management and Budget
OMC	Office of Military Cooperation
OSD	Office, Secretary of Defense
OTT	Orientation Training Tour
OVHL	Overhaul

P

PA	Program Authorization
PACAMS	Panama Canal Military Schools
P&A	Price and Availability
P&R	Planning and Review Data
PCH&T	Packaging, Crating, Handling and Transportation
PD	Presidential Determination
PDO	Property Disposal Officer
PKO	Peacekeeping Operations
PLT	Procurement Lead Time
PM	Bureau of Politico-Military Affairs (Department of State)
PME	Professional Military Education
P/N	Part Number
POC	Point of Contact
POL	Petroleum, Oil and Lubricants
POM	Program Objective Memorandum
PPBS	Planning, Programming and Budgeting System

Q

QA	Quality Assurance
QAT	Quality Assurance Team
QTY	Quantity
QRR	Quarterly Requisition Report

R

RAD	Required Availability Date
R&D	Research & Development
RCN	Record Control Number
RCO	Requisition Control Office (ILCO)
RDD	Required Delivery Date
RDO	Redistribution Order
RDT&E	Research, Development, Test and Evaluation
RIC	Routing Identifier Code
ROD	Report of Discrepancy
RSI	Rationalization, Standardization, Interoperability
RSN	Record Serial Number

S

SA	Security Assistance
SAAC	Security Assistance Accounting Center
SAMAS	Security Assistance Manpower Accounting System
SAO	Security Assistance Organization
SAPRWG	Security Assistance Program Review Working Group
SATP	Security Assistance Training Program
SCE	Significant Combat Equipment
SDAF	Special Defense Acquisition Fund
SECDEF	Secretary of Defense
SOFA	Status of Forces Agreement
SPC	Strategy and Planning Committee
SSA	Security Supporting Assistance
STANAG	Standardization Agreement (NATO)
SVI	Single Vendor Integrity

T

TAC	Type of Address Code
TAFT	Technical Assistance Field Team
TAT	Technical Assistance Team
TBC	Transportation Bill Code
TCN	Transportation Control Number
TDP	Technical Data Package
TLA	Travel and Living Allowance
TO	Technical Order
TOA	Total Obligational Authority
TOR	Terms of Reference

U

UCOM	Unified Command
U/I	Unit of Issue
U/P	Unit Price
UMMIPS	Uniform Materiel Movement and Issue Priority System
UND	Urgency of Need Designator
USCENTCOM	United States Central Command
USEUCOM	United States European Command
USLANTCOM	United States Atlantic Command
USPACOM	United States Pacific Command
USSOUTHCOM	United States Southern Command
USDP	Under Secretary of Defense for Policy/United States Disclosure Policy
USDR&E	Under Secretary of Defense for Research and Engineering
USIA	United States Information Agency

V

[None at this time.]

W

WCN	Worksheet Control Number
WPOD	Water Port of Discharge
WSCN	Worksheet Control Number

X

[None at this time.]

Y

[None at this time.]

Z

[None at this time.]

APPENDIX B

GLOSSARY OF SELECTED TERMS

A

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

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

Accepted Case - An FMS offer and acceptance signed by the designated representative of the eligible recipient.

Accessorial Cost - The value of expenses incidental to issues, sales, and transfers of materiel which are not included in the standard price or contract cost of materiel; also any expenses incidental to the performance of services, training, etc. May be commonly referred to by the higher level generic code "L00" for all types of accessorial costs.

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

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

Administrative Cost - The value of costs associated with the administration of FMS. Expenses charged directly to the FMS case (as prescribed by the DD Form 1513) are not included. May be commonly referred to by the generic code L6A for administrative costs.

Annual Integrated Assessment of Security Assistance (AIASA) - Report submitted by the U.S. Diplomatic Mission which, in addition to an assessment of the host country's capabilities, contains recommended and projected levels of security assistance.

Arms Transfer Management Group (ATMG) - An interagency board, chaired by the Under Secretary of State for Security Assistance, Science and Technology, which serves to advise the Secretary of State on matters relating to security assistance program levels and arms transfer policies.

Arms Transfers - Defense articles and defense services such as arms, ammunition, and implements of war, including components thereof, and the training, manufacturing licenses, technical assistance and technical data related thereto, provided by the government under the Foreign Assistance Act of 1961, as amended; the Arms Export Control Act, as amended; other statutory authority; or directly by commercial firms to foreign countries, foreign private firms, or to international organizations.

Asset Use Charge - A charge for the use of DoD facilities and equipment. In accordance with DoD 7290.3-M, an asset use charge is applicable: (1) to FMS orders which require the use of DoD assets in other than facilities for which appropriate rental charges are made under the Use and Charges Clause of the Defense Acquisition Regulation; (2) to materiel provided from DoD inventories; (3) to repair/modification of FMS-owned materiel in DoD depots; (4) to training at DoD installations; (5) to use of DoD-owned transportation assets.

Attrition - The reduction of the effectiveness of a force caused by loss of personnel and material (JCS Pub 1). Also, the loss, destruction or wear-out or damage of non-expendable articles determined by the SAO to be beyond the point of economical repair and rehabilitation.

B

Billing Statement - The DD Form 645 Billing Statement represents the official claim for payment by the U.S. Government referred to in Annex A of the DD Form 1513, Letter of Offer and Acceptance. It also furnishes an accounting to the FMS purchaser for all costs incurred on his behalf under each agreement.

Blanket Order FMS Case - An agreement between a foreign customer and the U.S. Government for a specific category of items or services (including training) with no definitive listing of items or quantities. The case specifies a dollar ceiling against which orders may be placed throughout the ordering period, normally 12 months.

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

C

Cancelled Case - An FMS case which was not accepted or funded within prescribed time limitations, or was cancelled by the requesting country or the U.S. government. In the latter case, the U.S. government or purchaser electing to cancel all (or part) of the case prior to delivery of defense articles or performance of services shall be responsible for all (or associated) termination costs.

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

Case Amendment - An amendment of a case document on a DD Form 1513-1 which constitutes a contracted scope change to an existing DD Form 1513.

Case Description - A short title specifically prepared for each FMS case by the implementing agency.

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

Case Identifier - A unique identifier assigned to an FMS case for the purpose of identification, accounting, and data processing of each accepted offer (DD Form 1513). The case identifier consists of the country code, implementing agency code, and the case designator.

Case Modification - Modification of case documented by a DD Form 1513-2 which constitutes an administrative or price change to an existing DD Form 1513, without revising the scope of the case.

Cash Prior to Delivery - Under this term the USG collects cash in advance of delivery of defense articles and/or rendering of defense services from DoD resources. Section 21(b) of the Arms Export Control Act applies. Paragraph B.3.b. of Annex A to an LOA refers to the purchaser's obligation under this term.

Cash Sales (DoD) - Involves either "Cash with Acceptance," payment prior to delivery of the rendering of the service, or payments as funds are required to meet USG liabilities to suppliers under a "Dependable Undertaking." [Sections 21 and 22 AECA] Paragraph B.3.c., Annex A to an LOA applies.

Cash with Acceptance - U.S. dollar currency, check, or other negotiable instrument submitted by the customer concurrent with acceptance of sales offer for the full amount shown as the estimated total cost on the DD Form 1513.

Closed Case - An FMS case on which all materiel has been delivered and/or all services have been performed, all financial transactions, including all collections, have been completed, and the customer has received a final statement of account.

Co-Development - A development project to which more than one government contributes efforts or resources.

Collection - Receipt in U.S. dollar currencies, checks, or other negotiable instruments from a customer country to pay for defense articles or services, based on accepted FMS cases.

Commercial Sale - Sale made by U.S. industry directly to a foreign buyer which is not administered by the DoD through FMS procedures.

Commercial-Type Items - Any items, including those expended or consumed in use which, in addition to military use, are used and traded in normal civilian

enterprise and which are, or can be, imported/exported through normal international trade channels.

Commitment - Any communication between a responsible U.S. official and a representative foreign official (including officials of any international organization or supra-national authority) which reasonably could be interpreted as being a promise that the U.S. will provide a foreign government (including international organizations or supra-national authorities) with funds (including long term credit assignments), goods, services, or information.

Commodity Group - A grouping or range of items which possess similar characteristics, have similar applications, or are susceptible to similar supply management methods.

Completed Case - A delivered FMS case for which all collections have been completed, but for which accounting statement has not been furnished the purchaser.

Concurrent Spare Parts (CSP) - Spare parts programmed as an initial stockage related to a major item and normally delivered concurrently with the delivery of the major item.

Congressional Presentation Document (CPD) - The document presented annually to Congress, describing the proposed Military Assistance and Foreign Military Sales programs for Congressional authorization and appropriation.

Consolidated Data Report (CDR) - Report submitted by the U.S. Diplomatic Mission which updates the information contained in the previously submitted AIASA, for preparation of the CPD. The CDR also is known as the CPD update.

Constructive Delivery - FMS - Delivery of materiel to a carrier for transportation to the consignee, or delivery to a U.S. post office for shipment to the consignee. Delivery is evidenced by completed shipping documents or listings of delivery at the U.S. post office. The delivery of materiel to the customer or the customer's designated freight forwarder at point of production, testing or storage at dockside, at staging areas, or at airports constitutes actual delivery.

Constructive Delivery - MAP - Delivery of materiel to a carrier -- land, ocean or air -- for transportation to a consignee, or when delivered "free on board" (FOB) or "free alongside ship" (FAS) at a port of embarkation for transshipment to a consignee. In the case of float-away vessels, fly-away aircraft, and certain offshore procured materiel, constructive delivery occurs when the item is accepted on behalf of the recipient country.

Continuing Resolution Authority (CRA) - Authority to obligate funds against the MAP or IMET, credit financing, or other related appropriation for the new fiscal year under Continuing Resolution Authority granted by Congress in a Joint Resolution making temporary appropriation prior to passage of the regular appropriation act.

Cooperative Logistics - The logistic support provided a foreign government/agency through its participation in the United States Department of Defense

Logistics system with reimbursement to the U.S. for support provided. [JCS Pub 1]

Cooperative Logistics Sales - Sales pursuant to arrangements wherein continuing support is provided a foreign government through its participation in U.S. Department of Defense logistics system, with reimbursement to the U.S. for support performed.

Cooperative Logistics Support Arrangement - The combining term for procedural arrangements (cooperative logistics arrangements) and implementing procedures (supplementary procedures) which together support, define, or implement cooperative logistics understandings between the United States and a friendly foreign government under peacetime conditions. [JCS Pub 1]

Cooperative Research and Development - Any method by which governments cooperate to make better use of their collective Research and Development resources to include technical information exchange, harmonizing of requirements, co-development, interdependent R&D, and agreement on standards.

Coproduction (International) - Method by which items intended for military application are produced and/or assembled under the provisions of a cooperative agreement that requires the transfer of technical information and know-how from one nation to another.

Counterpart Currencies - Counterpart currencies are local currencies deposited by an aid-receiving country in a special account in its own name, and although available for the benefit of the recipient country, can be used only for the purposes agreed to by the United States. These funds are generated whenever commodities are granted by AID under arrangements which result in the accrual of proceeds to the recipient country, and the deposits are in amounts equal to such proceeds. [Sec. 609, FAA]

Credit - Transactions approved on a case-by-case basis by the Departments of State, Treasury and Defense, which allow repayment of military export sales for periods beyond 120 days after delivery of materiel or performance of service. [Sections 23 and 24, AECA]

Credit Arrangement - An arrangement with a foreign government that the U.S. will advance a stipulated amount of credit for financing of a Foreign Military Sale or commercial sale to that government. [Sections 23 and 24, AECA]

Credit Guaranty - A guaranty to any individual, corporation, partnership or other judicial entity doing business in the United States (excluding U.S. Government agencies other than the Federal Financing Bank) against political and credit risks of nonpayment arising out of their financing of credit sales of defense articles and defense services to eligible countries and international organizations. [Section 24, AECA]

Current Fiscal Year - The fiscal year in progress but not yet completed; e.g. between and including 1 October and 30 September.

D

Defense Articles - Includes any weapons, weapons system, munition, aircraft, vessel, boat, or other implement of war; any property, installation, commodity, material, equipment, supply, or goods used for the purposes of furnishing military assistance or making military sales; any machinery, facility, tool material, supply, or other item necessary for the manufacture, production, processing, repair, servicing, storage, construction, transportation, operation, or use of any other defense article or any component or part of any articles listed above, but shall not include merchant vessels, or as defined by the Atomic Energy Act of 1954, as amended (42 U.S.C 2011), source material (except certain depleted uranium), by-product material, special nuclear material, production facilities, utilization facilities, or atomic weapons or articles involving Restricted Data. [Section 644(d), FAA and Section 47(3), AECA]

Defense Information - Any document, writing, sketch, photograph, plan, model, specification, design prototype, or other recorded or oral information relating to any defense article, defense service, but shall not include Restricted Data as defined by the Atomic Energy Act of 1954, as amended, and data removed from the Restricted Data category under section 142d of that Act. [Section 644(e) FAA 61]

Defense Service - Includes any service, test, inspection, repair, training, publication, or technical or other assistance, or defense information used for the purpose of furnishing military assistance or FMS but does not include design and construction services. [Section 47(4), AECA]

Defined Order Case - These cases are characterized by separately identified line items on the DD Form 1513.

Delivered Case - An FMS case on which all materiel has been delivered and all services have been performed. The case is not closed until final billing action and funds are received.

Delivery - Constructive or actual delivery; the performance of services for the customer or requisitioner; accessorial services, when they are normally recorded in the billing and collection cycle immediately following performance.

Delivery Commitment Date - The date negotiated in the DD Form 1513 for complete delivery of the total quantity of the line item.

Delivery Forecast - Estimated date of delivery of the total quantity of a line item.

Dependable Undertaking - A firm commitment by the foreign government or international organization to pay the full amount of a contract for new production or for the performance of defense services which will assure the U.S. against any loss on such contract and to make funds available in such amounts and at such times as may be required by the contract, or for any damages and costs that may accrue from the cancellation of such contract, provided that in the

judgment of DoD there is sufficient likelihood that the foreign government or international organization will have the economic resources to fulfill the commitment. [Section 22, AECA]

Designated Country Representative - A person or persons duly authorized by a foreign government to act on behalf of that government to negotiate, commit, sign contractual agreements, and/or accept delivery of materiel.

Disclosure Authorization - Authorization by appropriate MILDEP authority which is required prior to disclosure of classified information to foreign nationals who are cleared by their government to have access to classified information.

Disposable MAP Property - MAP property determined to be no longer needed for the purpose initially furnished and for which no further MAP requirement exists and, MAP property which does not meet the criteria for utilization screening and is classified as disposable property by the Security Assistance Organization when initially reported by the foreign country.

Diversion - Any deliberate action that causes materiel to be delivered to other than the original intended recipient.

DoD Direct Credit - Long-term credit which is directly financed from the appropriation or account available for that purpose. Authority is Section 23 of the Arms Export Control Act, as amended, or pertinent earlier legislation.

Dollar Value Line - A program line representing a requirement for certain services, commodities, or a grouping of items of material (normally of high density and low unit cost) for which the requirement is measured only in dollars. These lines are identified in the MASL by unit of issues XX (dollars).

Dual Production - Production of a weapon system by a foreign and domestic government, international consortia or commercial producers. While it implies independent production sources, it is often used in cases where some parts or components are produced by a subcontractor in only one participating country. It is a form of coproduction in that such production depends upon the transfer of necessary technology from another country (or countries).

E

Economic Support Fund - Program by which economic assistance is provided on a loan or grant basis, to selected foreign governments having unique security problems. The funds are used to finance imports of commodities, capital, or technical assistance in accordance with terms of a bilateral agreement; counterpart funds thereby generated may be used as budgetary support. These funds enable a recipient to devote more of its own resources to defense and security purposes than it otherwise could do without serious economic or political consequences. [JCS Pub 1]

Eligible Recipient (FMS) - Any friendly foreign country or international organization determined by the President to be eligible to purchase defense articles and defense services, unless otherwise ineligible due to statutory restrictions. [Section 3, AECA]

Eligible Recipient (MAP) - Any foreign country or international organization determined by the President to be eligible to receive military assistance, unless otherwise ineligible due to statutory restrictions. [Section 503, FAA]

End Item - A final combination of end products, component parts, and/or materials which is ready for its intended use, e.g., ship, tank, mobile machine shop, aircraft. [JCS Pub 1]

Excess Defense Articles - Defense articles owned by the United States Government and not procured in anticipation of military assistance or sales requirements, or pursuant to a military assistance or sales order, which are in excess of the Approved Force Acquisition Objective and Approved Force Retention Stock of all Department of Defense Components at the time such articles are dropped from inventory by the supplying agency for delivery to countries or international organizations. [Sec. 644(g), FAA]

Excess Personal Property - Personal property which has been determined to be unnecessary for the discharge of DoD responsibilities after completion of utilization screening among DoD activities in accordance with policies prescribed by DoD Directive 4160.21, "DoD Personal Property Disposal Program," and Defense Disposal Manual (DoD 4160.21-M).

Exclusive (Non-Exclusive) License - A license covering a patent(s), technical or proprietary data, technical assistance, know-how, or any combination of these, granted by a U.S. firm to a foreign firm or government to produce, co-produce or sell a defense article or service within a given sales territory without competition from any other licenses or from the licensor. A non-exclusive license is a license as described above, except that competition may be permitted with other licensees and/or the licensor.

Expendable Supplies and Material - Supplies which are consumed in use, such as ammunition, paint, fuel, cleaning and preserving materials, surgical dressing, drugs, medicines, etc., or which lose their identity, such as spare parts, etc. Sometimes referred to as consumable supplies and material. [JCS Pub 1]

Expenditure Authority (under FMS) - A document or authority from SAAC to the implementing DoD component which allows expenditures against obligations previously recorded against an FMS case(s).

Expenditures - Cash disbursements.

Extended Offer - A new FMS offer for which a reply from the buyer has not been received within the time limit specified on the letter of offer which is still in effect pending clarification of its status.

F

Federal Financing Bank Financed Sale - Sale of defense items or services financed by credit supplied by the Federal Financing Bank. The sale may be made by DoD or by U.S. industry directly to the foreign buyer. U.S. industry sales financing are subject to DoD approval.

Financing, Type of - The method by which the U.S. Government is authorized to sell defense articles and services under the Arms Export Control Act (e.g., cash with acceptance, dependable undertaking, credit). The type of financing is reflected through entry of the proper term(s) of sale on the DD Form 1513.

Five Year Defense Program (FYDP) - The official program summarizing the Secretary of Defense's approved plans and programs for the Department of Defense.

Foreign Military Sales - That portion of United States security assistance authorized by the Arms Export Control Act, as amended. This assistance differs from the Military Assistance Program and the International Military Education and Training Program in that the recipient provides reimbursement for defense articles and services transferred (JCS Pub 1). Includes cash sales from stocks (inventories, services, training) by the DoD: (Sections 21 and 22, AECA).

Foreign Military Sales Order No. I (FMSO No. I) - Provides for pipeline capitalization of a cooperative logistics support arrangement, which consists of stocks "on hand" and replenishment of stocks "on order" in which the participating country buys equity in U.S. supply system for support of a specific weapons system. Even though stocks are not moved to a foreign country, delivery (equity) does in effect take place when the country pays for the case.

Foreign Military Sales Order No. II (FMSO No. II) - Provides for replenishment of withdrawals of consumption-type items (repair parts, primarily) from the DoD supply system to include charges for accessorial costs and a systems service charge.

Foreign Military Trainees (FMT) - Foreign military and associated civilian defense personnel receiving training under the Foreign Military Sales or International Military Education and Training Programs.

G

General Program Costs - Those Military Assistance Program costs which are not specifically identified to recipient country or regional programs such as administrative expenses and supply operations (other than PCH&T); formerly termed "Non-Regional Costs."

Generic Code (GC) - A code which represents the type of materiel or services according to budget activity/project account classification.

Grant Aid (Military) - Military Assistance rendered under the authority of the FAA for which the United States receives no dollar reimbursement. Such assistance currently consists of MAP and IMETP.

I

IMET Order - The funding document issued by DSAA that identifies the fund source for each program line of a country program (IMET program).

Implementation Date - The date when supply action on an FMS case is initiated or directed by the implementing agency.

Implementing Agency - The Military Department responsible for the execution of Grant Aid and FMS Programs.

Initial Deposit - Money transferred to the credit of the Treasurer of the United States or other authorized officer at the time of acceptance of a DD Form 1513 as full or partial payment for defense articles or services contracted for by an eligible foreign country.

International Logistics - The negotiating, planning, and implementation of supporting logistics arrangements between nations, their forces and agencies. It includes furnishing logistic support (major end items, materiel, and/or services) to, or receiving logistic support from, one or more friendly foreign governments, international organizations, or military forces, with or without reimbursement. It also includes planning and actions related to the intermeshing of a significant element, activity, or component of the military logistics systems or procedures of the United States with those of one or more foreign governments, international organizations, or military forces on a temporary or permanent basis. It includes planning and actions related to the utilization of United States logistics, policies, systems, and/or procedures to meet requirements of one or more foreign governments, international organizations, or forces. [JCS Pub. 1]

International Military Education and Training Program (IMET) - The portion of the U.S. security assistance program which provides training to selected foreign military and defense associated civilian personnel on a grant basis. IMET is authorized by the Foreign Assistance Act of 1961, as amended.

International Traffic in Arms Regulation (ITAR) - A document prepared by the Office of Munitions Control, Department of State, providing licensing and regulatory provisions for the export of defense articles, technical data and services. The ITAR also provides the U.S. Munitions List. (Federal Register, Vol. 45, No. 246)

Investment Cost - Cost of equipment, supplies and services that improve the capability of a force, including initial unit equipment, war reserves of equipment and ammunition, concurrent spare parts, and initial spare parts stockage levels. Also includes replacement costs for obsolescent and attrited equipment, rebuild and modernization costs for newly provided equipment, projects programmed as dollar value lines to facilitate administration, and training costs associated with the introduction of new equipment or an improved capability.

J

Joint Program Assessment Memorandum (JPAM) - This document provides JCS advice to the Secretary of Defense for his review of the Service Program Objectives Memoranda (POMs), development of Issue Papers, and decision on specific Service programs.

Joint Security Assistance Memorandum (JSAM) - Joint Strategic Planning System document providing U.S. military views on alternate funding levels projected for U.S. financed security assistance program elements. The JSAM is based on individual U.S. Diplomatic Mission and MAAG submissions of the AIASA and the JSPD/SA, as well as Unified Command comments on both.

Joint Strategic Planning Document (JSPD) - This document contains a comprehensive appraisal of the military threat to the United States, a statement of recommended military strategy to attain the objectives, and a summary of the JCS planning force levels that could execute, with reasonable assurance, the military strategy. It will incorporate an initial appraisal of the risk associated with programmed force levels and recommendations for changes in the prior consolidated guidance.

Joint Strategic Planning Document Supporting Analysis (JSPDSA) - That part of the JSPD which is submitted by the individual MAAG and addresses that specific country.

L

Lease - An agreement for temporary transfer of the right of possession and use of a defense article or articles to a foreign government or international organization, with the transferee agreeing to pay rent to the U.S. Government and/or maintain, protect, repair, or restore the article(s), subject to and under authority of the Arms Export Control Act, as amended.

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

Loan - An agreement for temporary transfer of the right of possession and use of a defense article or articles not acquired with Military Assistance funds to a foreign government or international organization, at no rental charge to the transferee, with the transferor U.S. Military Department being reimbursed from MAP funds, subject to and under authority of the Foreign Assistance Act, Section 503.

M

MAAG (Military Assistance Advisory Group) - A joint service group normally under the military command of a commander of a unified command and representing the Secretary of Defense which primarily administers the United States military assistance planning and programming in the host country (JCS Pub 1). A MAAG represents one type of overseas security assistance organization (SAO).

Maintenance Float - End items or components of equipment authorized for stockage at installations or activities for replacement of unserviceable items when immediate repair of the unserviceable equipment cannot be accomplished by the field maintenance activity.

Major Defense Equipment - Any item of significant combat equipment on the United States Munitions List having a non-recurring research and development cost of more than \$50 million or a total production cost of more than \$200 million.

Major Item (Line) - A program line for which the requirement is expressed quantitatively as well as in dollars. These lines are identified in the MASL by a unit of issue other than dollars (XX).

MAP Assets - Materiel for which title has been transferred to MAP ownership, but not to a recipient country or organization.

MAP Element - An integrated activity, a combination of men, equipment, supplies, facilities, and other resources, which together constitute an identifiable military force, unit, activity or specific function within a Country Military Assistance Program.

MASF (Military Assistance Service Funded) - All defense articles and defense services transferred to foreign countries under the authority contained in the Department of Defense Appropriation Act.

Military Articles and Services List (MASL) - Catalogue of materiel, services and training used in the planning and programming of Military Assistance Program (MAP), International Military Education and Training (IMET), and Foreign Military Sales (FMS). Separate MASLs are maintained for training.

Military Assistance Program (MAP) - That portion of the United States security assistance authorized by the Foreign Assistance Act of 1961, as amended, which provides defense articles and services to recipients on a nonreimbursable (grant) basis. [JCS Pub 1]. Currently, MAP funds are used to meet FMS obligations.

Military Civic Action - The use of preponderantly indigenous military forces on projects useful to the local population at all levels in such fields as education, training, public works, agriculture, transportation, communications, health sanitation, and others contributing to economic and social development, which would also serve to improve the standing of the military forces with the population. [JCS Pub 1]

Military Export Sales - All sales of defense articles and defense services made from U.S. sources to foreign governments, foreign private firms and international organizations, whether made by DoD or by U.S. industry directly to a foreign buyer. Such sales fall into two major categories: Foreign Military Sales and Commercial Sales.

MILSBILLS (Military Standard Billing System) - This system provides data elements and codes, standard mechanized procedures and formats to be used by DoD components for billing, collecting and related accounting for sales from system stock, including direct deliveries. The mechanized procedures apply to

MAP and FMS as outlined in DoDI 7420.12 (regarding Interfund Billing System). [DoDD 4000.25]

MILSCAP (Military Standard Contract Administration Procedures) - MILSCAP provides uniform procedures, rules, formats, time standards and standard data elements and codes for the interchange of contract-related information between and among DoD components and contractors. [DoDD 4000.25]

MILSTAMP (Military Standard Transportation and Movement Procedures) - Uniform and standard transportation data, documentation, and control procedures applicable to all cargo movements in the Department of defense transportation system. [JCS Pub 1]

MILSTEP (Military Supply and Transportation Evaluation Procedures) - MILSTEP provides a standard method for the preparation and collection of basic data necessary to measure supply system performance and transportation effectiveness. [DoDD 4000.25]

MILSTRAP (Military Standard Transaction Reporting and Accounting Procedures) - MILSTRAP prescribes uniform procedures, data elements and codes, documents and time standards for the flow of inventory accounting information, pertaining to receipt issue and adjustment actions, between inventory control points, stock control/activities, storage sites, and posts or bases. [DoDD 4000.25]

MIMEX Offers - Offers of major items of MAP equipment declared excess by the original recipient, made to eligible MAP materiel recipients for application against funded current year and prior year undelivered MAP program balances.

Munitions List - The U.S. Munitions List is an enumeration of defense articles and defense services in the International Traffic in Arms Regulation (ITAR).

0

Obligational Authority (under FMS) - A document or authority (DD Form 2060 format) passed from SAAC to the implementing DoD component which allows obligations to be incurred against a given FMS case in an amount not to exceed the value of the obligational authority.

Obligations - Amounts of orders placed, contracts awarded, services received, and similar transactions during a given period requiring future payment of money. Such amounts include adjustments for differences between obligations previously recorded and accrued expenditures of actual payments.

Offer Date - The date which appears on the offer portion of DD Form 1513 and which indicates the date on which an FMS offer is made to a foreign buyer.

Open Sales Case - An FMS case is designated open as long as any portion of the transaction is incomplete, i.e., delivery of materiel, performance of services, financial transactions, or rendering of the final statement of accounts.

Open Sales Offer - An FMS offer made to a foreign buyer which is pending acceptance.

Operation & Maintenance Costs (O&M Costs) - Costs associated with equipment, supplies, and services required to train, operate, and maintain forces in a recipient country, including cost of spare parts other than concurrent spares and initial stockages, ammunition and missiles used in training or replacements for such items expended in training or operations, rebuild and overhaul costs (excluding modernization) of equipment subsequent to initial issue, training and other services that do not constitute investment costs, and administrative costs associated with overall program management and administration.

P

Paramilitary Forces - Forces or groups which are distinct from the regular armed forces of any country, but resembling them in organization, equipment, training, or mission.

Personal Property - Property of any kind or any interest therein, except real property, records of the Federal Government, and naval vessels of the following categories: aircraft carriers, battleships, cruisers, destroyers, and submarines. (JCS Pub 1)

Pipeline - That portion of (a) approved and funded MAP articles and services, and (b) accepted FMS orders for defense articles and services, for which delivery, either constructive or actual, has not occurred, or services have not been rendered.

Planning and Review (P&R) Data - Prepared by the Military Departments, DSAA and other DoD components in response to a foreign government request for preliminary data for the possible purchase of a defense article or service. P&R data is not considered valid for the preparation of a LOA, nor is it a commitment for the U.S. Government to offer for sale such articles and services for which P&R data is provided.

Planning, Programming, Budget System (PPBS) - An integrated system for the establishment, maintenance, and revision of the Five Year Defense Plan (FYDP) and the DoD budget.

Price and Availability (P&A) Data - Estimate of price and availability of defense articles and services of sufficient accuracy to be used for the preparation of a LOA. P&A data provided separately from a LOA does not constitute a commitment by the U.S. Government to offer for sale the articles or services for which the estimate was prepared.

Program Line - A single line of data representing a requirement for articles or services in a military assistance program.

Progress Payments - Those payments made to contractors or DoD industrial fund activities as work progresses under a contract, on the basis of cost incurred

or percentage of completion, or of a particular stage of completion, accomplished prior to actual delivery and acceptance of contract items.

Public Law 480 (PL 480) Funds (Sec. 104c) - Foreign currencies derived from sale of surplus agricultural commodities under Title I, P.L. 480, Agricultural Trade and Development Act of 1954, as amended. Section 104(c) authorized these foreign currencies to be used for procuring equipment, materials, facilities, and services for the common defense including internal security.

Purchase Approval - Approval issues by DSAA for DoD which permits the country to utilize the credits extended under the Credit Agreement to finance the purchase of agreed to defense articles and defense services.

R

Reappropriation - MAP or IMETP funds which at the end of the fiscal year are not obligated and are made available by the Congress for use in the subsequent fiscal year.

Record Serial Number - A code which identifies a detail line item on the DD Form 1513. This code is perpetuated in the DD Form 645.

Recoupments (MAP) - Adjustments or cancellations of outstanding MAP orders in prior year accounts which generate additional funds to pay valid obligations, e.g., price increases existing in those prior year accounts.

Redistributable MAP Property - All MAP personal property which has been declared, by the recipient government to the United States, as no longer needed for the purposes for which furnished and which meets the criteria for utilization screening.

Reimbursements (MAP) - Funds realized from the sale of returned MAP owned property, such funds being deposited to MAP accounts and available for programming.

S

Secondary Item Line - A dollar value line encompassing items of equipment (e.g., "Other Support Equipment"), as distinct from a dollar value line encompassing commodities or components, parts and accessories.

Security Assistance - Group of programs authorized by the Foreign Assistance Act of 1961, as amended, and the Arms Export Control Act, as amended, or other related statutes by which the United States provides defense articles, military training, and other defense related services, by grant, credit or cash sales, in furtherance of national policies and objectives. [JCS Pub 1]

Security Assistance Organization (SAO) - This term encompasses all DoD elements located in a foreign country with assigned responsibilities for carrying out security assistance management functions. For instance it includes

military assistance advisory groups (MAAGs), military missions and groups, offices of defense/military cooperation, liaison groups, and defense attache personnel designated to perform security assistance functions.

Services, Defense - Services include any service test, inspection, repair, training, publication, technical or other assistance, or defense information used for the purposes of furnishing military assistance under the Foreign Assistance Act of 1961, as amended, or for making military sales under the U.S. Arms Export Control Act, as amended.

Significant Combat Equipment (SCE) - Also referred to as "Significant Military Equipment," are those defense articles and services on the U.S. Munitions List in the International Traffic in Arms Regulation (ITAR) which are preceded by an asterisk. SCE are articles which required special export controls "because of their capacity for substantial utility in the conduct of military operations." [Federal Register, Vol. 45, No. 246]

Supply Operation Costs - Refers to the categorization of those costs which are related to the procurement and issue of material and excess articles delivered to MAP and FMS recipients but not included in the standard prices of the material. These costs include packing, crating, handling and transportation expense incurred in the issue and transfer of material; and logistics management expenses (exclusive of military pay and allowances in the instance of MAP transactions) incurred by activities in the areas of procurement operations, supply management, requisition control, and processing, and related services.

Supply Support Arrangement Sales Case - Peacetime military logistics support systems designed to provide responsive and continuous support for U.S.-made military material possessed by foreign countries.

T

Total Obligation Authority (TOA) - The total financial requirements of the Five Year Defense Program, or any component thereof, required to support the approved program of a given fiscal year.

Training - Formal or informal instruction of foreign students in the United States or overseas by officers or employees of the United States, contract technicians, contractors (including instruction at civilian institutions), or by correspondence courses, technical, educational or information publications and media of all kinds, training aid, orientation, training exercise, and military advice to foreign military units and forces. [Sec. 47(5), AECA]

Trust Fund (FMS) - A fund credited with receipts which are earmarked by law and held in trust, or in a fiduciary capacity by the government for use in carrying out specific purposes and programs in accordance with an agreement.

U

Unaccepted Case - An FMS letter of offer which was not accepted or funded within prescribed time shown.

V

Value

a. Under Sec 644(m), FAA:

(1) With respect to an excess defense article, the actual value of the article plus the gross cost incurred by the United States Government in repairing, rehabilitating, or modifying the article, except that for purposes of Section 632(d) such actual value shall not be taken into account:

(a) For major items the pricing guidance contained in DoD 7290.3-M may be used to determine the value of EDA.

(b) For secondary items the inventory standard stock price is to be used.

(2) With respect to a non-excess defense article delivered from inventory to foreign countries or international organizations under this Act, the acquisition cost to the United States Government, adjusted as appropriate for condition and market value.

(3) With respect to a non-excess defense article delivered from new procurement to foreign countries or international organizations under this Act, the contract or production costs of such article.

(4) With respect to a defense service, the cost to the United States Government of such service.

(5) With respect to IMET, the additional costs that are incurred by the USG in furnishing such assistance.

b. Under Sec 47(2), AECA:

"Value" means, in the case of an excess defense article, not less than the greater of: (1) the gross cost incurred by the USG in repairing, rehabilitating, or modifying such articles, plus the scrap value; or (2) the market value, if ascertainable.

APPENDIX C

DOD DIRECTIVES, INSTRUCTIONS, AND MANUALS

The following is a list of DoD directives, instructions, and manuals pertaining to the security assistance program.

DoD Directive 1005.3 - Decorations from Foreign Governments

DoD Directive 1130.2 - Management and Control of Engineering and Technical Services

DoD Instruction 1215.12 - Alien Student Participation in Senior Reserve Officers' Training Corps Program

DoD Directive 1315.7 - Military Personnel Assignments

DoD Directive 1315.13 - Assignment of Military Personnel to the Office of the Secretary of Defense, the Organization of the Joint Chiefs of Staff and the Defense Agencies

DoD Directive 1400.6 - Civilian Employess in Overseas Areas

DoD Instruction 1400.10 - Employment of Foreign Nationals in Foreign Areas

DoD Instruction 1400.11 - Payments to Civilian Employees and their Dependents During an Evacuation

DoD Instruction 1400.23 - Employment of Dependents of Military and Civilian Personnel Stationed in Foreign Areas

DoD Instruction 1404.3 - Standardized Tours of Duty for DoD Civilian Employees

DoD Directive 2000.3 - International Interchange of Patent Rights and Technical Information

DoD Instruction 2000.8 - Cooperative Logistics Supply Support Arrangements

DoD Directive 2000.9 - International Co-Production Projects and Agreements Between the U.S. and Other Countries or International Organizations

DoD Directive 2000.10 - Selection and Training of Security Assistance Personnel

DoD Directive 2010.1 - Support of International Military Activities

DoD Instruction 2010.4 - U.S. Participation in Certain NATO Groups Relating to Research, Development, Production, and Logistics Support of Military Equipment

DoD Directive 2010.5 - DoD Participation in the NATO Infrastructure Program

DoD Directive 2010.6 - Standardization and Interoperability of Weapon Systems and Equipment within the North Atlantic Treaty Organization

DoD Directive 2010.8 - Department of Defense Policy for NATO Logistics

DoD Directive 2010.9 - Mutual Logistics Support Between the United States and other NATO Forces

DoD Instruction 2010.10 - Mutual Logistics Support Between the United States and Other NATO Forces - Financial Policy

DoD Instruction 2015.4 - Mutual Weapons Development Data Exchange Program (MWDDEP) and Defense Development Exchange Program (DDEP)

DoD Instruction 2045.2 - Agreements with Australia and Canada for Qualification of Products of Non-Resident Manufacturers

DoD Instruction 2050.1 - Delegated Approval Authority to Negotiate and Conclude International Agreements

DoD Directive 2100.3 - United States Policy Relative to Commitments to Foreign Governments Under Foreign Assistance Programs

DoD Instruction 2110.8 - Transfer of Releasable Assets of the DoD to Eligible Foreign Countries and International Organizations on a Foreign Military Sales Basis

DoD Instruction 2110.31 - Contributions by Foreign Governments for Administrative and Operating Expenses of Military Assistance Programs

DoD Instruction 2110.32 - Foreign Military Sales Between the United States and the Federal Republic of Germany

DoD Instruction 2110.33 - Preparation of U.S. Inventory Material for Transfer Under the Grant Aid Military Assistance Program

DoD Directive 2125.1 - Military Assistance Program Offshore Procurement

DoD Directive 2140.2 - Recoupment of Nonrecurring Costs on Sales of USG Products and Technology

DoD Instruction 2140.4 - Collecting and Reporting of Foreign Indebtedness Within the Department of Defense

DoD Directive 3100.3 - Cooperation with Allies in Research and Development of Defense Equipment

DoD Directive 3100.4 - Harmonization of Qualitative Requirements for Defense Equipment of the U.S. and its Allies

DoD Directive 4100.37 - Retention and Transfer of Materiel Assets

DoD Directive 4140.2 - Management of War Reserves

DoD Instruction 4140.42 - Determination of Initial Requirements for Secondary Item Spare and Repair Parts

DoD Instruction 4155.19 - NATO Quality Assurance

DoD Directive 4160.21 - DoD Personal Property Utilization Disposal Program

DoD Directive 4165.6 - Real Property Acquisition, Management and Disposal

DoD Directive 4165.20 - Utilization and Retention of Real Property

DoD Instruction 4165.40 - Form for Transfer and Acceptance of Military Real Property (DD Form 1354)

DoD Directive 4175.1 - Sale of Government-Furnished Equipment or Materiel and Services to U.S. Companies for Commercial Export

DoD Directive 4215.18 - Management of Defense-Owned Industrial Plant Equipment (IPE)

DoD Directive 4410.6 - Uniform Material Movement and Issue Priority System (UMMIPS)

DoD Directive 4500.2 - Land Transportation Outside the Continental United States

DoD Directive 4500.9 - Transportation and Traffic Management

DoD Directive 4515.13 - Transportation by DoD-Owned and Controlled Aircraft

DoD Directive 5000.1 - Major System Acquisitions

DoD Directive 5000.2 - Major System Acquisition Procedures

DoD Directive 5000.7 - Official Temporary Duty Travel Abroad

DoD Instruction 5000.33 - Uniform Budget/Cost Terms and Definition

DoD Directive 5000.35 - Defense Acquisition Regulatory System

DoD Instruction 5010.12 - Management of Technical Data

DoD Directive 5030.14 - Disclosure of Atomic Information to Foreign Governments and Regional Defense Organizations

DoD Directive 5030.28 - Munitions Control - Procedures for U.S. Munitions List Export License Applications Referred to DoD by Department of State

DoD Directive 5100.27 - Delineation of International Logistic Responsibilities

DoD Directive 5100.46 - Foreign Disaster Relief

DoD Directive 5100.51 - Protection and Evaluation of U.S. Citizens and Certain Designated Aliens in Danger Areas Abroad

DoD Directive 5100.53 - U.S. Participation in Certain NATO Groups Relating to the Research, Development, Production and Logistics Support of Military Equipment

DoD Directive 5100.55 - United States Security Authority for NATO Affairs

DoD Directive 5100.60 - Department of Defense Housing Referral Program

DoD Directive 5105.36 - Defense Contract Audit Agency

DoD Directive 5105.38 - Defense Security Assistance Agency

DoD Directive 5105.40 - Defense Mapping Agency (DMA)

DoD Directive 5129.1 - Under Secretary of Defense for Research and Engineering

DoD Directive 5132.2 - Assistant Secretary of Defense (International Security Affairs)

DoD Directive 5132.3 - Department of Defense Policies and Responsibilities Relating to Security Assistance

DoD Directive 5132.10 - Security Assistance Technical Assistance Field Teams

DoD Directive 5132.11 - Security Assistance Accounting Center

DoD Directive 5160.41 - Defense Language Program

DoD Directive 5160.66 - Defense Institute of Security Assistance Management

DoD Directive 5200.12 - Security Sponsorship and Procedures for Scientific and Technical Meetings Involving Disclosure of Classified Military Information

DoD Industrial Security Manual 5220.22-M - Industrial Security Manual for Safeguarding Classified Information

DoD Directive 5230.11 - Disclosure of Classified Military Information to Foreign Governments and International Organizations

DoD Instruction 5230.17 - Procedures and Standards for Disclosure of Military Information to Foreign Governments

DoD Instruction 5230.20 - Policy and Procedures for the Control of Foreign Representatives

DoD Directive 5410.17 - An Informational Program for Foreign Military Trainees and Visitors in the United States

DoD Directive 5500.7 - Standards of Conduct

DoD Directive 5530.3 - International Agreements

DoD Instruction 6010.6 - Notification Procedures When Canadian Forces Personnel are Hospitalized in U.S. Military Medical Treatment Facilities

DoD Instruction 6310.6 - Disposition of Allied Country Patients by Department of Defense Medical Installations

DoD Directive 6310.7 - Medical Care for Foreign Personnel Subject to the NATO Status of Forces Agreement

DoD Instruction 7060.2 - International Balance of Payments Program - Accounting, Reporting and Estimating

DoD Instruction 7230.7 - User Charges

DoD Instruction 7230.8 - Leases and Demonstrations of DoD Aircraft

DoD Directive 7250.13 - Official Representation Funds

DoD Instruction 7290.1 - Method of Financing, Funding, Accounting and Fiscal Reporting for the Military Assistance Grant Aid Program

DoD Instruction 7290.2 - Reimbursable Costs of Defense Articles and Defense Services Provided Under the Military Assistance Program or Training Provided Under the International Military Education and Training Program as Grant Aid

DoD 7290.3-M - Foreign Military Sales Financial Management Manual

DoD Directive 7460.2 - Regulations Governing the Use of Management Funds

DoD Instruction 7510.4 - Uniform Policy for Charging Accessorial and/or Administrative Costs Incident to Issues, Sales, and Transfers of Materials, Supplies and Equipment

APPENDIX D

DSAA INFORMATION SYSTEMS DATA ELEMENT DICTIONARY

A. PURPOSE. The purpose of this appendix is to provide the users of the DSAA 1000 and 1200 Systems with information about the data elements used in the systems.

B. DESCRIPTION. All codes listed in this appendix are used in either of the two systems as processing tools or as a means of segregating and recording essential data pertaining to the program involved, thereby according a means of retrieving data to satisfy management level officials.

C. ALPHABETIC LIST OF CODES WITH DEFINITIONS.

1. Acceptance Date - 1200 System. The date a country representative signs the formal United States Department of Defense Letter of Offer and Acceptance (LOA), DD Form 1513. It indicates the calendar date on which a foreign buyer agrees to accept the terms and conditions contained in the offer portion of the LOA. This date is expressed in a year, month, and day (YYMMDD) format.

2. Acceptance Fiscal Year/Quarter - 1200 System. A three digit numeric code contained in the data base and generated from the Acceptance Date of the case (e.g., 794 is generated for the fourth quarter of fiscal year 1979).

3. Action Code - 1000 System. A single digit alpha code used in conjunction with the updating of the master program file. MILDEPs are furnished advice on program changes originating within their respective agency based on this code. It advises the program originator of exactly what action was taken by DSAA on the input submitted to update the master program file. The action code is used in the ADP feedback and is reflected in column 7 of cards, card images, and printed detail listings. The feedback procedure provides input error, program feedback listings and cards or card images reflecting errors in input and the action taken by DSAA on the program change data. Approved data appears on the MAP and IMET orders and in all MAP/IMET order cards or card images. The following action code advice is furnished to the MILDEPs following each update, as applicable. Rejects: Action Code D, G, H, I, M, Q, V, and Y. Disapprovals: Action Code X only. (For a list of all action codes and their meaning, see Table D-1.)

4. Advance Notification to Congress Date - 1200 System. A six position numeric code expressed in a YYMMDD format, which reflects the calendar date on which an advance notification of a potential major foreign military sale or foreign military construction sale is furnished to Congress.

5. Area Code - All Systems. The area code is a single digit numeric code assigned as supplemental data in the DSAA data bases for use in selecting and sorting data by geographical area. Country/Activity codes for each area are shown in Table D-7 of this appendix. Applicable codes are as follows:

<u>Code</u>	<u>Meaning</u>
1	East Asia and Pacific (EAP)
2	Near East and South Asia (NESA)
3	Europe and Canada (EUR)
4	Africa (AFR)
5	American Republics (Latin America) (AR)
6	Non-Regional (NR)

6. Availability Reporting Quarter - 1000 System. A single digit numeric code used in training programs to indicate the quarter in which the student availability reporting date occurs. Applicable codes are 1 through 4 representing the four quarters of a fiscal year, plus code 5 which represents the period of 1 October through 30 December of the next fiscal year, thus providing a "fifth quarter" in which to implement training (under IMET) in a given fiscal year.

7. Cancellation Date - 1200 System. A six position numeric code expressed in a YYYYDD format, which reflects the calendar date the LOA (or request for LOA) was actually cancelled.

8. Card Code/Transaction Type.

a. 1000 System. A single digit alpha or numeric code which identifies each card or card image that can be used in the updating of data in the 1000 system.

<u>Code</u>	<u>Meaning</u>
3	Program Addition Card (Defense Articles and Services - MAP)
4	Program Addition Card (IMET and FMS training)
5	Approval Card (Defense Articles and Services - MAP)
6	Approval Card (IMET)
8	Performance Card (Delivery/Expenditure for Defense Articles and Services - MAP)
P	Increase/Decrease and Other Data Element Change Card (Defense Articles and Services - MAP)
Q	Increase/Decrease and Other Data Element Change Card (IMET and FMS training)
R	Program Deletion for MAP (Defense Articles and Services), and for IMET and FMS training.

b. Transaction Type - 1200 System. A two position code assigned to each card or card image used in the 1200 System data base. The first digit is a constant "S" (system code) and is used to distinguish data in the 1200

System from other card or tape data used by DSAA in other security assistance operations. The second digit is numeric and identifies the type of data being processed.

<u>Code</u>	<u>Meaning</u>
S1 -----	Letter of Request Format -- this transaction is used for additions, changes and deletions to the data base.
S2 -----	Congressional Transaction Format -- this transaction is used for processing status changes and/or deletions to the Congressional cycle of the data base.
S3 -----	DD Form 1513 Format - this transaction is used for recording LOAs when countersigned and for processing changes and/or deletions at the offer, acceptance, implementation, and closure stage of the LOA cycle.
S4 -----	Implementing Agency Format - this transaction is used to record pertinent implementation actions to an accepted case record.
S5 -----	Redesignating Key Format - this transaction is used to change (convert) a control field in a previously established record.
S6 -----	Under DoD Preparation Format - this transaction is used to add/change data in the system relative to the Congressional cycle portion of the data base.
S7 -----	Under DoD Preparation Format - this transaction is used to change data relative to the Congressional cycle portion of the data base.

c. Military Articles and Services List (MASL) - 1000 System. The following cards or card images are approved for use when processing data to the MASL data base:

<u>Code</u>	<u>Meaning</u>
1 -----	Use to add, change and/or delete a record in the Materiel MASL.
2 -----	Use to add, change and/or delete a record in the training MASLs.
G-0 -----	Trailer cards used in the Materiel MASL to add supplemental data to a record.

9. Case Amendment Number - 1200 System. A two position numeric code assigned by the Implementing Agency (IA) to identify and distinguish between the basic FMS or Foreign Military Construction (FMCS) case and subsequent amendments thereto. All amendment numbers must fall in the range of 01 through 99.

10. Case Description - 1200 System. A short title specifically prepared for each case and containing from 15 to 40 characters. In the case of ships, combat vehicles, aircraft, and other designated major defense equipment (MDE), the description will contain the quantity of the MDE item in parenthesis. Data entered in this field should be as descriptive as possible. Any special characters used are restricted to the character set used in the 1200 system.

11. Case Designator - 1200 System. A unique designation within a single country and implementing agency, assigned by the IA to each FMS or FMCS case, consisting of a three digit code to identify a specific offer to a country customer. This designator, assigned upon receipt of the Letter of Request (LOR), permanently identifies the sale or offer unless deleted jointly by the DSAA and the IA. The first digit is always alpha and the second and third digits may be alpha or numeric.

12. Case Establishment Date - 1200 System. A six position numeric code expressed in a YYMMDD format, which reflects the actual date a country customer is notified that a FMS or FMCS case is implemented on its behalf.

13. Case Identifier - 1200 System. The case identifier is a means of identifying a case throughout its existence. It consists of the country code, implementing agency code, case designator, and the amendment number if any.

14. Change Originator Code

a. 1000 System. The change originator code identifies the organization originating a change (add, change, or delete card) to the DSAA master program file. Changes originated by an overseas Security Assistance Organization (SAO) are required to be submitted through a military department. The Military Department enters change originator codes A, N, or F, as appropriate, prior to forwarding the card to DSAA. Approved codes are as follows:

<u>Code</u>	<u>Explanation</u>
B -----	SAO (Army)
P -----	SAO (Navy)
D -----	SAO (Air Force)
K -----	SAO (Marine Corps)
A -----	Department of the Army
N -----	Department of the Navy
F -----	Department of the Air Force
S -----	Defense Security Assistance Agency (DSAA)
U -----	Unified Command
J -----	Department of the Air Force (Headquarters and Foreign Military Training Affairs Group - IMET)

b. 1200 System. Change originator codes identify the organization originating a change (add, change or delete) in the 1200 system.

<u>Code</u>	<u>Meaning</u>
A -----	Department of the Army
C -----	Department of the Navy (CNO)
F -----	Department of the Air Force
J -----	Department of the Air Force (Hdqtrs)
L -----	Defense Audio Visual Agency (DAVA)
M -----	Department of the Navy (Naval Materiel)
N -----	Naval International Logistics Control Office (NAVILCO)
R -----	Defense Logistics Agency (DLA)
S -----	Defense Security Assistance Agency (DSAA)
U -----	Defense Mapping Agency (DMA)
V -----	Defense Contract Audit Agency (DCAA)
W -----	Defense Advanced Research Projects Agency (DARPA)
Z -----	Defense Nuclear Agency (DNA)

15. Classification Code.

a. 1000 System. The classification code used in the Military Articles and Services List cards and card images indicates the security classification of defense articles, defense services, and training for guidance in complying with the National Disclosure Policy and military department security regulations. Codes are assigned by the military department on initial submission of a MASL line.

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

b. 1200 System. An alpha code assigned by the cognizant Military Department or Agency to each case which designates the security classification.

<u>Code</u>	<u>Meaning</u>
C -----	Confidential - classified by the Department of State for reasons of foreign policy.
D -----	Confidential - classified by the implementing agency for national defense purposes.
U -----	Unclassified

16. Closure Date - 1200 System. A six position numeric code, reported by SAAC, expressed in a YYMMDD format, which reflects the calendar date a case was officially closed by SAAC.

17. Commercial Item - 1000 System. The use of a numeric "1" in column 53 of the Materiel Card 3 indicates DSAA prior approval of a commercial type item. (See Chapter 11 for detailed instructions on the programming of commercial type items.)

18. Commitment Code - 1000 System. A single position numeric code used to describe the U.S. commitment, by type (see definition), for each defense article and defense service programmed. (For a list of commitment codes with an explanation of each see Table D-2 of the appendix.)

19. Communications/Ancillary Item/Concurrent Spare Parts Code - 1000 System. A single position alpha code used in column 54 of the Program Materiel Card 3 to alert supply agencies that specific items of communications or other ancillary equipment are not to be shipped directly to the recipient country/ activity, but are to be mounted on or installed in a major piece of equipment also programmed for the recipient. In addition the code identifies the major items of equipment which are to have separately programmed CSP and/or communications or ancillary equipment installed prior to delivery.

<u>Code</u>	<u>Explanation</u>
A -----	Communications or other ancillary equipment to be mounted on or installed in a major piece of equipment prior to shipment of the latter.
M -----	This piece of equipment should have separately programmed communications or other ancillary equipment installed prior to shipment.
N -----	This piece of equipment should have CSP separately programmed.
P -----	This piece of equipment should have separately programmed CSP, and communications or other ancillary equipment installed prior to shipment.

20. Completed Line Item Code - 1200 System. An optional alpha code "C" entered in the item detail data by the implementing agency thru the SAAC to indicate that all defense articles have been delivered and/or all defense services have been performed against the line.

21. Condition Code - 1000 System. An alpha code is entered in column 53 of the Materiel Card 3 to assign condition codes to all items programmed under MAP and available as Excess Defense Articles (EDA). Codes are used to reflect the degree of serviceability, condition, and completeness in terms of readiness for issue and use. A list of all condition codes is contained in Table D-3 of this chapter. For non-excess entries column 53 is used to indicate commercial type items which are programmed under MAP. (See Commercial Item - 1000 System, above.)

22. Congressional Approval Date - 1200 System. A computer generated six position numeric code expressed in a YYYYDD format which reflects the final date of the statutory Congressional review period for a 36(b) case. This date

is based on the statutory notification date that a 36(b) was forwarded to Congress.

23. Congressional Year of Interest - 1200 System. A two position numeric code, generated by the computer, which reflects the probable fiscal year projected for an FMS or FMCS case acceptance.

24. Congressional Notification Transmittal Number - 1200 System. A five position alpha/numeric code assigned by the DSAA and used for tracking notifications sent to the Congress. The first two characters always represent the fiscal year in which the notification was made. In advance notifications the last three positions are alpha characters. In statutory (formal) notifications the last three positions are numeric characters.

25. Construction Indicator - 1200 System. A single digit alpha code entered in case transactions or generated by the computer to identify a Foreign Military Construction Sale, FMCS.

26. Continuing Resolution Authority (CRA) Code - 1000 System. All initial input for materiel must contain a CRA code. The CRA codes listed below indicate that amount of "continuing resolution" funds required to preclude disruption of essential activities of a continuing nature. These codes are used in conjunction with funding priority codes to determine (a) the program lines to be funded, and (b) the percentage of each line to be funded. All training "each" lines must contain the code 0 (zero) for program years prior to 78. For IMET beginning with fiscal year 78 and for subsequent years this field in the Card 4 is used for requirements priority. (See Requirements Priority - 1000 System of this appendix.)

<u>Code</u>	<u>Amount Required</u>
0	None
1	10%
2	20%
3	30%
4	40%
5	50%
6	60%
7	70%
8	80%
9	90%
T	Total
M	Used for prior years
O(alpha)	Used for prior years

27. Control Code - 1000 System. A single digit alpha code used in all MASL data. For training MASL data the code is used to designate the training program and the fiscal year to which the MASL entry applies. Control codes for training MASLs are assigned by DSAA on an annual basis. The materiel MASL has been assigned the control code of "K" and this code should be used in column 53 of the MASL 1 card when submitting new MASL data or correcting current MASL data. The code of "L" is used by DSAA to distinguish the Summary MASL lines in the MASL data base.

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

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

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

31. Customer Within Country Code - 1000 System. A single digit alpha or numeric MILSTRIP code used in the materiel program that identifies the final recipient and port of discharge within the country. The current listing contained in the following Military Department implementations of MILSTRIP will be used to determine the code. This code is not required in program data for those program lines for which requisitions will be submitted by the recipient country/SAO. It is essential that it be entered for all other materiel line items to ensure shipment to the proper in country designation.

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

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

33. Delivery Forecast Date - 1200 System. The delivery forecast date is that date in which delivery of the line item (supply/services) is estimated to

be completed. The first two digits represent the fiscal year and the third digit represents the quarter of the fiscal year.

34. DSAA Waiver - 1000 System. Some categories of training require DSAA approval before programming. An alpha "A" used in column 58 of the 4 Card indicates that constraints have been waived by the DSAA on the item of training programmed. (See Chapter 10.)

35. Duration Code - 1000 System. The duration code is a two position alpha/numeric code which appears in the training MASL and detail records. It indicates, where applicable, the course length in weeks for formal training and should be expressed in man weeks for teams and man months for field training services. Courses that exceed 99 weeks should be coded as follows.

<u>Code</u>	<u>Weeks</u>
A0-A9	100-109
B0-B9	110-119
C0-C9	120-129
D0-D9	130-139
etc.	

When the duration in the MASL is coded as "VA" (variable), it signifies that the training line item has a nonspecific variable duration which should be determined separately.

36. End Use Code - 1000 System. The following codes identify end use of the defense articles and defense services programmed for MAP prior to FY 78. For FY 78 and subsequent years this field was redesignated to fiscal code. (See Fiscal Code - 1000 System of this appendix.)

<u>Code</u>	<u>Meaning</u>
A -----	Naval Defense Forces (CINCS only)
B -----	Civil Action
C -----	Internal Security
D -----	Western Hemisphere Defense

37. English Comprehension Level/Specialized English Training Requirement - 1000 System. This data element is used in the training MASL to provide the required English Comprehension Level (ECL) and Specialized English Training (SET) requirement for course attendance. The ECL is entered as -- 60, 70, 80, etc. The SET requirement is indicated as SET advised -- SA or SET required -- SR, etc.

38. Excess Offer Number Code - 1000 system. This code is used to identify transferable assets to countries which are eligible to receive Grant Aid defense articles through MIMEX, MAPEX and MASFEX. Column 60-64 of the Materiel Card 3 should be used to identify the MILDEP MIMEX Offer Number, Defense Property Disposal Service (DPDS) listing or flyer number, and the MAPEX or MASFEX project numbers. For card column 60 one of the following codes should be used for all items programmed from transferable assets. For card columns 61-64 enter the serial number of the offer assigned by the MILDEP, flyer/listing number as assigned by DPDS, or the MAPEX/ MASFEX project number as assigned by CINCPAC. Right justify and zero fill the field. Examples: Army

MIMEX Offer 194, enter A0194. DPDS listing number 71/D-11, enter L0011. On non-excess items columns 60-64 may be used to identify Issue Priority/Required Delivery Date codes. (See Issue Priority/ Required Delivery Date Code - 1000 System of this appendix.)

<u>Code</u>	<u>Meaning</u>
A -----	Army
D -----	DPDS flyer
F -----	Air Force
L -----	DPDS listing
N -----	Navy
X -----	MAPEX/MASFEX

39. Execution Agency (EXA) Code - 1000 System. A three digit code used with all training program lines to identify the MILDEP providing the training, the funding command or agency, and the school or training activity at which training is to be performed. The first digit of the EXA code corresponds to the Implementing Agency Code-1000 System and is used to identify the MILDEP other agency responsible for providing the training. The second digit is an alpha character assigned to identify each funding command or agency, as applicable. The third digit is an alpha or numeric character that can be assigned to identify each school or training activity within the MILDEP. Not all MILDEPs identify individual schools with the EXA code. Chapter 10 provides a breakdown of Execution Agency Codes by MILDEP.

40. Federal Supply Group (FSG) - All Systems. The first two positions of the Federal Supply Classification Code (FSC) identifies the specific group of commodities of supply.

41. Federal Supply Classification Code (FSC) - All Systems. A four digit code which identifies the supply classification of an item of supply identified under the Federal Cataloging Program as an item of production, and/or a homogeneous area of commodities with respect to their physical or performance characteristics. The first two digits identify the federal supply group and the last two digits identify the federal supply classification within each group.

42. Fiscal Code - 1000 System. A single digit numeric code used to identify the fund source for each program line. For example:

<u>Code</u>	<u>Meaning</u>
2	1982
3	1983
4	1984
etc.	

43. Footnote Code - 1000 System. A two digit alpha code used to provide significant supply information on defense articles and defense services. (See Table D-8 of this appendix for a complete list of codes.)

44. Formal (Statutory) Notification to Congress Date - 1200 System. A six position numeric code expressed in a YYMMDD format, which reflects the date on which the statutory notification of a 36(b) case was forwarded to Congress.

45. Funding Date/Case - 1000 System. This data element is used in the IMET detail training records to indicate the date by which the individual training line must be funded. The date is entered by the appropriate Military Department in a MM/DD format. In the FMS training records the second, third and fourth digits of this data element are used to record the FMS case designator.

46. Funding Priority Code - 1000 System. The funding priority code identifies the order in which materiel items and services (groups of inter-related items and services) are to be funded in the event limited funds are available. All program lines other than training and supply operations must contain this code. The code consists of two alphabetic characters indicating the sequence of funding. For example:

<u>Funding Priority</u>	<u>Code</u>
1	AA
3	AC
26	AZ
27	BA

47. Generic Code - All Systems. A three digit code assigned to each item in the MASL and perpetuated throughout program data, to classify defense articles, services and training according to the budget activity/project account classification and to aggregate articles, services and training into generic groupings for reporting and management purposes. The first digit of the generic code is an alpha character identifying one of the following budget activities. The second digit is a numeric assigned each Budget Project (BP). The BP is classified at the second level of aggregation in the generic code. The third digit is an alpha character assigned each generic grouping of defense articles, services and training with similar characteristics. The generic grouping is classified at the third level aggregation in the generic structure. A complete list of generic codes is shown in Table D-9 of this appendix.

<u>Code</u>	<u>Meaning</u>
A -----	Aircraft
B -----	Missiles
C -----	Ships
D -----	Combat Vehicles
E -----	Tactical and Support Vehicles
F -----	Weapons
G -----	Ammunition
H -----	Communications Equipment
J -----	Other Support Equipment
K -----	Supplies
L -----	Supply Operations
M -----	Maintenance of Equipment
N -----	Training
P -----	Research and Development
Q -----	Construction
R -----	Special Activities
T -----	Administration
U -----	Foreign Military Sales Order (FMSO)

48. IA Completion Date - 1200 System. A six position numeric code expressed in a YYMMDD format, which reflects the date on which the implementing agency completed preparation of the LOA documentation.

49. IMET Order - 1000 System. The document issued by DSAA which authorizes and directs the furnishing of military training to the designated IMET recipient. The IMET order identifies the fund source for each program line (FY 1984 funding is indicated by a "4" in the fiscal code -- column 71).

50. IMET Order Adjustment - 1000 System. This data element is used in the IMET detail training records to record the last two digits of the IMET order number that funds, unfunds, or makes a change to an already funded line of training.

51. Implementing Agency (IA) Code.

a. 1000 System. A single digit alpha code assigned by the DSAA and identifying the Military Department or agency to be the recipient of the MAP/IMET Order.

<u>Code</u>	<u>Meaning</u>
B -----	Department of the Army
D -----	Department of the Air Force
P -----	Department of the Navy
S -----	Office Secretary of Defense
Y -----	Department of State

b. 1200 System. A single digit alpha code identifying the Military Department or agency which has made the sale on behalf of the U.S. Government.

<u>Code</u>	<u>Meaning</u>
B -----	Department of the Army
D -----	Department of the Air Force
L -----	Defense Audio Visual Agency (DAVA)
M -----	Army (Other)
P -----	Department of the Navy
Q -----	Defense Security Assistance Agency (DSAA)
R -----	Defense Logistics Agency (DLA)
U -----	Defense Mapping Agency (DMA)
V -----	Defense Contract Audit Agency (DCAA)
W -----	Defense Advanced Research Projects Agency (DARPA)
X -----	Security Assistance Accounting Center (SAAC)
Z -----	Defense Nuclear Agency (DNA)

52. Item Detail Data Flags - 1200 System. A one position alpha code created during item detail processing indicating that an error or possible error condition exists in the data provided by SAAC. These codes contained in a listing of data for which they apply are furnished to the SAAC on a monthly basis after the 1200 updating cycle has been completed. The following codes may appear in these listings:

<u>Code</u>	<u>Explanation</u>
B -----	Purchased quantity or delivered quantity is inconsistent with the unit of issue code in the MASL.
E -----	Completed line code is inconsistent with data reported in the purchase/delivery fields.
J -----	No master file case record exists for the corresponding item detail data as provided.
L -----	The item detail submission contains duplicates (multiple) records for the same control fields.
M -----	The item detail record is unmatched to the materiel MASL or generic code and NSN.
P -----	The item detail line contains a delivered value but no quantity delivered for a non-dollar (XX) line.
V -----	The delivered value for a specific line exceeds the purchase value.

53. Item Identification Number (IIN) - 1000 System. A seven digit number used to identify each specific training item available for IMET or FMS training programming. The first digit represents the Military Department supplying the training (See Implementing Agency Code - 1000 System above). The next three digits are prescribed by DSAA and are listed in Chapter 10. The first four digits are used as a "root" by the Military Departments who add the last three digits to complete the seven digit identification number.

54. Issue Priority/Required Delivery Date Code - 1000 System. Provision is made in the Materiel Card 3 format for inclusion of issue priority and required delivery date (RDD) codes. The purpose is to provide all necessary data, to the implementing agency, for use in the preparation of requisitions for definitized items by the Military Departments upon receipt of the MAP Order Materiel Card 5. Issue priority codes used for MAP are those prescribed in the MILSTRIP regulations and are entered into the system by using columns 60-61 of the Materiel Card 3. The RDD is entered by using columns 62-64 of the Materiel Card 3. The first position indicates the last digit of the calendar year the item is required and the second and third digits indicate the month of the calendar year. Military Departments can convert the RDD to MILSTRIP system when the requisition is prepared. Columns 60-64 are used to identify the MIMEX excess offer number on items that are available from excess stocks. (See Excess Offer Number Code - 1000 System in this appendix.)

55. Lead Time Code - 1000 System. A single digit numeric code used in the materiel portion of MAP to identify the interval between the initiation of a procurement request and receipt of an item in the supply system.

<u>Code</u>	<u>Lead Time</u>	<u>Explanation</u>
0 -----	0 to 12 months -----	Delivery (articles) or expenditure of funds (services) during the same FY as programmed.
1 -----	13 to 24 months -----	Delivery (articles) or expenditure of funds (services) during the FY following the one in which programmed.

<u>Code</u>	<u>Lead Time</u>	<u>Explanation</u>
2 -----	25 to 36 months -----	Delivery (articles) or expenditure of funds (services) during the second FY following the one in which programmed.
3 -----	37 to 48 months -----	Delivery (articles) or expenditure of funds (services) during the third FY following the one in which programmed.
4 -----	49 to 60 months -----	Delivery (articles) or expenditure of funds (services) during the fourth FY following the one in which programmed.

56. Letter of Request (LOR) Date - 1200 System. A six position numeric code expressed in a YYMMDD format, which reflects the date shown on the LOR for defense articles and defense services as received from the country customer and as entered into the 1200 system.

57. LOR IA Receipt Date (Complete) - 1200 System. A six position numeric code expressed in a YYMMDD format, which reflects the date on which the IA received an LOR which is complete with respect to definition of the defense articles, defense services, and related elements of the LOA.

58. LOR IA Receipt Date (Incomplete) - 1200 System. A six position numeric code expressed in a YYMMDD format, which reflects the date on which the IA received an LOR which is incomplete with respect to defense articles, defense services, and/or terms desired by the potential customer.

59. Major Defense Equipment (MDE) Indicator - MASL. A single digit numeric code which indicates that the item is on the MDE List contained in Chapter 7. A "Y" indicates the item is on the list and "N" indicates that the item is not on the list.

60. MAP Element Code - 1000 System. A four digit code that defines intermediate levels of forces and activities or support requirements in descending order of detail for which requirements are programmed. The code is patterned after the major program and program element structure for the U.S. forces in the DoD Five Year Forces Structure and Financial Program. The first digit is numeric and identifies the Military Assistance major program. The second and third digits are alpha characters and further define sub-divisions of forces or activities within the major program. The fourth digit normally will be the numeral 0 (not the letter O). An alpha may be substituted for the zero in the fourth digit when it is necessary to relate programmed requirements to specific force units or when specific unit identification is of particular importance to decision-making and control over program execution. The structure of the MAP Element Code is shown in Table D-10 of this appendix.

<u>Code</u>	<u>Meaning</u>
2 -----	Air and Missile Defense Forces
3 -----	General Purpose Forces
4 -----	Airlift and Sealift Forces
5 -----	Reserve Forces
6 -----	Research and Development
7 -----	General Support

61. Method of Funding - 1000 System. A numeric code assigned only by the DSAA and indicates the following:

<u>Code</u>	<u>Meaning</u>
0 -----	No funds required
1 -----	.001 fund appropriation
2 -----	.002 fund appropriation
3 -----	.003 fund appropriation
4 -----	Contract Authority
5 -----	Currency other than those appropriations used for MAP/IMET.

62. MILSTRIP Routing Identifier Code (MRI) - All Systems. A three digit code used in MILSTRIP, and to be found in Military Department and DLA supply publications, which defines a specific supply and distribution organization and its address. In the MAP 1000 system, the first digit of the MRI code, as shown in all MASL data and in all MAP program data records, is used to identify the MILDEP or other agency that, under normal circumstances, will be the recipient of MAP Orders for the items programmed. In the FMS 1200 system, the first digit of the MRI code as shown in all MASL data, indicates the supplying agency of the item programmed. The second and third digits of the MRI are selected by the agency preparing and submitting the MASL input to the system, and may or may not correspond to pertinent MRI codes used in the MILSTRIP system.

<u>Code</u>	<u>Meaning</u>
A, B, or W ----	Army
M, N, or P ----	Navy
D or F -----	Air Force
S -----	OSD
Y -----	Department of State

63. National Codification Bureau Code (NCB) - All Systems. A two position code used in the Federal Cataloging Program to identify the NATO country or other foreign country which originally cataloged an item of supply. This code appears as the fifth and sixth digit of all National Stock Numbers. Following are applicable codes extracted from DoD 4100.38-M, Appendix III A, Table 9:

<u>Code</u>	<u>Country</u>
00	United States
01	United States
11	NATO
12	Germany
13	Belgium
14	France
15	Italy
17	Netherlands
21	Canada
22	Denmark
23	Greece
24	Iceland
25	Norway

<u>Code</u>	<u>Country</u>
26	Portugal
27	Turkey
28	Luxembourg
29	Argentina
30	Japan
31	Israel
32	Singapore
66	Australia
98	New Zealand
99	United Kingdom

64. National Item Identification Number (NIIN) - All Systems. A nine digit numeric code assigned to each approved item of supply in the Federal Cataloging Program. The NCB code described above makes up the first two positions of this number and the last seven digits represent a specific number assigned to each item of supply for unique identification.

65. National Stock Number (NSN) - All Systems. The NSN for an item of supply in the Federal Cataloging Program is comprised of the applicable four position FSC plus the applicable nine position NIIN assigned to each item of supply. All standard items in the U.S. supply system are assigned an NSN which permits precise identification of each item in an abbreviated format. The 13 position standard NSNs are used in both the 1000 and 1200 system Master Program Files along with pseudo-NSNs, assigned by the DSAA or the Military Departments, for groups of secondary items, services, some aircraft, ships and ammunition.

66. Notification to State Department Date - 1200 System. A six position numeric code expressed in a YYMMDD format, which reflects the date on which a proposed Congressional notification of a 36(b) case was forwarded to the State Department for coordination and clearance.

67. Obligation Authority Date (Implementation Date) - 1200 System. A six position numeric code expressed in a YYMMDD format, which reflects the date on which SAAC, after receipt of an accepted LOA, issues funding authority to the Implementing Agency.

68. Offer Date (Countersignature) - 1200 System. A six position numeric code expressed in a YYMMDD format, which reflects the date the authorized representative of DSAA, Comptroller countersigns the LOA on which defense articles and defense services are formally offered to an eligible buyer.

69. Offer Expiration Date - 1200 System. A six position numeric code expressed in a YYMMDD format, which reflects the date that the formal offer on the LOA expires.

70. Prerequisite Course Number - 1000 System. This data element is used in the training MASL by the Military Departments to provide the MASL item identification number of required prerequisite training.

71. Program Directive Date - 1200 System. A six position numeric code expressed in a YYMMDD format, which reflects the date that the implementing

directive is issued to the activity(ies) responsible for procurement/supply action on a specific case.

72. Program Originator Code - 1000 System. The Program Originator Code identifies the SA element corresponding to the country using service or the country service responsible for storage and distribution of articles for two or more using services. With reference to cross-service training, the Program Originator Code identifies the country using service rather than the U.S. military service providing the training. Program Originator Codes determine the content of, and page breaks in, information copies of MAP/IMET Orders mailed to the overseas Security Assistance Organizations (SAO). Therefore, the use of program originator code "S" on country programs will be limited to lines showing distributed Supply Operations Cost (SOC) and for program lines originated by DSAA in activity accounts.

<u>Code</u>	<u>Meaning</u>
B -----	SA (Army)
C -----	SA (Coast Guard)
P -----	SA (Navy)
D -----	SA (Air Force)
K -----	SA (Marine Corps)
S -----	OSD
T -----	SA (Joint Service)
X -----	SA (Other Defense Organizations/Activities)

73. Program Year Code - 1000 System. A two digit numeric code appearing in all records in the Master Program File. It reflects the fiscal year in which the item is programmed or is to be programmed. In the IMET training program, the program year consists of five fiscal year quarters -- the fifth quarter being the first quarter (Oct - Dec) of the following fiscal year.

74. Quantity - 1000 System. This data element is used in the detail training records to indicate the number of students, or in the case of a training team, the number of personnel on the team. For a training program dollar value line, no entry is made. As used in the MAP materiel listings, it indicates the quantity of equipment items.

75. Reason for Change Code - 1000 System. The Reason For Change Code is used to identify the reasons for changes to the Master Program File. The first position identifies the primary category and the second position identifies the reason for the change submission. (See Chapters 10 and 11 for procedures on processing the approval of program changes. Each primary category of change with associated reason codes is listed in Table D-11 of this appendix.)

76. Record Control Number (RCN) - 1000 System. A four position alpha/numeric code assigned each record in the 1000 system data base. The RCN, combined with Country/Activity Code and Program Year, constitutes an identification number for each record which is perpetuated on all MAP/IMET/FMST transactions, including MILSTRIP documentation. This number may be computer assigned or manually assigned by those offices inputting data into the system. The first and second digits must be alpha characters and the third and fourth digits must be numeric. DSAA has allocated blocks of numbers as indicated below:

- AA00 through AZ99 - Reserved for DSAA. Use of any RCN in this block requires DSAA approval.
- BA00 through DZ99 - Record Control Numbers in this block may be used by any implementing agency, SAO or Unified Command desiring to enter an RCN in their initial input.
- EA00 through GZ99 - Reserved for Navy/Chief Naval Education and Training.
- HA00 through JZ99 - Reserved for the Air Force/Foreign Military Training Affairs Group.
- KA00 through MZ99 - Reserved for the Army/Security Assistance Training Field Activity.
- NA00 through ZZ99 - Reserved for computer assignment.

77. Record Serial Number - 1200 System. A three position alpha/numeric code assigned by the IA and used to identify individual item records within a FMS or FMCS case.

78. Requirements Priority Code - 1000 System. A one position alphabetic code used to indicate the funding priority within each country's training program.

79. Selected Item Description Number/Selected Item Sequence Number and Quantity Control Code - All Systems. The Selected Item Description Number is a three digit numeric code assigned by DSAA to each materiel MASL line and appears in columns 62-64 of the Materiel MASL Card 1. This code does not appear in program listings or program cards, but is contained in each Master File Record to provide a means for identification and roll-up of detail records into standard groups or categories (summary level) for the preparation of summary documents and Congressional data. The Selected Item Sequence Number is a three digit alpha/numeric code assigned to each summary MASL line by DSAA and is used to arrange summary data in a sequence prescribed by DSAA. The Quantity Control Code is also assigned by the DSAA and appears in column 59 of the Materiel MASL Card 1. This code is used to determine the quantity count in reports as follows: 1 = quantity is counted and accumulated into the summary line, and 2 - quantity is dropped when item is accumulated to the summary line.

80. Service Course Identification Number - 1000 System. This number is used in the training MASL assigned by the Military Departments to provide the military service course identification number. The last three digits are used to provide a course location code (Air Force and Navy only).

81. Source of Supply - 1000 System. A single digit alpha code used to identify the source from which the supply of a defense article or defense service is anticipated. For a complete list of codes with an explanation of each see Table D-12 of this appendix.

82. Spare Parts, Ground Support Equipment (GSE), and Equipment Attachment Codes - 1000 System. The following codes are used in the Materiel 3 Card

when programming concurrent spare parts (CSP) packages, AGE packages, or equipment attachments for certain engineer equipment.

<u>Code</u>	<u>Meaning</u>
A -----	Ground Support Equipment (GSE)
E -----	Equipment Attachments
N -----	Concurrent (initial issue) Spare Parts (CSP)

83. Special Supply Procedures Code-1000 System. A single digit alpha code used in column 34 of the Materiel 3 Card which signifies application of a special supply procedure and/or a different and unusual procedure.

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

84. State Department Approval Date - 1200 System. A six position numeric code expressed in a YYMMDD format which reflects the date on which the State Department approves a 36(b) case.

85. State Department List Date - 1200 System. A six position numeric code expressed in a YYMMDD format which reflects the date of the daily report of all LOAs needing State Department approval. This report is forwarded to the State Department daily.

86. Status Code.

a. 1000 System. A single digit alpha code used to indicate the approval, funding or deferral action of a program line.

<u>Code</u>	<u>Explanation</u>
A -----	Approved Requirement. Implementation is not authorized until a MAP or IMET Order is issued and financed.
B -----	Deferred by Office of Management and Budget
C -----	Deferred by the Unified Command

<u>Code</u>	<u>Explanation</u>
D -----	Deferred by OSD
F -----	Funded requirement which has been released via MAP/IMET Order for implementation.
S -----	Deferred by Department of State/AID
U -----	Item is posted to the master program file indicating a requirement over and above the ceiling of the program currently approved by the Secretary of Defense.

b. 1200 System. A single digit alpha code used to denote the status of a FMS or FMCS case from its inception as a letter of request to a foreign government until all deliveries and financial transactions have been completed. (For a list of all codes along with the explanation for each code see Table D-13 of this appendix).

87. Student Code - 1000 System. A single digit alpha code designating the civilian or military category of students as follows:

<u>Code</u>	<u>Meaning</u>
S -----	Senior Officer
O -----	Officer
C -----	Civilian
E -----	Enlisted
I -----	Interpreter - Officer
J -----	Interpreter - Enlisted
D -----	DoD Engineering and Technical Service Specialists (ETSS). This code is used in Field Training Services - Budget Project N3 program lines to indicate that the service will hire civilian personnel of the Department of Defense.

88. Sub-Agency Code - 1200 System. A single position field set aside for the use of the Implementing Agency for identifying the subordinate activity, which has been assigned by the IA, to implement a FMS case.

89. Summary Control Record (SCR) Serial Number -1200 System. The serial number precedes the assignment of a case number and identifies those potential 36(b) cases which are entered into the system prior to an official letter of request, i.e., prior to case designator assignment.

90. Supply Completion Date - 1200 System. A six position numeric field expressed in a YYMMDD format, which reflects the date on which supply of defense articles/services are provided complete with respect to an FMS or FMCS case. This date is reported to the system by the IA.

91. System Identifier Code - 1000 System. A single digit alpha or numeric code used in the materiel program by the SAOs for special purpose identification of a "package" of items which are in some way related to one another. Any one of the full range of alphabetic or numeric digits may be used to identify a given "package".

92. Travel and Living Allowance (TLA) - 1000 System. This data element is used in the IMET detail training records to record the dollar amount that is programmed (budgeted) to pay the travel and living allowance expense for an individual line of training. See Chapter 10 for the cost computation procedures.

93. Travel and Living Allowance (TLA) Command - 1000 System. A single digit code used by the Army to indicate the command to receive the TLA funds.

94. Transaction Type - 1200 System. (See Card Code/Transaction Type above.)

95. Type of Assistance Code - 1000 System. The type of assistance code is used in the MILSTRIP system to distinguish between various types of U.S. military assistance transactions. In MAP and IMET the code is used to distinguish the various types of military assistance, as well as to identify certain military assistance requirements programmed under special financing. (e.g., Code "C" denotes that the item has been programmed under Section 506 of the Foreign Assistance Act). (For a complete list of codes along with an explanation of each code see Table D-14 of this appendix.)

96. Under DoD Preparation Receipt Date (DSAA Operations) - 1200 System. A six position numeric code expressed in a YYYYDD format, which reflects the date of receipt in the DSAA, Operations Directorate of a 36(b) sale or a potential 36(b) sale.

97. Under DoD Preparation Receipt Date (DSAA Comptroller) - 1200 System. A six position numeric code expressed in a YYYYDD format, which reflects the date of receipt from the Military Department/IA of an advance Congressional notification of a potential 36(b) sale.

98. Unified Command Code - All Systems. Unified Command codes are not contained in cards or card images but are assigned as supplemental data in master program records for use in selecting and sorting program data by Unified Command. This code identifies the Unified Command having responsibility for each recipient, except non-regional, and is the key for segregating ADP listings and feedback card data by Unified Command.

<u>Code</u>	<u>Meaning</u>
C -----	Central Command
E -----	European Command
L -----	Atlantic Command
P -----	Pacific Command
S -----	Southern Command
N -----	Non-Regional

99. Unit of Issue - All Systems. See Table D-15 of this appendix for a list of approved unit of issue codes that can be used in both the 1000 and 1200 systems. This code designates the unit of measurement to be used in programming defense articles, services and training and in shipping items of supply.

100. Unit Price - 1000 System. This data element is used in the detail training records to indicate the unit price per student (team member, etc.) as listed in the training MASL or as determined by the Military Department.

101. Worksheet Control Number (WCN) - 1000 System. A five position alpha/numeric code used to designate a single item or sequence of training. The unit position is used to identify sequential training which is entered in alphabetical sequence, i.e., 1234, 1234A 1234B, and 1234C, etc. Where no sequential training is programmed the units position is blank.

102. 36(b) Indicator - 1200 System. A single digit alpha code used to identify a 36(b) case. The code "Y" indicates the record is a 36(b) case, and the code "N" indicates the record is a non-36(b) case.

TABLE D-1
ACTION CODE - 1000 SYSTEM

Card Code	Action Code	Meaning
A. <u>CHANGES MECHANICALLY REJECTED</u>		
(Change was rejected during edit)		
3-4-P-Q-R	Y	Card not properly prepared or does not match MASL.
(Change was rejected during update)		
3-4-P-Q-R	L	Duplicate transaction in the same input group (first card accepted, all others rejected), or add with an existing RCN.
P-Q-R	M	Unmatched change or delete.
P-Q	V	Proposed change is rejected because it results in no change to the program line.
P-Q	D	Invalid action code (code for approval or disapproval) but no proposed change, add, or delete pending in the Master File. This code pertains only to input created by the DSAA.
(Change was rejected because the system cannot process a proposed change when a previous change against same program line is still pending.)		
P-Q	G	Proposed delete is rejected because an add, delete, or change is pending.
P-Q	H	Proposed change is rejected because an add, change, or delete is pending.
P-R	Q	Proposed decrease or deletion is rejected because delivery has been reported.
B. <u>CHANGES PRESENTED TO PROGRAM MANAGER FOR DECISION</u>		
3-4-R	A	Change approved for entry in Master File.
3-4-R	X	Change disapproved (2 cards showing record before and after change). Add, delete disapproved.

TABLE D-1. ACTION CODE - 1000 SYSTEM. [Page 1 of 2]

Card Code	Action Code	Meaning
(Program Manager has suspended action. Do not submit additional changes until action completed on these pending changes)		
3-4-R	C	Change pending (record after change has been applied)
3-4-R	D	Change pending (record before change has been applied)
3-4	E	Addition pending
(Program manager has taken a different action. Look at program amendment for action taken.)		
3-4-R	J	Proposed change, superseded by approved delete (2 cards).
3-4-R	K	Change approved, but in modified form (2 cards).
3-4	N	Add approved, but in modified form.
(Proposed change reflected a reduction in excess of the dollar value of the line)		
P-Q	S	Proposed change has been modified to reflect reduction equal to the existing dollar value of the program line.

C. CODES TO FACILITATE MACHINE IDENTIFICATION AND PROCESSING

(These codes appear on MAP; IMET Order cards only, and consequently indicate an approved item)

5-6	T	MAP/IMET Order add. Indicates this line is appearing on the Order for the first time.
5-6-R	W	MAP/IMET Order change. This code appears on both of the cards documenting a change to a MAP/IMET Order line previously issued.
R	R	MAP/IMET order delete. Indicates deletion of a MAP/IMET Order line previously issued.

TABLE D-1. (Continued) [Page 2 of 2]

TABLE D-2
COMMITMENT CODE - 1000 SYSTEM

<u>Code</u>	<u>Commitment</u>
0	No U.S. commitment involved.
2	The U.S. commitment involves the furnishing of this specific article or service but is such that price, source, and required delivery date adjustment can be made in the normal manner should they occur.
3	The U.S. commitment involves the furnishing of this specific article or service and requires that no adjustment be made in price, source, or required delivery date.
4	No U.S. commitment involved. Specific DoD or MILDEP instructions involved the initial programming of this specific article or service at an agreed unit price other than that stated in the MASL. This unit price may be adjusted at a later date pursuant to supply execution action.
5	The U.S. commitment requires that this article or service must be furnished on or before the required date. Price and source adjustments can be made in the normal manner.
6	No U.S. commitment involved. This article or service is not to be delivered prior to the required delivery date.
9	No U.S. commitment involved, unit price, supply source, and leadtime for this article or service is based on price and availability data received from the Implementing Agency.

TABLE D-2. COMMITMENT CODE - 1000 SYSTEM.

TABLE D-3
CONDITION CODE - 1000 SYSTEM

<u>Code</u>	<u>Title</u>	<u>Explanation</u>
A	Serviceable (issuable without qualification)	New, used, repaired, or reconditioned materiel which is serviceable and issuable to all customers without limitation or restriction.
B	Serviceable (issuable with qualification)	New, used, repaired, or reconditioned materiel which is serviceable and issuable for its intended purpose but which is restricted from issue to specific units, activities, or geographical areas by reason of its limited usefulness or short service life expectancy.
C	Serviceable (test modifi- cation)	Items which are serviceable and issuable to selected customers, but which must be issued before condition A and B materiel to avoid loss as a usable asset.
D	Serviceable (test modifi- cation)	Serviceable materiel which requires test, alteration, modification, conversion or disassembly.
E	Unserviceable (limited restoration)	Materiel which involves only limited expense or effort to restore to serviceable condition and which is accomplished in the storage activity.
F	Unserviceable (reparable)	Economically reparable materiel which requires repair, reconditioning or overhaul.
G	Unserviceable (incomplete)	Materiel requiring additional parts or components to complete the end item prior to issue.
H	Unserviceable (condemned)	Materiel classified by inspection, teardown analysis or engineering decision to be uneconomically reparable and of no value to the Government, except for value of materiel content.
1		A numeric 1 will be used to identify all commercial items programmed.

TABLE D-3. CONDITION CODE - 1000 SYSTEM.

TABLE D-4
COST CODE - 1000 SYSTEM

<u>Code</u>	<u>Cost Category</u>
I	Investment Cost - The term "Investment Cost" (Code I) is used to identify equipment, supplies, and services that will improve the forces' capabilities and includes such items as initial unit equipment, reserves of equipment and ammunition, concurrent spares and initial stockages of spare parts, replacement of obsolescent equipment to include that lost through attrition, overhaul and rebuild of equipment prior to initial issue, construction, equipment installed in facilities, projects such as communication systems, programmed as dollar value lines to facilitate implementation, and training associated with the introduction of new equipment or an improved capability.
0	Operating Cost - The term "Operating Cost" (code 0) is used to identify equipment, supplies, and services needed to train, operate, and maintain forces in being and includes such items as spare parts other than initial stockages, ammunition and missiles used in training or to replace such items consumed in training and operations, rebuild and overhaul (excludes overhaul modernization) of equipment subsequent to initial issue, training and other services that do not constitute investment costs, and administrative costs associated with overhaul program management administration.

The following examples are provided as guidance for the selected items listed below:

<u>Requirement</u>	<u>Investment</u>	<u>Operating</u>
<u>Materiel:</u>		
Ammo components or raw materiels:		
For local manufacture tng ammo	-	X
For local manufacture W/R ammo	X	-
For Ammo maintenance	-	X
Class IV mods	-	X
Class V mods	X	-
Component of an aircraft, missile, Aircraft Control and Warning System (AC&W), fire control, communication or other system investment.	X	-
Equipment attachments		
Replacement of ships	X	-
Replacement of attrition losses	X	-
UN Forces support in Korea	-	X
<u>Services:</u>		
Contract technicians and contract services:		
Associated with introduction of investment items	X	-
Construction	X	-
Ship overhauls	X	-
<u>Training:</u>		
Training (Generic Codes N-10 through N-30)	X	-
Training Support (Generic Codes N-60 through N-70)	-	X

TABLE D-4. COST CODE - 1000 SYSTEM.

TABLE D-5
COUNTRY/ACTIVITY CODE - ALPHABETIC

Country	Code	Unified Command Cognizance	Area/Congres- sional Grouping
Afghanistan	AF	CE	NESA
Algeria	AG	EG	NESA
Andorra	AN	EU	EUR
Angola	AO	EU	AFR
Anguilla	AV	SO	AR
Antigua and Barbuda (UK)	AC	AT	AR
Argentina	AR	SO	AR
Australia	AT	PA	EAP
Austria	AU	EU	EUR
Bahamas	BF	SO	AR
Bahrain	BA	CE	NESA
Bangladesh	BG	PA	NESA
Barbados	BB	AT	AR
Belgium	BE	EU	EUR
Belize (UK)	BH	SO	AR
Benin	DA	EU	AFR
Bermuda (UK)	BD	SO	AR
Bhutan	BT	EU	AFR
Bolivia	BL	SO	AR
Botswana	BC	EU	AFR
Brazil	BR	SO	AR
British Virgin Islands (UK)	VI	SO	AR
Brunei	BX	PA	EAP
Bulgaria	BU	EU	EUR
Burma	BM	PA	EAP
Burundi	BY	EU	AFR
Cameroon	CM	EU	AFR
Canada	CN	NR	EUR
Cape Verde, Republic of	CV	EU	AFR
Cayman Islands (UK)	CJ	SO	AR
Central African Republic	CT	EU	AFR
Chad	CD	EU	AFR
Chile	CI	SO	AR
China	CH	PA	EAP
Colombia	CO	SO	AR
Comoros	CR	EU	AFR
Congo	CF	EU	AFR
Costa Rica	CS	SO	AR
Cuba	CU	SO	AR
Cyprus	CY	EU	EUR

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

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

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

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

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

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

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

Country	Code	Unified Command Cognizance	Area/Congres- sional Grouping
Turkey	TK	EU	EUR
Turks and Caicos (UK)	TS	SO	AR
Tuvalu	TV	PA	EAP
Uganda	UG	EU	AFR
Union of Soviet Socialist Republics	UR	EU	EUR
United Arab Emirates	TC	CE	NESA
United Kingdom	UK	EU	EUR
Upper Volta	UV	EU	AFR
Uruguay	UY	SO	AR
Vanuata	NH	PA	EAP
Venezuela	VE	SO	AR
Vietnam	VS	PA	EAP
Western Samoa	WS	PA	EAP
Yemen (Aden)	YS	CE	NESA
Yemen (Sanaa)	YE	CE	NESA
Yugoslavia	YU	EU	FUR
Zaire	CX	EU	AFR
Zambia	ZA	EU	AFR
Zimbabwe	ZI	EU	AFR
Africa Region	R6	EU	AFR
American Republic Region	R5	SO	AR
Central Treaty Organization (CENTO)	T3	NR	NR
Department of Defense General Cost - MAP (GC-MAP)	00 22	NR NR	NR NR
East Asia/Pacific Region	R4	PA	EAP
European Participating Group F-16 Contract Administration Services (EPG F-16 CASEUR)	EP	NR	NR
European Region	R2	EU	EUR
International Civil Aviation Organization (ICAO HQ)	T7	NR	NR
International Civil Defense Organization (ICDO HQ)	T8	NR	NR
MAP ICP-U.S. Army Logistics Depot, Japan (USALDJ)	D4	PA	NR
MAP Owned Materiel (MAPOM)	M3	NR	NR

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

Country	Code	Unified Command Cognizance	Area/Congressional Grouping
MAP Property Sales and Disposal (MAPSAD)	M2	NR	NR
North Atlantic Treaty Organization (NATO)	N2	NR	NR
NATO Airborne Early Warning and Control Program Management Office (NAPMO)	N1	NR	NR
NATO Aircraft Early Warning and Control (Ground Environment Interfact) (NATO AEW+C (GEI))	K9	NR	NR
NATO Aircraft Early Warning and Control (Ground Environment Interface) (NATO AEW+C GEI))	K8	NR	NR
NATO Aircraft Early Warning and Control (Operations and Support Budget) (NATO AEW+C (O+S))	K7	NR	NR
NATO Headquarters	N6	NR	NR
NATO Infrastructure	N5	NR	NR
NATO Integrated Communications System Management Agency (NIC SMA)	K4	NR	NR
NATO Maintenance and Supply Agency-General (NAMS A-General)	N4	NR	NR
NATO Maintenance and Supply Agency-Nike Training Center (NAMS A-NNTC)	K6	NR	NR
NATO Maintenance and Supply Agency-F104 (NAMS A-F104))	K2	NR	NR
NATO Maintenance and Supply Agency-HAWK and NATO HAWK Production & Logistics Office (NAMS A-HAWK & NH PLO)	N7	NR	NR
NATO Missile Fire Installation (NAMFI)	N9	NR	NR

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

Country	Code	Unified Command Cognizance	Area/Congres- sional Grouping
NATO Multi-Role Combat Aircraft (MRCA) Devel- opment & Prod. Agency (NAMMA)	K3	NR	NR
NATO Mutual Weapons Development Program (MWDP)	N8	NR	NR
NATO Seasparrow	N3	NR	NR
NATO-Weapons Production Program (NATO-WPP)	K1	NR	NR
Near East and South Asia Region (NESAs)	R3	EU	NESA
Organization of American States (OAS Hq)	A1	NR	NR
Panama Canal Area Military Schools (PACAMS)	11	SO	AR
SINAI Peacekeeping Force (Sinai Peace Force)	S2	NR	NR
South East Asia Treaty Organization (SEATO)	T4	NR	NR
Supreme Allied Commander Atlantic (SACLANT)	K5	NR	NR
Supreme Headquarters, Allied Powers, Europe (SHAPE)	A2	EU	EUR
United Nations (UN)	T9	NR	NR

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

TABLE D-6
COUNTRY/ACTIVITY CODE - ALPHABETIC BY CODE

Code	Country	Unified Command Cognizance	Area/Congres- sional Grouping
A1	Organization of American States (OAS)	NR	NR
A2	Supreme Hq, Allied Forces (SHAPE)	EU	EUR
AC	Antigua and Barbuda (UK)	AT	AR
AF	Afghanistan	CE	NESA
AG	Algeria	EU	NESA
AN	Andorra	EU	EUR
AO	Angola	EU	AFR
AR	Argentina	SO	AR
AT	Australia	PA	EAP
AU	Austria	EU	EUR
AV	Anguilla	SO	AR
BA	Bahrain	CE	NESA
BB	Barbados	AT	AR
BC	Botswana	EU	AFR
BD	Bermuda (UK)	SO	AR
BE	Belgium	EU	EUR
BF	Bahamas	SO	AR
BG	Bangladesh	PA	NESA
BH	Belize (UK)	SO	AR
BL	Bolivia	SO	AR
BM	Burma	PA	EAP
BP	Solomon Islands	PA	EAP
BR	Brazil	SO	AR
BT	Bhutan	EU	NESA
BU	Bulgaria	EU	EUR
BX	Brunei	PA	EAP
BY	Burundi	EU	AFR
CB	Kampuchea (Cambodia)	PA	EAP
CD	Chad	EU	AFR
CE	Sri Lanka	PA	NESA
CF	Congo	EU	AFR
CH	China	PA	EAP
CI	Chile	SO	AR
CJ	Cayman Islands (UK)	SO	AR
CM	Cameroon	EU	AFR
CN	Canada	NR	EUR
CO	Colombia	SO	AR
CR	Comoros	EU	AFR
CS	Costa Rica	SO	AR
CT	Central African Republic	EU	AFR

TABLE D-6. COUNTRY/ACTIVITY CODE - ALPHABETIC BY CODE. [Page 1 of 7]

Code	Country	Unified Command Cognizance	Area/Congres- sional Grouping
CU	Cuba	SO	AR
CV	Cape Verde, Republic of	EU	AFR
CX	Zaire	EU	AFR
CY	Cyprus	EU	EUR
D4	MAP ICP (USALDJ)	PA	NR
DA	Benin	EU	AFR
DE	Denmark	EU	EUR
DJ	Djibouti	CE	AFR
DO	Dominica	AT	AR
DR	Dominican Republic	AT	AR
EC	Ecuador	SO	AR
EG	Egypt	CE	NESA
EI	Ireland	EU	EUR
EK	Equatorial Guinea	EU	AFR
EP	European Participating Group F-16 Contract Administration Services (EPG F-16 CASEUR)	NR	NR
ES	El Salvador	SO	AR
ET	Ethiopia	CE	AFR
FA	Falkland Islands (UK)	SO	AR
FG	French Guiana (FR)	SO	AR
FI	Finland	EU	EUR
FJ	Fiji	PA	EAP
FP	French Polynesia (FR)	PA	EAP
FR	France	EU	EUR
GA	Gambia	EU	AFR
GP	Gabon	EU	AFR
GH	Ghana	EU	AFR
GI	Gibraltar (UK)	EU	EUR
GJ	Grenada	AT	AR
GL	Greenland (DEN)	SO	AR
GP	Guadeloupe (FR)	SO	AR
GR	Greece	EU	EUR
GT	Guatemala	SO	AR
GU	Guyana	SO	AR
GV	Guinea	EU	AFR
GY	Germany (Bonn)	EU	EUR
HA	Haiti	AT	AR
HK	Hong Kong (UK)	PA	EAP
HO	Honduras	SO	AR

TABLE D-6. (Continued) [Page 2 of 7]

Code	Country	Unified Command Cognizance	Area/Congres- sional Grouping
IC	Indochina	PA	EAP
ID	Indonesia	PA	EAP
IL	Iceland	EU	EUR
IN	India	PA	NESA
IQ	Iraq	CE	NESA
IR	Iran	CE	NESA
IS	Israel	EU	NESA
IT	Italy	EU	EUR
IV	Ivory Coast	EU	AFR
JA	Japan	PA	EAP
JM	Jamaica	AT	AR
JO	Jordan	CE	NESA
K1	NATO - Weapons Production Program (NATO-WPP)	NR	NR
K2	NATO Maintenance and Supply Agency - F104 (NAMS-A-F104)	NR	NR
K3	NATO Multi- Role Combat Aircraft (MRCA) & PROD. Agency (NAMMA)	NR	NR
K4	NATO Integrated Com- munications Systems Management Agency (NICCSMA)	NR	NR
K5	Supreme Allied Commander Atlantic (SACLANT)	NR	NR
K6	NATO Maintenance and Supply Agency - Nike Training Center (NAMS-A-NNTC)	NR	NR
K7	NATO Aircraft Early Warning and Control (Operations and Support Budget) (NATO AEW+C (O+ S))	NR	NR
K8	NATO Aircraft Early Warning and Control (Ground Environment Interface) (NATO AEW+C (GEI))	NR	NR
K9	NATO Aircraft Early Warning and Control (Ground Environment Interface) (NATO AEW+C (GEI))	NR	NR

TABLE D-6. (Continued) [Page 3 of 7]

Code	Country	Unified Command Cognizance	Area/Congressional Grouping
KE	Kenya	CE	AFR
KR	Kiribati	PA	EAP
KS	Korea	PA	EAP
KU	Kuwait	CE	NESA
LA	Laos	PA	EAP
LE	Lebanon	EU	NESA
LI	Liberia	EU	AFR
LS	Liechtenstein	EU	EUR
LT	Lesotho	EU	AFR
LX	Luxembourg	EU	EUR
LY	Libya	EU	NESA
M2	MAP Property Sales & Disposal (MAPSAD)	NR	NR
M3	MAP Owned Materiel (MAPOM)	NR	NR
MA	Madagascar	PA	AFR
MB	Martinique (FR)	SO	AR
MC	Macau (PORT)	PA	EAP
MF	Malaysia	PA	EAP
MG	Mongolia	PA	EAP
MH	Montserrat (UK)	SO	AR
MI	Malawi	EU	AFR
MN	Monaco	EU	EUR
MO	Morocco	EU	NESA
MP	Mauritius	PA	AFR
MR	Mauritania	EU	AFR
MT	Malta	EU	EUR
MU	Oman	CE	NESA
MV	Maldives	EU	NESA
MX	Mexico	SO	AR
MZ	Mozambique	EU	AFR
N1	NATO Airborne Early Warning and Control Program Management Office (NAPMO)	NR	NR
N2	North Atlantic Treaty Organization (NATO)	NR	NR
N3	NATO Seasparrow	NR	NR
N4	NATO Maintenance and Supply Agency - General (NAMSAG)	NR	NR
N5	NATO Infrastructure	NR	NR
N6	NATO Headquarters	NR	NR

TABLE D-6. (Continued) [Page 4 of 7]

Code	Country	Unified Command Cognizance	Area/Congres- sional Grouping
N7	NATO Maintenance and Supply Agency - HAWK and NATO HAWK Production & Logistics Office (NAMSA-HAWK & NHPLO)	NR	NR
N8	NATO Mutual Weapons Development Program (MWDP)	NR	NR
N9	NATO Missile Firing Installation (NAMFI)	NR	NR
NA	Netherlands Antilles (NE)	SO	AR
NC	New Caledonia (FR)	PA	EAP
NE	Netherlands	EU	EUR
NF	Norfolk Islands (AUST)	PA	EAP
NH	Vanuata	PA	EAP
NI	Nigeria	EU	AFR
NK	Niger	EU	AFR
NO	Norway	EU	EUR
NP	Nepal	PA	NESA
NQ	Niue	PA	EAP
NR	Nauru	PA	EAP
NS	Suriname	SO	AR
NU	Nicaragua	SO	AR
NZ	New Zealand	PA	EAP
PA	Paraguay	SO	AR
PC	Pitcairn (UK)	PA	EAP
PE	Peru	SO	AR
PI	Philippines	PA	EAP
PK	Pakistan	CE	NESA
PN	Panama	SO	AR
PP	Papua-New Guinea	PA	EAP
PT	Portugal	EU	EUR
PU	Guinea-Bissau	EU	AFR
QA	Qatar	CE	NESA
R2	Europe Region	EU	EUR
R3	Near East/South Asia Region	EU	NESA
R4	East Asia/Pacific Region	PA	EAP
R5	American Republic Region	SO	AR
R6	Africa Region	EU	AFR
RE	Reunion (FR)	EU	AFR
RM	Mali	EU	AFR
RO	Romania	EU	EUR
RW	Rwanda	EU	AFR

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

Code	Country	Unified Command Cognizance	Area/Congres- sional Grouping
S2	Sinai Peacekeeping Force (Sinai Peace Force)	NR	NR
SB	St Pierre and Miquelon (FR)	SO	AR
SC	St Christopher-Nevis (UK)	AT	AR
SE	Seychelles	PA	AFR
SH	St Helena (UK)	EU	AFR
SK	Senegal	EU	AFR
SL	Sierra Leone	EU	AFR
SM	San Marino	EU	EUR
SN	Singapore	PA	EAP
SO	Somalia	CE	AFR
SP	Spain	EU	EUR
SR	Saudi Arabia	CE	NESA
ST	St Lucia	AT	AR
SU	Sudan	CE	AFR
SW	Sweden	EU	EUR
SY	Syria	EU	NESA
SZ	Switzerland	EU	EUR
T3	Central Treaty Organization (CENTO)	NR	NR
T4	South East Asia Treaty Organization (SEATO)	NR	NR
T7	International Civil Aviation Organization (ICAO Hq)	NR	NR
T8	International Civil Defense Organization (ICAO Hq)	NR	NR
T9	United Nations (UN)	NR	NR
TC	United Arab Emirates	CE	NESA
TD	Trinidad-Tobago	AT	AR
TH	Thailand	PA	EAP
TK	Turkey	EU	EUR
TN	Tonga	PA	EAP
TO	Togo	EU	AFR
TP	Sao Tome and Principe	EU	AFR
TS	Turks and Caicos (UK)	SO	AR
TU	Tunisia	EU	NESA
TV	Tuvalu	PA	EAP
TW	Taiwan	PA	EAP
TZ	Tanzania	EU	AFR
UA	South Africa	EU	AFR
UG	Uganda	EU	AFR
UK	United Kingdom	EU	EUR
UR	Union of Soviet Socialist Republics	EU	EUR
UV	Upper Volta	EU	AFR
UY	Uruguay	SO	AR

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

Code	Country	Unified Command Cognizance	Area/Congres- sional Grouping
VC	St Vincent & Grenadines	SO	AR
VE	Venezuela	SO	AR
VI	British Virgin Islands (UK)	SO	AR
VS	Vietnam	PA	EAP
WA	Nambia	EU	AFR
WS	Western Somoa	PA	EAP
WZ	Swaziland	EU	AFR
YE	Yemen (Sanaa)	CE	NESA
YS	Yemen (Aden)	CE	NESA
YU	Yugoslavia	EU	EUR
ZA	Zambia	EU	AFR
ZI	Zimbabwe	EU	AFR
00	Department of Defense General Cost - MAP (GC-MAP)	NR	NR
11	Panama Canal Area Military Schools (PACAMS)	SO	AR
22	Department of Defense General Cost - IMET (GC-IMET)	NR	NR
NOTE:	AT	Atlantic Command	
	CE	Central Command	
	EU	European Command	
	PA	Pacific Command	
	SO	Southern Command	
	AFR	Africa Region	
	AR	American Republic Region	
	EAP	East Asia and Pacific Region	
	EUR	European Region	
	NESA	Near East and South Asia Region	
	NR	Non-Regional	

TABLE D-7

COUNTRY/ACTIVITY CODE - ALPHABETIC WITHIN AREA

A. EAST ASIA AND PACIFIC (EAP)

Australia	AT
Brunei	BX
Burma	BM
China	CH
East Asia/Pacific Region	R4
Fiji	FJ
French Polynesia (FR)	FP
Hong Kong (UK)	HK
Indochina	IC
Indonesia	ID
Japan	JA
Kampuchea (Cambodia)	CB
Kiribati	KR
Korea (Seoul)	KS
Laos	LA
Macau (PORT)	MC
Malaysia	MF
Mongolia	MG
Nauru	NR
New Caledonia (FR)	NC
New Zealand	NZ
Niue	NQ
Norfolk Islands (AUST)	NF
Papua-New Guinea	PP
Philippines	PI
Pitcairn (UK)	PC
Singapore	SN
Solomon Islands	BP
Taiwan	TW
Thailand	TH
Tonga	TN
Tuvalu	TV
Vanuata	NH
Vietnam	VS
Western Somoa	WS

B. NEAR EAST & SOUTH ASIA (NESEA)

Afghanistan	AF
Algeria	AG
Bahrain	BA
Bangladesh	BG
Bhutan	BT
Egypt	EG
India	IN

B. NEAR EAST AND SOUTH ASIA (NESA) (Continued)

Iran	IR
Iraq	IQ
Israel	IS
Jordan	JO
Kuwait	KU
Lebanon	LE
Libya	LY
Maldives	MV
Morocco	MO
Nepal	NP
Near East & South Asia Region	R3
Oman	MU
Pakistan	PK
Qatar	QA
Saudi Arabia	SR
Sri Lanka	CE
Syria	SY
Tunisia	TU
United Arab Emirates	TC
Yemen (Aden)	YS
Yemen (Sanaa)	YE

C. EUROPE (EUR)

Andorra	AN
Austria	AU
Belgium	BE
Bulgaria	BU
Canada	CN
Cyprus	CY
Denmark	DE
European Region	R2
Finland	FI
France	FR
Germany (Bonn)	GY
Gibraltar	GI
Greece	GR
Iceland	EI
Italy	IT
Liechtenstein	LS
Luxembourg	LX
Malta	MT
Monaco	MN
Netherlands	NE
Norway	NO

C. EUROPE (EUR) (Continued)

Portugal	PT
Romania	RO
San Marino	SM
Spain	SP
Supreme Headquarters, Allied Powers, Europe (SHAPE)	A2
Sweden	SW
Switzerland	SZ
Turkey	TK
Union of Soviet Socialist Republics	UR
United Kingdom	UK
Yugoslavia	YU

D. AFRICA (AFR)

Angola	AO
Africa Region	R6
Benin	DA
Botswana	BC
Burundi	BY
Cameroon	CM
Cape Verde, Republic of	CV
Central African Emp.	CT
Chad	CD
Comoros	CR
Congo	CF
Djibouti	DJ
Equatorial Guinea	EK
Ethiopia	ET
Gabon	GB
Gambia	GA
Ghana	GH
Guinea	GV
Guinea-Bissau	PU
Ivory Coast	IV
Kenya	KE
Lesotho	LT
Liberia	LI
Madagascar	MA
Malawi	MI
Mali	RM
Mauritania	MR
Mauritius	MP
Mozambique	MZ
Nambia	WA
Niger	NK
Nigeria	NI
Reunion (FR)	RE
Rwanda	RW

TABLE D-7. (Continued) [Page 3 of 6]

D. AFRICA (AFR) (Continued)

Sao Tome and Principe	TP
Senegal	SK
Seychelles	SE
Sierra Leone	SL
Somalia	SO
South Africa	UA
St Helena (UK)	SH
Sudan	SU
Swaziland	WZ
Tanzania	TZ
Togo	TO
Uganda	UG
Upper Volta	UV
Zaire	CX
Zambia	ZA
Zimbabwe	ZI

E. AMERICAN REPUBLIC/LATIN AMERICA (AR)

American Republic Region	R5
Anguilla	AV
Antigua and Barbuda (UK)	AC
Argentina	AR
Bahamas	BF
Barbados	BB
Belize	BH
Bermuda	BD
Bolivia	BL
Brazil	BR
British Virgin Islands (UK)	VI
Cayman Islands (UK)	CJ
Chile	CI
Colombia	CO
Costa Rica	CS
Cuba	CU
Dominica	DO
Dominican Republic	DR
Ecuador	EC
El Salvador	ES
Falkland Islands (UK)	FA
French Guiana (FR)	FG
Greenland (DEN)	GL
Grenada	GJ
Guadeloupe (FR)	GP
Guatemala	GT
Guyana	GU
Haiti	HA
Honduras	HO
Jamaica	JM
Martinique (FR)	MB

TABLE D-7. (Continued) [Page 4 of 6]

E. AMERICAN REPUBLIC/LATIN AMERICA (AR) (Continued)

Mexico	MX
Montserrat (UK)	MH
Netherlands Antilles (NE)	NA
Nicaragua	NU
Organization of American States (OAS)	A1
Panama	PN
Panama Canal Area Military Schools (PACAMS)	11
Paraguay	PA
Peru	PE
St Christopher-Nevis (UK)	PE
St Lucia	SC
St Pierre and Miquelon (FR)	ST
St Vincent & Grenadines	VC
Suriname	NS
Trinidad-Tobago	TD
Turks and Caicos (UK)	TS
Uruguay	UY
Venezuela	VE

F. NON-REGIONAL (NR)

Central Treaty Organization (CENTO)	T3
Department of Defense General Cost - IMET (GC-IMET)	00 22
European Participation Group F-16 Contract Administration Services (FGP F-16 CASEUR)	EP
International Civil Aviation Organization (ICAO HQ)	T7
International Civil Defense Organization (ICDO HQ)	T8
MAP ICP-U.S. Army Logistics Depot, Japan (USALDJ)	D4
MAP Owned Materiel (MAPOM)	M3
MAP Property Sales and Disposal (MAPSAD)	M2
North Atlantic Treaty Organization (NATO)	N2
NATO Airborne Early Warning and Control Program (Operations and Support Budget) NATO AEW+C(O+S))	K7

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

F. NON-REGIONAL (NR) (Continued)

NATO Aircraft Early Warning and Control (Ground Environ- ment Interface) (NATO AEW+C (GEI))	K8
NATO Aircraft Early Warning and Control (Ground Environ- ment Interface) (NATO AEW+C (GEI))	K9
NATO Headquarters	N6
NATO Infrastructure	N5
NATO Integrated Communications System Management Agency (NICSMA)	K4
NATO Maintenance and Supply- General ((NAMS-GENERAL)	N4
NATO Maintenance and Supply Agency-Nike Training Center (NAMS-NNTC)	K6
NATO Maintenance and Supply Agency-F104 (NAMS-F104)	K2
NATO Maintenance and Supply Agency-HAWK and NATO HAWK Production & Logistics Office (NAMS-HAWK & NHPLO)	N7
NATO Missile Firing Installa- tion (NAMFI)	N9
NATO Multi-Role Combat Air- craft (MRCA) Development & Prod. Agency (NAMMA)	K3
NATO-Mutual Weapons Develop- ment Program (MWDP)	N8
NATO Seasparrow	N3
NATO-Weapons Production Program (NATO-WPP)	K1
Sinai Peacekeeping Force (SINAI PEACE FORCE)	S2
Supreme Allied Commander Atlantic (SACLANT)	K5
South East Asia Treaty Organization (SEATO)	T4

TABLE D-8
FOOTNOTE CODE - MASL

<u>Code</u>	<u>Explanation</u>
A	Availability associated with production capability.
B	No assets currently available for delivery to MAP. Available for future delivery only.
C	Under study by R&D (Research and Development).
D	Limited supply available. Replacement or preferred item, if any, is also listed in the MASL. Under normal circumstances, preferred item should be programmed.
H	Ancillary equipment must be programmed separately.
J	Spell out desired configuration in separate correspondence.
K	MILSTRIP Routing Identifier data field in the MASL has been left blank because this is a dollar value line for which the program originator is required to select the appropriate implementing agency. Program originators will enter the appropriate MRI in columns 66-68 of Card 3 as follows:

<u>Implementing Agency</u>	<u>MRI</u>
Army -----	BY7
Navy -----	NBZ
Air Force -----	FAO

In selecting the Implementing Agency, the objective is to identify the Military Department best positioned to provide the required articles or service. As a general rule, the Military Department which is the normal recipient of MAP orders for the related end item (as indicated by the MRI assigned to the end item in the MASL) is in the best position to provide ancillary equipment and efficient and effective follow-on support. Source of supply codes B, F, J, N, O, R, S, or T require the use of specific MRIs. Where the source code is J, always use MRI code W03. Where the source code is S, always use MRI code FAO. Program originators will determine the proper MRI from the headquarters directing the use of source codes B, F, N, O, R, or T.

L	Items supplied in a variety of voltages and configurations. If shipment is to be effected direct to country without mounting in a vehicle or aircraft within CONUS, spell out the required voltage of the item by separate correspondence.
---	--

<u>Code</u>	<u>Explanation</u>
NN or N	No source of supply normally available to MAP. However, in special circumstances, Military Department assets are made available to meet MAP requirements. SAOs should not program articles footnote coded NN unless previously advised of specific availability and price by the supplying MILDEP (Implementing Agency).
PP or P	For use by the DSAA-Indicates a summary line.
RR or R	Prior authority to program must be obtained by separate correspondence between the SAO and the DSAA.
TT	For use in processing records in the Republic of Korea (ROK) Equipment Transfer Program.
W	Special Navy requisitioning procedures apply.
XX	Items available for sales only.
YY	Items used in the FMS system not authorized for current programming.

Generic Code	Description	Federal Supply Classification	Program as:		Remarks
			Major Item	Dollar Line	
A AIRCRAFT					
1	<u>Combat Aircraft</u>				
A	Attack -----	FSC 1510 -----	X		
B	Bomber -----	FSC 1510 -----	X		
F	Fighter -----	FSC 1510 -----	X		
S	Anti-Submarine -----	FSC 1510 -----	X		
V	VTOL & VSTOL -----	FSC 1510 -----	X		
2	<u>Airlift Aircraft</u>				
C	Cargo Transport -----	FSC 1510 -----	X		
3	<u>Trainer Aircraft</u>				
T	Trainer -----	FSC 1510 -----	X		
4	<u>Helicopters</u>				
A	Attack -----	FSC 1520 -----	X		
C	Cargo Transport -----	FSC 1520 -----	X		
H	General Purpose -----	FSC 1520 -----	X		
L	Observation -----	FSC 1520 -----	X		
S	Anti-Submarine -----	FSC 1520 -----	X		
T	Trainer -----	FSC 1520 -----	X		
U	Utility -----	FSC 1520 -----	X		
5	<u>Other Aircraft</u>				
E	Special Electronic Installation -----	FSC 1515 -----	X		
G	Glider -----	FSC 1540 -----	X		
K	Tanker -----	FSC 1510 -----	X		
L	Observation -----	FSC 1510 -----	X		
P	Patrol -----	FSC 1510 -----	X		
U	Utility -----	FSC 1510 -----	X		
X	Research -----	FSC 1510 -----	X		
Z	Airship -----	FSC 1530 -----	X		

Generic Code	Description	Federal Supply Classification	Program as:		Remarks
			Major Item	Dollar Line	
A 6	<u>Modification of Aircraft</u>				
A	Class IV -----			X	
B	Class V -----		X		
7	<u>Aircraft Support Equipment</u>				
A*	Ground Handling Equipment -	FSC 1730, 4920 -----		X	
B*	Arresting Barrier and Barricade Equipment	---- FSC 1710 -----		X	
C*	Launching Equipment -----	FSC 1720 -----		X	
D*	Specialized Trucks and Trailers (Including Modifications)	---- FSC 1740 -----		X	
					* One dollar line provided for initial stockage and for follow-on.
9	<u>Aircraft Spares and Spare Parts</u>				
A	Gasoline Reciprocating Engines, Complete	---- FSC 2810 -----	X		
B	Gas Turbines and Jet Engines, Complete	---- FSC 2840 -----	X		
C	Aircraft Components, Parts and Accessories	---- FSC 16xx (except 1670), 1270, 1280, 1290, 1377, 1560, 2620, 2810 (Components), 2840 (Components), 2915, 2925, 2935, 2945, 2950, 2995, 6340, 6605, 6610, 6615, 6620 -----	X		May include other FSG when supplied for aircraft.
B	<u>MISSILES</u>				
1	<u>Ground Launched Missiles</u>				
	Missiles, Major Components, Class V Mods -----		X		

Generic Code	Description	Federal Supply Classification	Program as:		Remarks
			Major Item	Dollar Line	
B	Missile Shop Sets, Test Equipment, Trailers, Vans, Mod Kits, Other Components and Support Equipment			X	
2	Air Launched Missiles Missiles, Major Components, Class V Mods		X		
	Missiles Shop Sets, Test Equipment, Trailers, Vans, Mod Kits, Other Components and Support Equipment			X	
3	Sea Launched Missiles Missiles, Major Components, Class V Mods		X		
	Missile Shop Sets, Test Equipment, Trailers, Vans, Mod Kits, Other Components and Support Equipment			X	

The alpha codes indicated will be used by the Military Departments when submitting MASL data for ground launched missiles or associated dollar lines

A. Nike	G. Pershing	N. Lance	X. Patriot
B. Redeye	H. Entac	P. Stinger	
C. Hawk	J. Tow	R. Chaparral	
D. Mauler	K. Dragon	S. Shillelagh	
E. Jupiter	L. Lacrosse	V. Viper	
F. Sergeant	M. Thor	W. Roland	

D-52

TABLE D-9. (Continued) [Page 3 of 35]

DOD 5105.38-M

Generic Code	Description	Federal Supply Classification	Program as:		Remarks
			Major Item	Dollar Line	

The alpha codes indicated will be used by the Military Departments when submitting MASL data for air launched missiles or associated dollar lines

A. Shrike	N. Falcon	W. Sparrow
B. Harm	R. Sidewinder	Y. Matador
C. Standard Arm	S. Bullpup	
D. Standard	T. Pheonix	
F. Aerial Target Missile	V. Corporal	

The following codes will be used by the the military departments when submitting MASL data for sea launched missiles or associated dollar lines

K. Polaris
L. Trident
P. Terrier
Q. Tartar
R. Harpoon
W. Seasparrow

B 4 Q	Drones -----	FSC 1520, 1550 -----	X	
6 A	Modification of Missiles -----			X
8	<u>Multipurpose Missile Equipment</u>			
A	Multipurpose Missile Equipment (includes FAAR) -----		X	X
B	Multipurpose Missile Equipment Parts (includes FAAR) -----			X
9	<u>Missile Spares and Spare Parts</u>			
A	Guided Missile Parts -----	FSG 14XX, FSC 1190, 1195, 4935 --	X	
B	Guided Missile Warhead ----	FSC 1336, 1337, 1338 -----	X	
C	Free Missile Parts -----	FSC 1055, 1190, 1195, 1340 -----	X	

Generic Code	Description	Federal Supply Classification	Program as:		Remarks
			Major Item	Dollar Line	
C SHIPS					
1 Warships					
A	Destroyer (DD)	FSC 1905	X		
B	Submarine (SS)	FSC 1905	X		
C	Ocean Escort (OE)	FSC 1905	X		
D	Light Aircraft Carrier (CVL)	FSC 1905	X		
E	Light Cruiser (CL)	FSC 1905	X		
F	Guided Missile Frigate	FSC 1905	X		
2 Amphibious Ships					
A	Tank Landing Ship	FSC 1905	X		
B	Medium Landing Ship (LSM/ LSSL)	FSC 1905	X		
C	Medium Landing Ship, Rocket (LSMR)	FSC 1905	X		
D	Utility Landing Craft (LCU)-	FSC 1905	X		
E	Transport (AKA/AP/APA/APC/ APD)	FSC 1910	X		
3 Mine Warfare Ships					
A	Coastal Minelayer (MMC)	FSC 1905	X		
B	Ocean Minesweeper (MSO)	FSC 1905	X		
C	Coastal Minesweeper (MCS)	FSC 1905	X		
D	Inshore Minesweeper (MSI/MSB)	FSC 1905	X		
E	Fleet Minesweeper (MSF)	FSC 1905	X		
G	Mine Countermeasure Support (MCS)	FSC 1905	X		
H	Auxiliary Mineplanter (YMP)	FSC 1905	X		
4 Patrol Ships					
A	Patrol Frigate (PF)	FSC 1905	X		
B	Patrol Craft (PC)	FSC 1905	X		
C	Patrol Craft Escort (PCE)	FSC 1905	X		

TABLE D-9. (Continued) [Page 5 of 35]

D-54

DOD 5105.38-M

Generic Code	Description	Federal Supply Classification	Program as:		Remarks
			Major Item	Dollar Line	
C	D Patrol Gunboat (PGM) -----	FSC 1905 -----			X
	E Seaward Defense Craft (SDC) -----	FSC 1905 -----			X
	F Fast Patrol Boat -----	FSC 1905 -----			X
	G Patrol Torpedo Boat (PT) ---	FSC 1905 -----			X
5	<u>Auxiliaries and Craft</u>				
A	Net Laying Ship (AN) -----	FSC 1925 -----			X
B	Oiler (AO) -----	FSC 1915 -----			X
C	Gasoline Tanker (AOG) -----	FSC 1915 -----			X
D	Fuel Oil Barge (YO/YSR) ----	FSC 1915 -----			X
E	Gasoline Barge (YOG) -----	FSC 1905, 1915 -----			X
F	Water Barge (YW) -----	FSC 1915, 1935 -----			X
G	Light Cargo Ship (AKL) -----	FSC 1925 -----			X
H	Auxiliary Ocean Tug (ATA/ATR) -----	FSC 1925 -----			X
K	Submarine Rescue Ship (ASR)	FSC 1915 -----			X
L	Seaplane Tender (AVP) -----	FSC 1925 -----			X
M	Small Harbor Tug (YTL) ----	FSC 1925 -----			X
N	Rescue Boat (AVR) -----	FSC 1940 -----			X
P	Medium Landing Craft (LCM) -	FSC 1905 -----			X
Q	Vehicle/Personnel Landing Craft (LCVP) -----	FSC 1905 -----			X
R	Surveying Ship (AGS) -----	FSC 1925 -----			X
S	Landing Craft Repair Ship (ARL) -----	FSC 1925 -----			X
T	Large Harbor Tug (YTB) ----	FSC 1925 -----			X
V	Repair Ship (ARB) -----	FSC 1925 -----			X
W	Submarine Tender (AS) -----	FSC 1925 -----			X
X	Floating Drydock (AFDL/SRD)	FSC 1950 -----			X
Z	Miscellaneous Boats and Craft -----	FSG 19XX -----			X
6	<u>Ships Support Equipment</u>				
A	Ship Overhaul/Modernization/ Construction (In Country)	-----			X

Generic Code	Description	Federal Supply Classification	Program as:		Remarks
			Major Item	Dollar Line	
C 6 B	Shipbuilding Cost Sharing -----			X	
9	<u>Ships Spares and Spare Parts</u>				
A	Ship Spare Parts, Components, and Accessories -----	In FSG 20XX (except 2050), and 30XX		X	
D	<u>COMBAT VEHICLES</u>				
1	<u>Armored Carriers</u>				
A	Personnel Carriers, Full Track -----	FSC 2320, 2350		X	All Spare Parts for Combat Vehicles should be programmed under Generic Code K8A.
B	Personnel Carriers, Half Track -----	FSC 2320		X	
C	Armored Cars -----	FSC 2320, 2350		X	
D	Cargo Carriers -----	FSC 2320, 2350		X	
E	Weapons Carriers -----	FSC 2320, 2350		X	
2	<u>Self-Propelled Artillery</u>				
A	Anti-Aircraft -----	FSC 2350		X	
B	Anti-Tank -----	FSC 2350		X	
C	105mm Howitzer -----	FSC 2350		X	
D	155mm Howitzer -----	FSC 2350		X	
E	4.2 inch Mortar -----	FSC 2350		X	
F	8 inch Howitzer -----	FSC 2350		X	
G	175mm Gun -----	FSC 2350		X	
Z	Other Self-Propelled Artillery -----	FSC 2350		X	
3	<u>Tanks</u>				
A	Light Tank -----	FSC 2350		X	
B	Medium Tank -----	FSC 2350		X	
4	<u>Tank Recovery Vehicles</u>				
A	Tank Recovery Vehicles -----	FSC 2320, 2350		X	

TABLE D-9. (Continued) [Page 7 of 35]

D-56

DOD 5105.

Generic Code	Description	Federal Supply Classification	Program as:		Remarks
			Major Item	Dollar Line	
D 5	<u>Other Combat Vehicles</u>				
A	High Speed Tractors -----	FSC 2430 -----			X
B	Amphibious Land Vehicles --	FSC 2320, 2350 -----			X
C	Tank Mounted Bulldozers ---	FSC 2590 -----			X
E	<u>TACTICAL AND SUPPORT VEHICLES</u>				
1	<u>Semi-Trailers</u>				
A	Tank -----	FSC 2320 -----			X
B	Stake -----	FSC 2330 -----			X
C	Van -----	FSC 2330 -----			X
D	Low Bed -----	FSC 2330 -----			X
E	Transporter -----	FSC 2330 -----			X
Z	Other Semi-Trailers -----	FSC 2330 -----			X
2	<u>Trailers</u>				
A	Cargo -----	FSC 2330 -----			X
B	Tank -----	FSC 2330 -----			X
C	Ammunition -----	FSC 2330 -----			X
D	Fuel Service -----	FSC 2330 -----			X
E	Low Bed -----	FSC 2330 -----			X
F	Flat Bed -----	FSC 2330 -----			X
G	Bolster -----	FSC 2330 -----			X
H	Dolly -----	FSC 2330 -----			X
Z	Other Trailers -----	FSC 2330 -----			X
3	<u>Trucks</u>				
A	1/4 ton Cargo -----	FSC 2320 -----			X
B	1/4 ton Ambulance -----	FSC 2310 -----			X
D	3/4 ton Cargo -----	FSC 2320 -----			X
E	3/4 ton Ambulance -----	FSC 2310 -----			X
G	1 ton Cargo -----	FSC 2320 -----			X
K	2 1/2 ton Cargo -----	FSC 2320 -----			X
L	2 1/2 ton Dump -----	FSC 2320 -----			X
M	2 1/2 ton Special Purpose -	FSC 2320 -----			X

All Spare Parts for
Tactical & Support
Vehicles should be
programmed under
Generic Code K8A.

Generic Code	Description	Federal Supply Classification	Program as:		Remarks
			Major Item	Dollar Line	
E 3 N	2 1/2 ton Tank -----	FSC 2320 -----	X		
Q	2 1/2 ton Truck-Tractor ---	FSC 2320 -----	X		
R	2 1/2 ton Wrecker -----	FSC 2320 -----	X		
T	5-ton Cargo -----	FSC 2320 -----	X		
U	5-ton Dump -----	FSC 2320 -----	X		
W	5-ton Truck-Tractor -----	FSC 2320 -----	X		
X	5-ton Wrecker -----	FSC 2320 -----	X		
Z	Other Trucks -----	FSC 2320 -----	X		
4	<u>Support vehicles</u>				
A	Station Wagon -----	FSC 2310 -----	X		
B	Sedans -----	FSC 2310 -----	X		
C	Buses -----	FSC 2310 -----	X		
D	Motorcycles and Motor Scooters -----	FSC 2340 -----	X		
E	Amublances -----	FSC 2310 -----	X		
F	Commercial Trucks -----	FSC 2320 -----	X		
Z	Other Support Vehicles ---	FSC 2310, 2320 -----	X		
F	<u>WEAPONS</u>				
1	<u>Weapons, up to 75mm</u>				
A	Pistols -----	FSC 1005 -----	X		
B	Carbines -----	FSC 1005 -----	X		
C	Rifles -----	FSC 1005 -----	X		
E	Sub-Machine Guns -----	FSC 1005 -----	X		
F	Machine Guns -----	FSC 1005 -----	X		
G	Mounts -----	FSC 1005, 1015, 1090 -----	X		
H	Shotguns -----	FSC 1005 -----	X		
J	Sub-Caliber Weapons -----	FSC 1005, 1010 -----	X		
K	Anti-Aircraft Guns -----	FSC 1005, 1010 -----	X		
L	Launchers -----	FSC 1005, 1010, 1055 -----	X		
M	Mortars -----	FSC 1010 -----	X		
Z	Other Weapons (up to 75mm) -	FSC 1005, 1010, 1090 -----	X		

Generic Code	Description	Federal Supply Classification	Program as:		Remarks
			Major Item	Dollar Line	
F 2	<u>Artillery, 75mm and over</u>				
A	75mm Guns -----	FSC 1015 -----			X
B	76mm Guns -----	FSC 1015 -----			X
C	90mm Guns -----	FSC 1015 -----			X
D	105mm Guns -----	FSC 1015 -----			X
E	155mm Guns -----	FSC 1028 -----			X
F	175mm Guns -----	FSC 1025 -----			X
G	75mm Howitzer -----	FSC 1015 -----			X
H	105mm Howitzer -----	FSC 1015 -----			X
J	155mm Howitzer -----	FSC 1025 -----			X
K	8-inch Howitzer -----	FSC 1030 -----			X
L	75mm Recoilless Rifles ---	FSC 1015 -----			X
M	90mm Recoilless Rifles ---	FSC 1015 -----			X
N	105mm Recoilless Rifles ---	FSC 1015 -----			X
P	106mm Recoilless Rifles ---	FSC 1015 -----			X
Q	120mm Recoilless Rifles ---	FSC 1015 -----			X
R	155mm Recoilless Rifles ---	FSC 1025 -----			X
S	81mm Mortar -----	FSC 1015 -----			X
T	107mm/4.2 inch Mortar -----	FSC 1015 -----			X
U	120mm Mortar -----	FSC 1015 -----			X
Z	Other Weapons (75mm ----- and over)	FSC 1015, 1025, 1030, 1035 -----			X
3	<u>Naval Ordnance Weapons</u>				
A	20mm Mounts -----	FSC 1005 -----			X
B	40mm Mounts -----	FSC 1010 -----			X
C	3 inch/50 Mounts -----	FSC 1015 -----			X
D	5 inch/25 Mounts -----	FSC 1020 -----			X
E	5 inch/38 Mounts -----	FSC 1020 -----			X
F	5 inch/54 Mounts -----	FSC 1020 -----			X
G	Loading Machines (all ----- Calibers)	FSC 1010, 1015, 1020 -----			X
H	Torpedo Launchers -----	FSC 1045 -----			X
J	Depth Charge Launchers -----	FSC 1045 -----			X
K	ASW rocket Launchers -----	FSC 1055 -----			X

Generic Code	Description	Federal Supply Classification	Program as:		Remarks
			Major Item	Dollar Line	
F 3 L	Harbor Nets, Booms, and Buoy	FSC 1070, 2050		X	
M	Degaussing and Minesweeping Equipment	FSC 1075		X	
N	Naval Fire Control Directors	FSC-1210	X		
P	Naval Fire Control Computing Sights	FSC 1220	X		
Q	ASW Fire Control Systems	FSC 1230	X		
R	Gunfire Control Systems	FSC 1230	X		
S	Torpedo Fire Control Systems	FSC 1210, 1220, 1230	X		
T	Submarine Fire Control Systems	FSC 1230	X		
U	Target Designating System	FSC 1260, 1265	X		
V	Fire Control Radar	FSC 1285	X		
W	Close in Weapon Systems	FSC 1230	X		
Z	Other Naval Ordnance Weapons	FSG 10 (except 1070, 1075), FSC-1240, 1250, 1260, 1265, 1270, 1280, 1287, 1290	X	X (1)	
4	<u>Other Weapons</u>				
A	Chemical Weapons and Equipment	FSC 1040	X	X (1)	
B	Camouflage and Deception Equipment	FSC 1080		X (1)	
D	Fire Control Equipment (Other than aircraft and naval ordnance)	FSG 12	X	X (1)	
Z	Miscellaneous (other) weapons and interchangeable assemblies		X	X (1)	

TABLE D-9. (Continued) [Page 11 of 35]

D-60

Generic Code	Description	Federal Supply Classification	Program as:		Remarks
			Major Item	Dollar Line	
F 9	<u>Weapon Spare Parts, Components, and Accessories</u>				
A	Weapons -----	FSG 11XX, 12XX, FSC 1005, 1010, --	X		
		1015, 1020, 1025, 1030, 1035,			
		1055, 1090, 1095, 2845 (other			
		than Naval Ord)			
B	Naval Ordnance Weapons ----	FSG 10XX, 12XX, FSC 2845 -----	X		
G	<u>AMMUNITION</u>				
1	<u>Ammunition (up to 75mm) and Grenades</u>				
A	22 caliber -----	FSC 1305 -----	X		
B	30 caliber -----	FSC 1305 -----	X		
C	7.62mm -----	FSC 1305 -----	X		
D	38 caliber -----	FSC 1305 -----	X		
E	45 caliber -----	FSC 1305 -----	X		
F	50 caliber -----	FSC 1305 -----	X		
G	60 caliber -----	FSC 1305 -----	X		
H	20mm -----	FSC 1305 -----	X		
I	22mm -----	FSC 1305 -----	X		
J	37mm -----	FSC 1310 -----	X		
K	40mm -----	FSC 1310 -----	X		
L	57mm -----	FSC 1310 -----	X		
M	60mm Mortar -----	FSC 1310 -----	X		
N	Shotguns -----	FSC 1305 -----	X		
P	Grenades -----	FSC 1330 -----	X		
Z	Other Ammunition -----	FSC 1305, 1310, 1330 -----	X	----- X (1)	
2	<u>Ammunition, 75mm and over</u>				
A	75mm -----	FSC 1315 -----	X		
B	76mm -----	FSC 1315 -----	X		
C	81mm Mortar -----	FSC 1315 -----	X		
D	90mm -----	FSC 1315 -----	X		
E	105mm -----	FSC 1315 -----	X		
F	106mm -----	FSC 1315 -----	X		
G	4.2 inch Mortar -----	FSC 1315 -----	X		

Generic Code	Description	Federal Supply Classification	Program as:		Remarks
			Major Item	Dollar Line	
G 2 H	3 inch/50 -----	FSC 1315 -----	X		
J	5 inch/25 -----	FSC 1320 -----	X		
K	5 inch/38 -----	FSC 1320 -----	X		
L	5 inch/54 -----	FSC 1320 -----	X		
M	155mm -----	FSC 1320 -----	X		
N	8 inch -----	FSC 1320 -----	X		
P	175mm -----	FSC 1320 -----	X		
Z	Other Ammunition -----	FSC 1315, 1320 -----	X		X (1)
3	<u>Land Mines and Explosives</u>				
A	Anti-personnel Mines -----	FSC 1345 -----	X		
B	Anti-tank Mines -----	FSC 1345 -----	X		
C	Demolition Kits -----	FSC 1375 -----	X		
D	Charges -----	FSC 1375 -----	X		
Z	Other Explosives and Land Mine Components -----	FSC 1345, 1375, 1376, 1377 -----	X		X
4	<u>Naval Ordnance Ammunition</u>				
A	Service Mines, complete ---	FSC 1361 -----	X		
B	Drill Mines, complete -----	FSC 1350, 1351 -----	X		
C	Mine Components -----	FSC 1350, 1351 -----	X		
D	Torpedo Exercise Heads ---	FSC 1355, 1356 -----	X		
E	Anti-surface Torpedoes ---	FSC 1356 -----	X		
F	ASW Torpedoes -----	FSC 1356 -----	X		
G	Torpedo Components -----	FSC 1355, 1356 -----			X
H	Depth Charges -----	FSC 1361 -----	X		
J	Depth Charge Components ---	FSC 1360, 1361 -----			X
5	<u>Bombs and Rockets</u>				
A	Practice Bombs and Shapes -	FSC 1325, 1105 -----	X		
B	Armor Piercing Bombs -----	FSC 1325 -----	X		
C	Depth Bombs -----	FSC 1325 -----	X		
D	Fire and Incendiary Bombs -	FSC 1325 -----	X		
E	Fragmentation Bombs -----	FSC 1325 -----	X		
F	General Purpose Bombs -----	FSC 1325 -----	X		

Generic Code	Description	Federal Supply Classification	Program as:		Remarks
			Major Item	Dollar Line	
G 5 G	Electronic Operated Guided Bombs	FSG 13	X		
M	Bomb Components	FSC 1325		X	
N	Other Bombs	FSC 1325	X		
P	2.25 inch Rockets	FSC 1340	X		
Q	2.36 inch Rockets	FSC 1340	X		
R	2.75 inch Rockets	FSC 1340	X		
S	3.5 inch Rockets	FSC 1340	X		
T	5 inch Rockets	FSC 1340	X		
U	7.2 inch Rockets	FSC 1340	X		
V	Asroc Rockets	FSG 1356	X		
W	Honest John Rockets	FSG 10, 11 & 13	X	X	
Y	Rocket Components	FSC 1340	X	X	(1)
Z	Other Rockets	FSC 1340	X		
6	<u>Pyrotechnic and Chemical Munitions</u>				
A	Chemical Munitions	FSC 1365	X	X	Agents - Articles other than agents in FSC 1365.
B	Pyrotechnics	FSC 1370	X	X	(1)
7	<u>Other Ammunition</u>				
A	Ammunition Raw Materials	FSC 9999		X	
B	Fuzes and Primers	FSC 1390	X	X	(1)
C	Ammunition Containers	FSC 8140		X	
D	Miscellaneous Ammunition, Tools, and Specialized Equipment	FSC 1385, 1386, 1395, 1398, 4915, 4927		X	
H	<u>COMMUNICATIONS EQUIPMENT</u>				
1*	Telephone and Telegraph Equipment	FSC 5805	X	X	(1)

Generic Code	Description	Federal Supply Classification	Program as:		Remarks
			Major Item	Dollar Line	
H-2*	Radio and Television Communications Equipment	FSC 5820, 5821, 5985, 5895	X	X	(1) Installation units will be programmed under dollar lines provided by DSAA.
3*	Radio Navigation Equipment	FSC 5825, 5825, 5826	X	X	(1)
4*	Radar Equipment	FSC 5840, 5841, 5895	X	X	(1)
5*	Underwater Sound Equipment	FSC 5845	X	X	(1)
6*	Other Communications Equipment (Include Modifications)	FSC 1810, 5810, 5815, 5830,	X	X	(1), (2) Installation units for equipment in FSG 58XX (other than 5820, 5821) will be programmed under appropriate dollar line provided by DSAA.

* The following alphabets will be used by the Military Departments as the third character of the Generic Code to identify the type of installation:

A Airborne	P Pack or Portable
F Fixed	V Ground, Vehicular
G Ground, General Ground Use	W Water, Surface, and Underwater
K Amphibious	Z Other Communications Equipment (Including Modifications)

9 Communications Equipment Spare Parts and Electronic Supplies

A Communications Equipment, -- Spare Parts, and Electronic Supplies FSG 58XX, 59XX X

J SUPPORT EQUIPMENT

1 Chemical Equipment

A Decontaminating and Impregnating Equipment FSC 4230 X

TABLE D-9. (Continued) [Page 15 of 35]

D-64

DOD 5105.38-M

Generic Code	Description	Federal Supply Classification	Program as:		Remarks
			Major Item	Dollar Line	
J 2	<u>Construction Equipment</u>				
A	Full Track Tractors -----	FSC 2410 -----		X	
B	Wheeled Tractors -----	FSC 2420 -----		X	
C	Earthmoving and ----- Excavating Equipment	FSC 3805 -----		X	
D	Cranes and Crane Shovels --	FSC 3810 -----		X	
E	Road Clearing Equipment ---	FSC 3825 -----		X	
F	Military Bridging -----	FSC 5420 -----		X	
Z	Miscellaneous ----- Construction Equipment	FSC 3815, 3830, 3895 -----		X	
3	<u>Materials Handling Equipment</u>				
A	Conveyors, Cranes and ----- Derricks	FSC 3910, 3950 -----		X	
Z	Other Materials Handling -- Equipment	FSG 39XX (except 3910, 3950) -----		X	
4	<u>Photographic Equipment</u>				
A	Cameras -----	FSC 6720 -----		X	
B	Projection Equipment -----	FSC 6730 -----		X	
C	Developing and Finishing -- Equipment	FSC 6740 -----		X	
Z	Other Photographic ----- Equipment, Supplies, and Spare Parts	FSC 67XX (except 6720, 6730, 6740) -----		X	
6	<u>Other Equipment</u>				
A	Parachutes and Aerial ----- Delivery Equipment	FSC 1670 -----		X	
D	Other Power Transmission -- Equipment	FSG 30XX -----		X	
E	Woodworking Machinery ----- and Equipment	FSG 32XX -----		X	
F	Metal Working Machinery ---	FSG 34XX -----		X	

Generic Code	Description	Federal Supply Classification	Program as:		Remarks
			Major Item	Dollar Line	
J 6 G	Special Industrial Machines -----	FSG 36XX -----		X	
N	Safety and Rescue Equipment -----	FSC 4220 & 4240 -----		X	
P	Steam Plant and Drying Equipment -----	FSG 44XX -----		X	
Q	Maintenance and Repair Shop-Equipment -----	FSC 4910, 4930, 4931, 4933, 4940 -----		X	
R	Power and Distribution Equipment -----	FSG 61XX & 62XX -----		X	
T	Instruments and Laboratory Equipment -----	FSG 66XX (except 6610, 6630, & 6640) -----		X	
Z	Other Support Equipment ---	FSG 22XX, 3835, 6310, 6330, 6350 -----		X	
7	<u>Other Support Equipment</u>				
A	Medical/Surgical Equipment -	FSC 6515 -----		X	
B	Dental Equipment -----	FSC 6520 -----		X	
C	X-Ray Equipment -----	FSC 6525 -----		X	
D	Hospital Equipment -----	FSC 6530 -----		X	
E	Chemistry/Laboratory Equipment -----	FSC 6630, 6640 -----		X	
F	Laundry and Dry Cleaning Equipment --	FSC 3510 -----		X	
G	Shoe Repair Equipment -----	FSC 3520 -----		X	
H	Service and Trade Equipment -----	FSG 35XX (except 3510 & 3520) -----		X	
J	General Purpose ADP Equipment -----	FSG 70XX -----		X	
K	Office Machines -----	FSG 74XX -----		X	
L	Pumps and Compressors -----	FSG 43XX -----		X	
M	Plumbing and Heating Equipment -----	FSG 45XX -----		X	
N	Engines -----	FSG 28XX (except 2810, 2840, 2845) -----		X	
P	Prefab and Portable Structures -----	FSG 54XX (except 5420) -----		X	
Q	Mine Drilling Equipment -----	FSC 3820 -----		X	

TABLE D-9. (Continued) [Page 17 of 35]

D-66

Generic Code	Description	Federal Supply Classification	Program as:		Remarks
			Major Item	Dollar Line	
J 7 R	Refrigeration and Airconditioning Equipment -----	FSG 41XX -----			X
S	Firefighting Equipment ----	FSC 4210 -----			X
Z	Other Support Equipment ---	FSG 37XX, 46XX, 47XX, 48XX, 71XX, 72XX, 73XX ---			X
8	<u>Technical Books, Maps, and Publications</u>				
A	Technical Books, Maps, and Publications ----	FSG 76XX -----			X
K	<u>SUPPLIES</u>				
1	<u>Clothing and Textile Supplies</u>				
A	Clothing/Textiles and Individual Equipment ----	FSG 83XX & 84XX -----			X
2	<u>Medical Supplies</u>				
A	Drugs, Biologicals and Surgical Dressings ----	FSC 6505, 6510 -----			X
Z	Other Dental and Medical Supplies --	Supplies in FSG 65XX, (except FSC 6505, 6510) --			X
3	<u>Subsistence</u>				
A	Human Subsistence -----	FSG 89 -----			X
4	<u>General Supplies</u>				
A	Hand and Measuring Tools --	FSG 51XX, 52XX -----			X
Z	Other General Supplies ----	FSG 40XX, 75XX, 77XX, 78XX, 79XX, 80XX, 81XX (except 8140), 85XX, 93XX, FSC 8710, 8820, 9905, 9920, 9925, 9930, 9999 -----			X
5	<u>Industrial Supplies</u>				
A	Industrial Supplies -----	FSG 31XX, 53XX, 94XX, 95XX -----			X

Generic Code	Description	Federal Supply Classification	Program as:		Remarks
			Major Item	Dollar Line	
K 6	<u>Fuels, Oils and Chemicals</u>				
A	Jet Fuel -----	FSC 9130 -----		X	
B	Aviation Gasoline -----	FSC 9130 -----		X	
C	Automotive Gasoline -----	FSC 9130 -----		X	
D	Diesel Fuel -----	FSC 9140 -----		X	
E	Navy Special Fuel Oil -----	FSC 9140 -----		X	
F	Chemicals -----	FSG 68XX -----		X	
G	Solid Fuel -----	FSC 9110 -----		X	
Z	Other Petroleum, Oil, ----- and Lubricants	FSG 91XX (except 9110, 9130, 9140) -----		X	
7	<u>Construction Supplies</u>				
Z	Construction Supplies -----	FSG 55XX, 56XX -----		X	
8	<u>Automotive Supplies</u>				
A	Automotive Supplies and ----- Spare Parts	FSG 23XX, 24XX, 25XX, 26XX ----- (except 2630), 28XX (except 2810, 2840, 2845), FSC 2910, 2920, 2930, 2940, 2990, and other spare parts -----		X	Automotive supplies and spare parts for equipment in Generics D, E, J & K
FOOTNOTES: (1) In those generics where both major item and dollar lines may be added to the MASL, the Military Departments must limit major item lines to those pieces of equipment for which visibility is considered absolutely essential to good program control and supply management.					
L	<u>SUPPLY OPERATIONS</u>				
1	<u>Transportation Costs</u>				
A	Inland Transportation-CONUS -----	01 -----		X	
B	Ocean Transportation -----	01 -----		X	
C	Air Transportation -----	01 -----		X	
D	Parcel Post -----	01 -----		X	
E	Commercial Carrier -----	01 -----		X	
F	Inland Transportation ----- Overseas	01 -----		X	

Generic Code	Description	Federal Supply Classification	Program as:		Remarks
			Major Item	Dollar Line	
L 2	<u>Packing, Crating, Handling, Port Loading & Port Unloading Costs</u>				
A	Packing Crating and Handling	01	-----	X	
B	Port Loading	01	-----	X	
C	Port Unloading	01	-----	X	
3	<u>Operations and Maintenance of MAP Installations</u>				
A	Operation and Maintenance - Costs	01	-----	X	
F	MAAG Housing	01	-----	X	
G	Maintenance and Repair of Real Property-MAP Installations	01	-----	X	
4	<u>Storage and Maintenance of Stockpiles</u>				
A	Storage and Maintenance of Stockpiles	01	-----	X	
5	<u>Offshore Procurement Expenses</u>				
A	Offshore Procurement Expenses	01	-----	X	
6	<u>Logistics Management Expense</u>				
A	Logistics Mangement Expense	01	-----	X	
7	<u>Travel Expenses</u>				
A	Travel Expenses	01	-----	X	
8	<u>Case Management</u>				
A	Case Management	01	-----	X	
M	<u>MAINTENANCE OF EQUIPMENT</u>				
1	<u>Technicians and Allied Services</u>				
A	Aircraft Technical Assistance	02	-----	X	
B	Missile Technical Assistance	02	-----	X	

Generic Code	Description	Federal Supply Classification	Program as:		Remarks
			Major Item	Dollar Line	
M I C	Communications Technical Assistance	-- 02	-----	X	
D	EAM Services	----- 02	-----	X	
E	Other Technical Assistance	- 02	-----	X	
F	Technical Data Package (TOP)	02	-----	X	
G	Engineering Technical Assistance	----- 02	-----	X	
H	Technical Coordination Program (TCP)	----- 02	-----	X	
J	Aircraft Structural Integrity Program (ASIP)	----- 02	-----	X	
K	Non-Standard Item Support	-- 02	-----	X	
L	PMEL Calibration	----- 02	-----	X	
M	Engine CIP	----- 02	-----	X	
N	Technical Data Publications	02	-----	X	
Q	Ship Maintenance Technical	- 02	-----	X	
R	Logistics Technical Assistance	----- 02	-----	X	
2	<u>Repair/Rehabilitation/Replacement of Equipment</u>				
A	Repair/Rehabilitation/Replacement of Aircraft and Aircraft Engine Overhauls (Including Aircraft IRAN)	---- 02	-----	X	X
B	Overhaul of Ships	----- 02	-----	X	X
C	Repair/Rehabilitation/Replacement, Other	---- 02	-----	X	X
D	Combat Vehicles	----- 02	-----	X	X
E	Tactical/Support Vehicles	- 02	-----	X	X
F	Weapons	----- 02	-----	X	X
G	Ammunition	----- 02	-----	X	X
H	Communications/Electronics, Meteorological Equipment	02	-----	X	X

Generic Code	Description	Federal Supply Classification	Program as:		Remarks
			Major Item	Dollar Line	
M 2 J	Support Equipment -----	02 -----		X	
K	Missiles -----	02 -----	X	X	
3	<u>Repair and Rehabilitation (R+R) of Excess Material</u> (FY63 and Prior Year Only)				
A	Repair and Rehabilitation - 01 ----- of Aircraft and Aircraft Engine Overhauls (Including IRAN)			X	
B	Overhaul of Ships -----	01 -----		X	
C	Repair and Rehabilitation, - 01 ----- Other			X	
N	<u>TRAINING (FMS 1200 SYSTEM ONLY)</u>				
0	<u>Training</u>				
O	Training -----	00 -----		X	
7	<u>Training-Medical Services</u>				
E	Training-Medical Services - 00 -----			X	
9	<u>Training</u>				
A	Training-Aids, Devices, Spare Parts -----	00 -----		X	
B	Training-Books, Pubs, Other -----	00 -----		X	
X	Training-PCH&T Cost -----	00 -----		X	

Generic Code	Item Ident No.	Description/Category	Program as:		Remarks
			Major Item	Dollar Line	
N		TRAINING			
1	STUDENT TRAINING	FORMAL TRAINING/UNITED STATES (U.S.)			
A	0110000	Flying Training, U.S.			
	0111000	Pilot, Jet, Fixed Wing	x		
	0112000	Pilot, Convnt, Fixed Wing	x		
	0113000	Pilot, Helicopter	x		
	0114000	Non-Pilot	x		
	0115000	Instructor	x		
	0116000	Special Techniques	x		
	0117000	Crew/Transition	x		
	0118000	Flight Test	x		
	0119000	Other	x		
B	0120000	Operations Training, U.S.			
	0121000	Combat Operations	x		
	0122000	Weapons/Tactics/FAM	x		
	0123000	Minewarfare/ASW	x		
	0124000	Amphibious Operations	x		
	0125000	Recce, Mapping/Photo	x		
	0126000	Counterinsurgency/Psy War	x		
	0127000	CBR	x		
	0128000	Training Devices/Simulators	x		
	0129000	Other	x		
C	0130000	Comm/Elect Training, U.S.			
	0131000	Electronic Fundamentals	x		
	0132000	Ground/Comm/Signal	x		
	0133000	Air Comm/Signal	x		
	0134000	Fire Control Sys/Sur-Air	x		
	0135000	ASW Systems/Sur-Air	x		

TABLE D-9. (Continued) [Page 23 of 35]

D-72

Generic Code	Item Ident No.	Description/Category	Program as:		Remarks
			Major Item	Dollar Line	
NIC(cont)	0136000	ECM Systems/Sur-Air	x		
	0137000	Other Radar Sys/Sur-Air	x		
	0138000	(Unassigned)	x		
	0139000	Other	x		
D	0140000	Maintenance Training U.S.			
	0141000	Aviation	x		
	0142000	Armament/Ammunition	x		
	0143000	Auto/Ground Support	x		
	0144000	Combat/Special Vehicle	x		
	0145000	Ships/Boats	x		
	0146000	Weather/Meteorology	x		
	0147000	Training Equip/Devices	x		
	0148000	Support Tech Skills	x		
	0149000	Other	x		
E	0150000	Logistics Training, U.S.			
	0151000	Logistics Management	x		
	0152000	Supply/Warehousing	x		
	0153000	Transport/Distribution	x		
	0154000	Procurement	x		
	0155000	Comptroller/Stat/ADPS	x		
	0156000	Finance	x		
	0157000	(Unassigned)	x		
	0158000	(Unassigned)	x		
	0159000	Other	x		
F	0160000	Administrative Training, U.S.			
	0161000	Personnel	x		
	0162000	Manpower/Management	x		
	0163000	Food Handling/Admin	x		
	0164000	Info/Education	x		

Generic Code	Item Ident No.	Description/Category	Program as:		Remarks
			Major Item	Dollar Line	
NIF(cont)	0165000	Clerical	X		
	0166000	Instructor/Supervisor	X		
	0167000	(Unassigned)	X		
	0168000	Women's Military	X		
	0169000	Other	X		
G	0170000	Professional/Special Training, U.S.			
	0171000	Command/Staff	X		
	0172000	Intelligence	X		
	0173000	Mil Police/Civil Affairs	X		
	0174000	Engineering/Construction	X		
	0175000	Medical/Health Hygiene	X		
	0176000	Legal	X		
	0177000	English Language	X		
	0178000	Civilian Institution	X		
	0179000	Other	X		
H	0180000	Orientation Training, U.S.			
	0181000	Orientation Tours/DV	X		
	0182000	Orientation Tours/Non Dv	X		
	0183000	Observer	X		
	0184000	Exchange Student	X		
	0185000	Informational Program	X		
	0186000	(Unassigned)	X		
	0187000	(Unassigned)	X		
	0188000	(Unassigned)	X		
	0189000	Other	X		
J	0190000	Missile Training, U.S.			
	0191000	IRBM	X		
	0192000	NIKE	X		
	0193000	HAWK	X		

TABLE D-9. (Continued) [Page 25 of 35]

D-74

Generic Code	Item Ident No.	Description/Category	Program as:		Remarks
			Major Item	Dollar Line	
N1J(cont)	0194000	Other/Surface to Surface	x		
	0195000	Other/Surface to Air	x		
	0196000	Air to Air	x		
	0197000	Air to Surface	x		
	0198000	Target Drone	x		
	0199000	Other	x		
	STUDENT TRAINING	FORMAL TRAINING/OVERSEAS (O/S)			
N	0210000	Flying Training, O/S			
	0211000	Pilot, Jet, Fixed Wing	x		
	0212000	Pilot, Convnt, Fixed Wing	x		
	0213000	Pilot, Helicopter	x		
	0214000	Non-Pilot	x		
	0215000	Instructor	x		
	0216000	Special Techniques	x		
	0217000	Crew Transition	x		
	0218000	(Unassigned)	x		
	0219000	Other	x		
P	0220000	Operations Training, O/S			
	0221000	Combat Operations	x		
	0222000	Weapons/Tactics/FAM	x		
	0223000	Min Warfare/ASW	x		
	0224000	Survival/Jungle/Arctic	x		
	0225000	Recce, Mapping/Photo	x		
	0226000	Counterinsurgency/Psy War	x		
	0227000	CBR	x		
	0228000	Training Devices/Simulators	x		
	0229000	Other	x		
Q	0230000	Comm Elect Training, O/S			

Generic Code	Item Ident No.	Description/Category	Program as:		Remarks
			Major Item	Dollar Line	
N1Q(cont)	0231000	Electronic Fundamentals	x		
	0232000	Ground/Comm/Signal	x		
	0233000	Air/Command/Signal	x		
	0234000	Fire Control Sys/Sur-Air	x		
	0235000	ASW Systems/Sur-Air	x		
	0236000	ECM Systems/Sur-Air	x		
	0237000	Other Radar Sys/Sur-Air	x		
	0238000	(Unassigned)	x		
	0239000	Other	x		
R	0240000	Maintenance Training, O/S			
	0241000	Aviation	x		
	0242000	Armament/Ammunition	x		
	0243000	Auto/Ground support	x		
	0244000	Combat/Special Vehicles	x		
	0245000	Ships/Boats	x		
	0246000	Other Support Equip	x		
	0247000	Training Aids/Devices	x		
	0248000	Support Technical Skills	x		
	0249000	Other	x		
S	0250000	Logistics Training, O/S			
	0251000	Logistics Management	x		
	0252000	Supply/Warehousing	x		
	0253000	Transport/Distribution	x		
	0254000	Procurement	x		
	0255000	Comptroller/Stat/ADPS	x		
	0256000	Finance	x		
	0257000	(Unassigned)	x		
	0258000	(Unassigned)	x		
	0259000	Other	x		
T	0260000	Administrative Training, O/S			

TABLE D-9. (Continued) [Page 27 of 35]

D-76

DOD 5105.38-M

TABLE D-9. (Continued) [Page 28 of 35]

Generic Code	Item Ident No.	Description/Category	Program as:		Remarks
			Major Item	Dollar Line	
NIT(cont)	0261000	Personnel	x		
	0262000	Manpower/Management	x		
	0263000	Food Handling/Admin	x		
	0264000	Info/Education	x		
	0265000	Clerical	x		
	0266000	(Unassigned)	x		
	0267000	(Unassigned)	x		
	0268000	(Unassigned)	x		
	0269000	Other	x		
	U	0270000	Professional/Special Training, O/S		
0271000		Command/Staff	x		
0272000		Intelligence/Counter-Intel	x		
0273000		Mil Police/Civil Affairs	x		
0274000		Engineering/Construction	x		
0275000		Medical/Health/Hygiene	x		
0276000		Cadet	x		
0277000		English Language	x		
0278000		(Unassigned)	x		
0279000		Other	x		
V	0280000	Orientation Training, O/S			
	0281000	Orientation Visits/DV	x		
	0282000	Orientation Tours/Non-DV	x		
	0283000	Observer	x		
	0284000	Exchange Student	x		
	0285000	(Unassigned)	x		
	0286000	(Unassigned)	x		
	0287000	(Unassigned)	x		
	0288000	(Unassigned)	x		
	0289000	Other	x		
W	0290000	Missile Training, O/S			

Generic Code	Item Ident No.	Description/Category	Program as:		Remarks
			Major Item	Dollar Line	
NIW(cont)	0291000	(Unassigned)			
	0292000	(Unassigned)	x		
	0293000	(Unassigned)	x		
	0294000	(Unassigned)	x		
	0295000	(Unassigned)	x		
	0296000	(Unassigned)	x		
	0297000	(Unassigned)	x		
	0298000	(Unassigned)	x		
	0299000	Other	x		
	Z	PANAMA CANAL SCHOOL TRNG			
	BUSARSA	Training at USARSA	x		Not included in Unified Command ceiling. Programmed under non-regional command.
	D01AAFA	Training at IAFFA	x		
	PSCIATT	Training at SCIATT	x		
	POIANTN	Training at IANTN	x		
	Z	MOBILE TRAINING TEAMS/DETACHMENTS			
	0300000	Mobile Training Teams, Detachments CONUS			
A	0301000	Aviation	x		
B	0302000	Combat Operation/Intel	x		
C	0303000	Communications/Electronic	x		
D	0304000	Supply/Maintenance	x		
E	0305000	Personnel/Maintenance	x		
F	0306000	Counterinsurgency	x		
G	0307000	English Language	x		
H	0308000	Missiles	x		
J	0309000	Other	x		
	0310000	Mobile Training Teams, Detachments, O/S			
M	0311000	Aviation	x		

TABLE D-9. (Continued) [Page 29 of 35]

D-78

Generic Code	Item Ident No.	Description/Category	Program as:		Remarks
			Major Item	Dollar Line	
N2N	0312000	Combat Operations/Intel	x		
P	0313000	Communications/Electronics	x		
Q	0314000	Supply/Maintenance	x		
R	0315000	Personnel/Maintenance	x		
S	0316000	Counterinsurgency	x		
T	0317000	English Language	x		
U	0318000	Missiles	x		
V	0319000	Other	x		
3		FIELD TRAINING SERVICES			
A	0321000	Aircraft Engine/Airframe	x		
B	0322000	Communications/Electronics	x		
C	0323000	Radar Systems	x		
D	0324000	Armament	x		
E	0325000	Maintenance	x		
F	0326000	Training/Aids/Devices	x		
G	0327000	English Language	x		
H	0328000	Missiles	x		
J	0329000	Other	x		
5		TRAINING OF U.S. MAP PERSONNEL			
A	0381000	Contract Cost			
B	0382000	Tng of U.S. MAP Personnel		x	Phase I and Phase II. Not included as part of unified command ceiling but programmed worldwide by Military Departments.
C	0383000	Language		x	Not included in unified command ceiling. Worldwide program prepared by DSAA.
E	0385000	Other Training Costs		x	Not included in unified command ceiling. Worldwide program budgeted for by Military Departments for training

Generic Code	Item Ident No.	Description/Category	Program as:		Remarks
			Major Item	Dollar Line	
NSE(cont)					
6		EXTRAORDINARY EXPENSES			of U.S. personnel in skill peculiar to MAP assignments. Requirements associated with MASF programs will be carried in country programs.
A	0390000	Extraordinary Expenses		x	Not included in unified command ceiling. Worldwide program budgeted for by Military Departments. Requirements associated with MASF programs will be carried in country programs.
7		OTHER TRAINING SUPPORT			
A	0361000	Training Exercises		x	
B	0362000	Escort Officers	x		
C	0363000	Supplies and Materials		x	
D	0364000	Facilities/Rehabilitation		x	
E	0365000	Services	x	x	
F	0366000	Other	x	x	
G	0367000	Shipment of Instructional Material		x	Not required for FY84 and future programs.
Z	0399000	Abbr Tng Plan Reqmt		x	To be used only when training items are unknown at time of programming.
9		TRAINING AIDS			
A	OTNGDEV	Training Aids and Devices		x	
B	BBKPUBO	Army Books/Publications/Other		x	
	DBKPUBO	AF Books/Publications/Other		x	
	PBKPUBO	Navy Books/Publications/Other		x	
X	BOOPCHT	Army PCHT		x	
	DOOPCHT	AF PCHT		x	
	POOPCHT	Navy PCHT		x	

Generic Code	Description	Federal Supply Classification	Program as:		Remarks
			Major Item	Dollar Line	
P	<u>RESEARCH AND DEVELOPMENT</u>				
1	<u>Development of Advance Design Weapons</u>				
A	Development of Advance Design Weapons	---- 00	-----		X

Generic Code	Description	Federal Supply Classification	Program as:		Remarks
			Major Item	Dollar Line	
P 2	<u>Other Development Costs</u>				
A	Non-Recurring R+D Costs	00		X	
B	First Article Testing	00		X	
Q	<u>CONSTRUCTION</u>				
1	<u>Infrastructure (MAP 1000 System only)</u>				
A	Infrastructure	06		X	
2	<u>Other Construction</u>				
A	Contract Construction	06		X	
B	A+E Services	06		X	
C	U.S. Government Costs	06		X	
D	Construction, A+E Services and Administrative Costs - SAO Facilities	06		X	
E	Other Construction	06		X	
R	<u>SPECIAL ACTIVITIES</u>				
1	<u>International Military Headquarters</u>				
A	International Military Headquarters	07		X	
2	<u>International Forces Support</u>				
A	U.N. Forces Support in Korea	07		X	
B	IAF Support in Dominican Republic	07		X	
D	OAS Peace Keeping Forces	07		X	
3	<u>Expenses, Inspector General Foreign Assistance, State (MAP 1000 System only)</u>				
A	Expenses, Inspector General Foreign Assistance, State	07		X	

TABLE D-9. (Continued) [Page 33 of 35]

D-82

Generic Code	Description	Federal Supply Classification	Program as:		Remarks
			Major Item	Dollar Line	
R 4	<u>Studies and Surveys</u>				
A	Studies and Surveys -----	07 -----			X
5	<u>Weapons Production Projects (MAP 1000 System only)</u>				
A	Weapons Production -----	07 -----			X
6	<u>Extraordinary Expenses</u>				
A	Extraordinary Expenses ----	07 -----			X
7	<u>Ship Transfer Costs</u>				
A	Ship Transfer Costs -----	07 -----			X
8	<u>Special Insurance</u>				
A	Special Insurance -----	07 -----			X
9	<u>Other Special Activities</u>				
A	Special Activities -----	07 -----			X
B	Non-Specific Requirements -	07 -----			X
C	Foreign Currency SAO -----	07 -----			X
	Support				
D	Royalty Payments -----	07 -----			X
E	Loan Fees -----	07 -----			X
F	Contract Termination Costs -	07 -----			X
G	Technical Assistance Field -	07 -----			X
	Team (TAFT)				
H	Asset Use Charge -----	07 -----			X
Z	Other Services -----	07 -----			X
T	<u>ADMINISTRATIVE EXPENSES</u>				
1	<u>Administrative Expenses, Departmental and Headquarters (MAP)</u>				
A	Administrative Expenses, --	09 -----			X
	Departmental and Headquarters (MAP)				

TABLE D-9. (Continued) [Page 35 of 35]

D-84

Generic Code	Description	Federal Supply Classification	Program as:		Remarks
			Major Item	Dollar Line	
T 2	<u>Military Mission Expenses (MAP)</u>				
A	Military Mission Expenses (MAP)	- 09	-----	X	
3	<u>Contractor Expenses (FMS)</u>				
A	Contractor Expenses (FMS)	- 09	-----	X	
4	<u>Administrative Surcharges (FMS)</u>				
A	Administrative Surcharges (FMS)	- 09	-----	X	
U	<u>FOREIGN MILITARY SALES ORDER (FMSO) NO. I</u> <u>(FMS 1200 SYSTEM ONLY)</u>				
1	<u>Foreign Military Sales Order (FMSO) No. I</u>				
A	Foreign Military Sales Order (FMSO) No. I	---- 00	-----	X	

TABLE D-10

MAP ELEMENT CODE - 1000 SYSTEM

The second and third digits are alphabetic; the fourth digit will normally be the numeric "0" (not the letter O). An alphabetic may be substituted for the "0" in the fourth digit to indicate additional programmed requirements.

Code Levels

1 2 3 4

2. AIR AND MISSILE DEFENSE FORCESA. Aircraft Forces.

A 0 F-86 Units
 B 0 F-100 Units
 C 0 F-101 Units
 D 0 F-104 Units
 E 0 F-4C Units
 F 0 F-5 Units
 G 0 Other Aircraft Units

B. Surface-to-Air Missile Forces.

A 0 NIKE Units
 B 0 HAWK Units
 C 0 Other SAM Units
 U 0 SAM Operating Support (Attrition and Training Missiles)
 V 0 SAM Operating Support (FOS and Secondary Items)

C. Anti-Aircraft Artillery Forces.

A 0 40 mm - AAA Units
 B 0 90 mm - AAA Units
 C 0 Other AAA Units

D. Communications-Electronic-Meteorological Facilities/Systems.

A 0 AC&W Units
 B 0 Other AAA Units

3. GENERAL PURPOSE FORCESA. Army Combatant Forces.

A 0 Infantry Units
 B 0 Armored Units
 C 0 Cavalry Units
 D 0 Mechanized Units
 E 0 Airborne Units
 F 0 Separate Artillery Units
 G 0 Armored Cavalry Units
 H 0 Combat Engineer Units
 J 0 HONEST JOHN Units
 K 0 Aviation Units

- M 0 Other Missile Units
 - N 0 Other Combat Units
 - P 0 Signal Support Units
 - Q 0 Engineer Construction Units
 - R 0 Quartermaster Units
 - S 0 Other Combat Support Units
- B. Logistical and Operating Support (Army).
- A 0 Supporting Bases and Activities
 - T 0 Army Operating Support (IMETP Training)
 - U 0 Army Operating Support (Attrition and Ammunition)
 - V 0 Army Operating Support (FOS and Secondary Items)
- D. Surveillance and Ocean Control Forces.
- A 0 ASW Aircraft Carrier Units
 - B 0 ASW Aircraft Units
 - C 0 Submarine Units
 - D 0 Surface Units
 - E 0 Surface Patrol Units
 - F 0 Patrol Aircraft Units
 - G 0 Other Surveillance and Ocean Control Units
- E. Mine Warfare Forces.
- A 0 Mine Laying Units
 - B 0 Mine Sweeping Units
 - C 0 Other Mine Warfare Units
- F. Amphibious Forces.
- A 0 LST Units
 - B 0 LSM Units
 - C 0 Other Amphibious Units
- G. Multi-Purpose Combat Forces.
- A 0 Cruiser Units
 - B 0 Frigate Units
 - C 0 Destroyer Units
 - D 0 Submarine Units
 - E 0 Other Multi-Purpose Combat Units
- H. Logistical and Operating Support (Navy).
- B 0 Auxillary Ships and Harbor Craft
 - C 0 Supporting Bases and Activities
 - T 0 Navy Operating Support (IMETP Training)
 - U 0 Navy Operating Support (Attrition and Ammunition)
 - V 0 Marine Operating Support (FOS) and Secondary Items)
- L. Tactical Aircraft Forces.
- A 0 T-28 Units
 - B 0 T-80 Units
 - C 0 T-33 Units
 - D 0 RT-33 Units
 - E 0 F-84 Units

TABLE D-10. (Continued) [Page 2 of 4]

F 0 RF-84 Units
 G 0 F-86 Units
 H 0 RF-86 Units
 J 0 E-100 Units
 K 0 RF-101 Units
 M 0 F-104 Units
 N 0 RF-101 Units
 P 0 F-5 Units
 Q 0 RF-5 Units
 R 0 B-57 Units
 S 0 Other Tactical Aircraft Units

M. Logistical and Operating Support (Air Force).

A 0 Communications and Weather Units
 B 0 Supporting Bases and Activities
 T 0 Air Force Operating Support (IMET Training)
 U 0 Air Force Operating Support (Attribution and Ammunition)
 V 0 Air Force Operating Support (FOS and Secondary Items)

N. Paramilitary Forces.

A 0 Ground Units
 B 0 Sea Units
 C 0 Air Units
 V 0 Paramilitary Operating Support (FOS and Secondary Items)

4. AIRLIFT AND SEALIFT FORCES

A. Airlift Forces.

A 0 C-46 Units
 B 0 C-47 Units
 C 0 C-54 Units
 D 0 C-82 Units
 E 0 C-119 Units
 F 0 C-130 Units
 G 0 Other Airlift Units

B. Sealift Forces.

A 0 Troop Transport Units
 B 0 Cargo Ship Units
 C 0 Tanker Ship Units
 D 0 Other Sealift Units

5. RESERVE FORCES

A 0 Army Reserves
 B 0 Naval Reserves
 C 0 Air Force Reserves
 D 0 Paramilitary Reserves

6. RESEARCH AND DEVELOPMENT

7. GENERAL SUPPORT

- A. Individual Training.
- B. Intelligence and Security.
 - D 0 Mapping and Charting
 - E 0 Other Intelligence Activities
- C. Communications.
 - A 0 Aircraft Traffic Control and Landing
 - B 0 Other Communications Systems
- D. Logistical Support.
 - A 0 MAP Supply Operations
 - B 0 Supporting Bases and Activities
 - V 0 Multi-Service Operating Support
(FOS and Secondary Items)
- F. Command and General Support.
 - A 0 Command and Direction
 - B 0 Construction Support Activities
 - C 0 Other Support Activities

8. FMS TRAINING (Use applicable case designator)

TABLE D-11
REASON FOR CHANGE CODE - 1000 SYSTEM

<u>Code</u>	<u>Reason</u>
<u>CATEGORY A:</u>	Additions of entirely new programs.
A1	New Country or activity plan being submitted for the first time.
A2	Fiscal Year being added to the plan.
<u>CATEGORY B:</u>	Incremental revisions to budget and future year programs submitted by SAOs and revisions to current and prior year programs which required the DSAA approval prior to implementation. When a single revision or reprogramming action involves two or more transactions (addition, deletion, decrease, or increase), the same reason for change code will be used for all cards in the combination.
B1	Program line added, deleted or revised because of dollar guideline changes.
B2	Program line added, deleted or revised because of change in forces or in MAP support authorized.
B3	Program line added, deleted, or revised because of a new or changed U.S. commitment.
B4	Program line added, deleted, or revised because of an error or omission in programming, or recomputation of requirements.
B5	Program line added, deleted, or revised because of change in material availability or lead time, change in delivery schedule or related equipment, or because of limitation or change in training capability.
B6	Program line added, deleted, or revised, because recipient country cannot provide qualified students, funds, or other required contribution or participation.
B9	Program line added to definitize previously programmed Abbreviated Plan Requirement (R9B), Special Activities (R9A) or items identified with footnote coded "P" in MASL corresponding change cards to effect reduction or deletion in the R9A; R9B or footnote coded "P" items will also be coded B9. Use B9 also for revisions in data elements other than quantity or total cost to correct errors or to make procedural corrections to unfunded program lines required.

<u>Code</u>	<u>Reason</u>
<u>CATEGORY D:</u>	MAAG revisions to current or prior year funded programs (Type II and III deviations and program additions related thereto) within delegated approval authority. Also, those Type II and III deviations and associated program additions submitted to Implementing Agencies at the direction of the DSAA. Where a single revision or reprogramming action involves two or more transactions (addition, deletion, decrease, or increase), the same change reason code will be used for all cards in the combination. The change reason code indicated by the SAO will be retained for those SAO changes which are processed through the Implementing Agency.
D1	Program line added, deleted, or revised because of dollar guideline change.
D2	Program line added, deleted, or revised because of change in forces or in MAP support authorized.
D3	Program line added, deleted, or revised because of new or changed U.S. commitment.
D4	Program line added, deleted, or revised because of an error or omission in programming, or recomputation of requirements.
D5	Program line added, deleted, or revised because of change in materiel availability or lead time, change in delivery schedule of related equipment, or because of limitation or change in training capability.
D6	Program line added, deleted or revised because recipient country cannot provide qualified students, funds, or other required contribution or participation.
D7	Deviation or addition directed by the DSAA.
D8	Deviation to record the transfer of an unrequisioned balance from one materiel program dollar line to another within the same country and program year.
D9	Revision in data elements other than quantity or total cost and other procedural corrections.
<u>CATEGORY L:</u>	Changes in program lines for administration and operational support programs, funded and unfunded.
L1	Change to current or budget year program (card prepared by the DSAA).
L2	Change to future year program (card submitted by Military Department.)

TABLE D-11. (Continued) [Page 2 of 3]

<u>Code</u>	<u>Reason</u>
<u>CATEGORY M:</u>	Changes in the program necessary to keep the Master File consistent with the MASL, and the MASL goes through refinement, correction, and updating processes.
M2	Deletion or addition due to revision in MASL definitization policy encompassing the deletion or a major item from the MASL and restatement of the requirement in dollar value lines, or the consolidation of several dollar value lines into one larger grouping.
M3	Change due to revision in unit price (training only), availability, or other MASL identification.
<u>CATEGORY P:</u>	Type I deviations reported by Implementing Agencies. Program changes resulting from a change in MAP unit price of a major item will be submitted only against funded program lines; those against unfunded program lines will be effected through submission of appropriate MASL worksheets and resulting updating of MASL and Master Program Files (see Category M).
P1	A Type I deviation requiring prior DSAA approval.
P2	A Type I deviation not requiring DSAA approval but reported to the DSAA prior to delivery reporting.
P3	A Type I deviation to record the actual cost for which MAP was billed at time of delivery or to record the actual dollars expended on an IMET record. If submitted on Card P and Q, this reason code signals the machine not to accomplish cost verification (multiplication of quantity times unit price). This is because the actual cost could possibly reflect a unit price expressed in dollars and cents. Since unit prices in program records are rounded to even dollars, the multiplication of quantity times a rounded unit price would produce an erroneous final cost figure for the line.
<u>CATEGORY S:</u>	A change in status of a program line in the DSAA Master File. Action to change status is initiated only by the DSAA; therefore, this code is not used on input data submitted by SAG or Implementing Agencies.
S1	DSAA change in status.

TABLE D-12
SOURCE OF SUPPLY CODE - 1000 SYSTEM

<u>Code</u>	<u>Meaning</u>
A	Assigned to all records in the Republic of Korea (ROK) Equipment Transfer Program authorized by Public Law 95-384 at no charge to MAP. This code is also assigned to ammunition transferred to the Royal Thai Government from Army FMS case UEB. Transfer at no cost to MAP was authorized by Section 24, Public Law 96-92, 29 October 1979.
B	Barter: From MAP-owned assets transferred to the U.S. as repayment in accordance with the provisions of former Section 509 of the Foreign Assistance Act of 1961, as amended.
E	Excess: From stocks excess to MILDEP/Defense Supply Agency supplied to meet MAP and FMS requirements.
F	Foreign: For Grant Aid, from procurement offshore financed with foreign currencies made available under Sections 402 and 502 of PL 665, 83rd Congress, and Section 104(c) of PL 480, 83rd Congress. For sales, from procurement offshore financed by direct citation of MAP-owned foreign currency received as repayment in accordance with the provisions of former Section 508 of the Foreign Assistance Act of 1961, as amended.
I	Special: From special procurement solely for MAP, financed by direct citation of MAP funds. Also used to identify services to be financed by direct citation of MAP funds.
J	Army Depot, Japan: From MAP-owned assets at the U.S. Army Depot Command, Japan.
K	Procurement or Replacement: Items will be assigned this code: (1) When they are to be provided from MILDEP procurement, financed initially by MILDEP appropriations. (2) When they are to be furnished from MILDEP or DLA inventories, and procurement is required to replace such items. MAP items will be included in this category despite the fact that the items planned for procurement to replace the MAP delivery will be in terms of the latest model (preferred item). Thus "Replacement in Kind" covers replacement of an item with the same model item, or a replacement of an acceptable substitute with a preferred item. Resources obtained from the sale of this materiel will be available to finance the MILDEP or DLA reimbursable budget plan as it is classified for the budget document.

<u>Code</u>	<u>Meaning</u>
L	Replacement Not in Kind: This category will include those items which are to be provided to MAP on a reimbursable basis, but when delivered to MAP are not planned to be replaced by inventories of the MILDEP or DLA of the same model item or modern version. Funds received from the sale of such items will be available to finance the Military Department or DLA direct budget plan as it is classified for the budget document.
N	NAMSO/NHPLO: From the NATO Maintenance and Supply Organization or NATO Hawk Production and Logistics Organization. (Financed by direct citation of MAP funds).
O	Offshore Procurement (OSP): From special procurement offshore (outside the United States, its possessions, and Puerto Rico) for the MAP. Accompany program change cards with narrative justification required by DoD Directive 2125.1.
R	Redistribution: From redistribution of MAP-supplied assets excess to holding country requirements.
S	F-104G MAP Spares Depot: From MAP owned assets of spares and spare parts peculiar to F-104G aircraft located at Sacramento Air Materiel Area.
T	Transfer: From MAP-owned assets (other than those coded "B", "J" or "S") transferred from a MAP ownership account.

TABLE D-13

STATUS CODE - 1200 SYSTEM

<u>Code</u>	<u>Meaning</u>
O	Open Offer: A formal offer has been transmitted to the foreign government by DD Form 1513 and acceptance or refusal by the foreign government is pending.
E	Extended Offer: An offer which has not been accepted or rejected by the country and the Offer Expiration Date (OED) has been reached. When this occurs, the case status is automatically changed to E (extended offer).
S	Signed Offer: Indicates an advance notice that the country intends to accept the case.
A	Accepted Offer: The foreign government has accepted the case by signature on the DD Form 1513. Status Code A is assigned even though the foreign government may not have made the initial down payment of cash advance required under terms of the sales agreement.
I	Implemented case: A case for which the foreign government has accepted the offer and fulfilled all financial obligations necessary prior to commencement of supply action; or if financing is by DoD credit when necessary funds have been allocated by the DSAA to the SAAC. This code signifies that all conditions prerequisite to beginning supply action have been fulfilled, that the SAAC has issued obligational authority to the Implementing Agency and that supply agencies of the MILDEPs have been directed to begin execution of the sales agreement. In many instances, it will be possible to move directly from status "O" to status "I" because implementation occurs simultaneously with acceptance of the offer by the foreign government.
C	Closed Case. A case for which (1) delivery of all items and performance of all services specified in the sales agreement have been completed by the Implementing Agency, (2) collections (or equivalent transaction) have been completed, and (3) A final accounting statement has been furnished the purchaser.
X	Cancelled Case. An offer which has not been accepted by the foreign government during the time period allowed; an offer withdrawn by the U.S. government; an offer declined by the foreign government; or an accepted case which is cancelled by either the foreign government or the U.S. Government.
L	Legislative Cycle. In accordance with arms control legislation, a potential major sale which is in either the advanced or the formal notification phase of Congressional review.

TABLE D-13. STATUS CODE - 1200 SYSTEM. [Page 1 of 2]

<u>Code</u>	<u>Meaning</u>
D	Supply Complete. Notification from the Implementing Agency that supplies/services delineated in a specific case have been furnished "supply complete" to the foreign government.
Z	Cancelled Letter of Request (LOR). A Letter of Request which has been cancelled prior to preparation of the LOA usually at the request of the foreign government.
R	Letter of Request (LOR). The Letter of Request phase indicating that the Implementing Agency has received an LOR for an LOA from the foreign government.

TABLE D-14
TYPE OF ASSISTANCE CODE - 1000 SYSTEM

<u>Code</u>	<u>Meaning</u>
1	Grant Aid rendered under the authority of the Foreign Assistance Act of 1961, as amended, for which the United States receives no reimbursement.
2	Grant Aid rendered under special Presidential Determination.
9	Used to identify P,C,H,&T for IMET Publications and Training Aids in Budget Project N9.
C	Presidential Determination to order defense articles from stock and performance of defense services to satisfy Grant Aid requirements with reimbursement from subsequent military assistance appropriations. (Section 506, FAA of 1961, as amended.)
D	Military Assistance Service Funded. Grant Aid programs transferred to the Department of Defense budget, which were not controlled and implemented through the MAP documentation and ADP system.
H	Grant Aid share of cost sharing agreements.
K	Grant Aid of MAP-owned assets obtained through barter arrangements with the Federal Republic of Germany (used in conjunction with Source of Supply Code "B" only).
L	Grant Aid provided through the NATO Hawk Production and Logistics Organization (NHPLO) for maintenance support of the Hawk Missile System (used in conjunction with Source of Supply Code "N" only.)
N	Grant Aid of articles or services available as a result of liquidation of MAP's investment in the spare parts stock of the NATO Maintenance Supply Organization (NAMSO).
P	Grant Aid Programs transferred to the Department of Defense budget which were controlled and implemented through the MAP documentation and ADP system.
R	Grant Aid of U.S. recovered materiel resulting from liquidation of NATO Maintenance Supply Agency excess stockage.
S	Assigned to all records in the Republic of Korea Equipment Transfer program authorized by Public Law 95-384 at no charge to MAP. This code is also assigned to all PY 71 update & 72 equipment transferred to the ROK under Public Law 91-652 at no cost to MAP. This code is also assigned to ammunition transferred to the Royal Thai Government from Army FMS Case UEB. Transfer at no cost to MAP was authorized by Section 24, Public Law 96-92, 29 October 1979.

TABLE D-14. TYPE OF ASSISTANCE CODE - 1000 SYSTEM. [Page 1 of 2]

CodeMeaning

Type of Assistance Codes used in other than Grant Aid transactions:

F Training provided as a part of an FMS case. This data is maintained in the 1000 System data base purely as a service to assist the Military Departments in accounting for students spaces provided under FMS. Not used in MILSTRIP.

TABLE D-15

UNIT OF ISSUE CODE - ALL SYSTEMS

<u>Code</u>	<u>Item</u>	<u>Definition</u>
AY	Assembly	A collection of parts assembled to form a complete unit, constituting a single item of supply, e.g., hose assembly. Use only when the term "assembly" is a part of the item name.
BD	Bundle	A quantity of the same item tied together without compression.
BE	Bale	A shaped unit of compressible materials bound with a cord or metal ties and usually wrapped, e.g., paper and cloth rags.
BG	Bag	A flexible container of various sizes and shapes which is fabricated from such materials as paper, plastic or textiles. Includes "sack" and "pouch".
BT	Bottle	A glass, plastic, or earthenware container of various sizes, shapes, and finishes such as jugs but excluding jars, ampoules, vials, and carboys, with a closure for retention of contents.
BX	Box	A rigid, three dimensional container of various sizes and materials. Includes "case", "carton", "tray", and "crate".
CA	Cartridge	Usually a tubular receptacle containing loose or pliable material and designed to permit ready insertion into an apparatus for dispensing the material. Usually associated with adhesives and sealing compounds.
CD	Cubic Yard	A unit of cubic measure.
CK	Cake	A block of compacted or congealed matter. Applicable to such items as soap, buffing compound.
CN	Can	A rigid receptacle made of fibre, metal, plastic, or a combination thereof. Cans may be cylindrical or any number of irregular shapes. Restricted to items which cannot be issued in less than container quantity. Includes "pail" and "canister". Do not use when the packaged quantity equates to a unit of measure, i.e., pint, quart, gallon, ounce, pound.

TABLE D-15. UNIT OF ISSUE CODE - ALL SYSTEMS. [Page 1 of 4]

<u>Code</u>	<u>Item</u>	<u>Definition</u>
CO	Container	A general term for use only when an item is permitted to be packaged for issue in optional containers, e.g., bottle or tube for a single NSN.
DR	Drum	A cylindrical container designed as an exterior pack for storing and shipping bulk materials, e.g., fuels, chemicals, powders, etc. Drums may be made of metal, rubber, polyethylene, plywood, or fibre with wooden, metal, or fibre ends.
DZ	Dozen	Twelve (12) of an item of supply.
EA	Each	A numeric quantity of one item of supply. Do not use if more specific term applies, such as kit, set, assortment, assembly, group, sheet, plate, strip, or length.
FT	Foot	Unit of linear measurement, sometimes expressed as "linear foot".
GL	Gallon	Unit of liquid measurement.
GR	Gross	One hundred forty four (144) of an item of supply.
HD	Hundred	One hundred (100) of an item of supply.
KT	Kit	A collection of related items issued as a single item of supply, such as tools, instruments, repair parts, instruction sheets, and often supplies typically carried in a box or bag. Also includes selected collections of equipment components, tools, and/or materials for the repair, overhaul, or modification of equipment. Use only when the term "kit" is a part of the item name.
LB	Pound	A unit of avoirdupois weight measure equivalent to 16 ounces.
MX	Thousand	One thousand (1,000) of an item, e.g., thousands of rounds of small caliber ammunition.
OT	Outfit	A collection of related items issued as a single item of supply, such as the tools, instruments, materials, equipment, and/or instruction manual(s) for the practice of a trade or profession or for the carrying out of particular project or function. Use only when the term "outfit" is part of the item name.

 TABLE D-15. (Continued) [Page 2 of 4]

<u>Code</u>	<u>Item</u>	<u>Definition</u>
PG	Package	A form of protective wrapping for two or more of the same item of supply. To be used only when a unit of measure or container type term is not applicable. Includes "envelope."
PR	Pair	Two similar corresponding items, e.g., gloves, shoes, bearings; or items integrally fabricated of two corresponding parts, e.g., trousers, shears, goggles.
PT	Pint	A unit of liquid or dry measure.
QT	Quart	A unit of liquid or dry measure.
RL	Reel	A cylindrical core on which a flexible materiel, such as wire or cable, is wound. Usually has flanged ends.
RM	Ream	A quantity of paper varying from 480 to 516 sheets, depending upon grade.
RO	Roll	A cylindrical configuration of flexible materiel which has been rolled on itself such as textiles, tape, abrasive paper, photosensitive paper and film, and may utilize a core with or without flanges.
SE	Set	A collection of matched or related items issued as a single item of supply, i.e., tool sets, instrument sets, and matched sets. Use only when the term "set" is a part of the item name.
SH	Sheet	A flat piece of rectangular-shaped materiel of uniform thickness that is very thin in relation to its length and width, such a metal, plastic, paper, and plywood. Use of this term is not limited to any group of items or FSCs. However, it will always be applied when "sheet" is used in the item name to denote shape, e.g., aluminum alloy sheet, except items in FSC 7210.
SL	Spool	A cylindrical form with an edge or rim at each end and an axial hole for a pin or spindle on which a flexible materiel such as thread or wire is wound.
TU	Tube	Normally a squeeze-type container, most commonly manufactured from a flexible type materiel and used in packaging toothpaste, shaving cream, and pharmaceutical products. Also applicable as form around which items are wound such as thread. It is not applicable to mailing tube, pneumatic tube, or cylindrical containers of a similar type.

TABLE D-15. (Continued) [Page 3 of 4]

In addition to the above codes, the following code is also authorized for use:

<u>Code</u>	<u>Item</u>	<u>Definition</u>
XX	Dollars	Use when a record does not reflect any quantitative amount.

APPENDIX E

CONGRESSIONAL REPORTS INVENTORY

A. PURPOSE. This appendix provides an up-to-date inventory of those statutory reports to the Congress, covering security assistance matters, submitted by the Department of Defense elements. It does not include those reports submitted by the Department of State. The inclusion of a report in this inventory does not in any way imply its availability to a SAMM recipient nor its releasability to a nongovernmental requestor. Some reporting requirements are identified elsewhere in the Manual within the applicable topical areas. This appendix also provides reporting instructions on selected reports, not covered elsewhere in this Manual, requiring feeder information from DoD components.

B. REPORTS INVENTORY. See Table E-1.

C. REPORTING INSTRUCTIONS

1. Price and Availability Report (RCS: DSAA(Q) 1138).

a. The Arms Export Control Act (AECA), Section 28 requires the submission of a report to the Congress listing each Price and Availability (P&A) estimate provided during each calendar quarter to a foreign country/international organization with respect to a possible sale of major defense equipment (MDE) for \$7 million or more or of any other defense articles or services for \$25 million or more. The report must also include a listing of each request from a foreign country/international organization for a Letter of Offer and Acceptance (LOA) received during the quarter in question if the proposed sale was not previously reported under the P&A requirement above and the request involves MDE for \$7 million or more and articles or services for \$25 million or more. A P&A estimate is provided only in response to a P&A request received from a foreign country.

b. For the purpose of this report the following definitions apply.

(1) A P&A request is:

(a) Any message or letter from a customer specifically requesting P&A; or

(b) Any customer source selection winner (See (2)c. below).

(2) A P&A request is not:

(a) A message or letter from a customer requesting Planning and Review (P&R) data;

(b) An oral request;

(c) A request for data on several systems (i.e., customer is going through a source selection process); however, it becomes a reportable P&A request when the source selection is complete; or

(d) A request for price/delivery data required to facilitate country decision making on overall equipment purchase plan or budget.

c. Military Departments are requested to submit a quarterly report in two parts to include the information outlined above. Part I shows the Price and Availability estimates provided by the Military Departments and Part II lists the requests for issuance of a LOA received from foreign countries. Part II of the report applies only to those cases which are in response to a written letter of request which specifies that a LOA is requested. The format to be followed is at Figure E-1.

d. Reports will be submitted to the DSAA Comptroller, Attention DMD, no later than the third day (or the last working day prior to the third) of the calendar month following the applicable quarter.

2. Excess Defense Articles (EDA) Sold Under FMS (RCS: DSAA (M) 1118).

a. House Report No. 96-70 on the International Security Assistance Act of 1979, dated 24 March 1979, requires quarterly reporting of all outstanding LOAs and accepted LOAs to sell excess defense articles (EDA) through FMS procedures to foreign governments or international organizations, specifying (1) implementing agency; (2) country; (3) case number; (4) acquisition cost to the U.S. Government; and (5) sales value. The report will include spare parts supplied from defense stocks at inventory price if they are specifically identified as EDA in the LOA, and exclude grants or sales of: MAP redistributable and MAP Owned Materiel (MAPOM) property, ships, scrap and demilitarized EDA. Implementing agencies are encouraged to initiate separate cases for EDA. However, if separate cases are not used, each case will identify the EDA item(s) therein.

b. The report should be prepared monthly as of the last day of the month and is due in the DSAA Comptroller, Data Management Division, by the 15th of the following month. The DSAA Comptroller, Program Control Division, is designated as the coordinating office for all EDA sold under FMS in addition to prevailing coordination currently required in the SAMM for FMS cases. See Figure E-2 for sample reporting format.

3. Foreign Military Construction Sales (RCS: DSAA (Q) 1145). The AECA, Section 36(a) requires quarterly reporting of each Foreign Military Construction sale made under Section 29 during the quarter for which such report is made. The report should cover all sales of design and construction services to any eligible foreign country or international organization specifying (1) the purchaser; (2) the U.S. Government department or agency responsible for implementing the sale; (3) an estimate of the dollar amount of the sale; and (4) a general description of the real property facilities to be constructed pursuant to such sale. These reports must be submitted to the DSAA Comptroller, Data Management Division, not later than 20 days after the reporting period. See Figure E-3 for a sample reporting format.

FIGURE E-1
Price and Availability Report (RCS: DSAA(Q) 1138)

PRICE AND AVAILABILITY REPORT (RCS: DSAA(Q) 1138)					
QUARTER ENDING _____				_____ (Agency)	
_____ (Date)					
PART I—PRICE AND AVAILABILITY ESTIMATES PROVIDED					
COUNTRY	DESCRIPTION OF ARTICLES/SERVICES	QUANTITY	PRICE EST.	DATE INFORMATION PROVIDED LETTER/MSG. REF.	
PART II—REQUESTS FOR ISSUANCE OF A LETTER OF OFFER RECEIVED					
COUNTRY	DATE OF REQUEST	DATE REQUEST RECEIVED	DESCRIPTION OF ARTICLES/SERVICES	QUANTITY	P&A TERMS REQUESTED (IF ANY)

FIGURE E-1. Price and Availability Report (RCS: DSAA(Q) 1138).

FIGURE E-2
Report of EDA Sold Under Foreign Military Sales

SAMPLE FORMAT

(Date -Last Day of Reporting Month)

Report of EDA Sold Under Foreign Military Sales (RCS: DSAA(M) 1118)
(See Notes)

	FMS Offers Outstanding		Cases Accepted	
	Sales Value	Acquisition Cost to USG	Sales Value	Acquisition Cost to USG
1. Country: _____ Case Number _____ _____ _____				
2. Country: _____ Case Number _____ _____ _____				
Total (Current Month)	_____	_____	_____	_____
Cumulative Total (Current FY to date):	_____	_____	_____	_____

Note 1: Include in the FMS Offers Outstanding column all FMS LOAs issued for EDA that have been neither accepted nor cancelled even if issued prior to the reporting period.

Note 2: When a case moves from the cases offered column to the cases accepted column record the sales value and acquisition cost only in the cases accepted column.

Note 3: Delete cancelled cases from cumulative totals of subsequent reports and provide countries and case numbers in footnotes of each report immediately following each cancellation.

FIGURE E-2. Report of EDA Sold Under Foreign Military Sales.

FIGURE E-3
Foreign Military Construction Sales

FOREIGN MILITARY CONSTRUCTION SALES			
(RCS: DSAA(Q) 1145)			
<u>Quarter Beginning</u>		-	<u>Quarter Ending</u>
(In Full Dollars)			
<u>Country</u>	<u>Implementing Agency</u>	<u>Estimated Sales Value</u>	<u>Description of Facilities To Be Constructed</u>

FIGURE E-3. Foreign Military Construction Sales.

TABLE E-1

STATUTORY REPORTS TO CONGRESS
SUBMITTED BY DOD ON SECURITY ASSISTANCE

Report Item	Authorizing Legislation	To Whom *	Trigger	Responsible DoD Component
1. Notification to Congress of Defense Articles, Services, Education, and Training provided under emergency drawdown authority	Sec. 506(b)(2), FAA of 1961	SR, Pres. of Senate, HFAC, SFRC, MAC, SAC	Any provision of aid under sec. 506, FAA of 1961; at least monthly	OSAA/Comptroller-Program Control Division
2. Stockpiling of Defense Articles	Sec. 514(a), FAA of 1961	SR, Pres. of Senate, HFAC, SFRC	Creation of new, or addition to an existing stockpile valued at more than \$10M	WRA&L/DASD for Supply Maint. & Transportation
3. U.S. Armed Services Personnel Assigned to SAOs: 2 reports				
(a) Presidential waiver of Congressional limitation of 6 Armed Forces personnel in-country	Sec. 515(c)(1), FAA of 1961	SFRC, HFAC	30 days prior to introduction of additional personnel.	OSAA/Plans
(b) Notification of increase in U.S. Armed Forces personnel over levels indicated in the CPD for the FY in which the increase occurs	Sec 515(c)(2), FAA of 1961	SFRC, HFAC	30 days prior to introduction of additional personnel	OSAA/Plans
4. Notification of Program Changes	Sec. 634A, FAA of 1961	SFRC, HFAC, MAC, SAC	15 days in advance of obligation of funds not justified, or in excess of amounts justified to the Congress for obligation under the FAA	OSAA/Comptroller-Program Control Division
5. Notification of Obligation of Funds not justified for a particular FY	Foreign Assistance and Related Programs Appropriations Act, (for FY 1962 - Sec. 523, PL 97-121)	SAC, MAC	15 days in advance of obligation of funds not justified, or in excess of amounts justified to the Appropriations Committee for a particular FY	OSAA/Comptroller-Program Control Division

TABLE E-1. Statutory Reports to Congress Submitted by DOD on Security Assistance.

TABLE E-1. (Continued)

Report Item	Authorizing Legislation	To Whom *	Trigger	Responsible DoD Component
6. Annual report on prior year deliveries of grants of excess defense articles by country (Included in the CPD)	Sec. 8(d), Foreign Military Sales Act Amendments, 1971	SFRC, HFAC, SAC, HAC	NLT February 1st of each year. See Report item 16.	DSAA/Comptroller-Program Control Division
7. Annual Assessment on NATO readiness	10 USC, Sec. 133e	SASC, HASC, HAC, SAC	Part of annual budget release to Congress	ISP
8. Notification of sales or transfers from U.S. active forces' inventories or current production	10 USC, Sec. 133b	SHR, Pres. of Senate, SASC, HASC	Before signing of an LOA or MAP order to transfer any defense article valued at \$50M or more from active U.S. force inventories or from current production	DSAA/Comptroller-FMS Control Division
9. Report on NATO acquisition of non-interoperable major weapons systems to be used by U.S. forces in Europe under the terms of the North Atlantic Treaty	10 USC, Sec. 2457(d)	SHR, Pres. of Senate, SASC, HASC	NLT February 1st of each year	USDR&E
10. Notification of Waiver of Non-Recurring R&D and Production Costs	Annual Appropriation Act provision (Sec. 770, DoD Appropriation Act, 1983)	SAC, HAC	In advance of any proposed NRC waiver regarding FMS of major defense equipment	DSAA/Operations-Management Division
11. Sale of US War Reserve stocks, POMCUS, or decrement stock to non-NATO purchasers	10 USC, Sec. 979	SHR, Pres. of Senate, HASC, SASC	NLT 60 days after Presidential determination of an "international crisis"	DSAA/Operations-Country desk officer

TABLE E-1. (Continued)

Report Item	Authorizing Legislation	To Whom *	Trigger	Responsible DoD Component
12. Report on Significant Hostilities or Terrorist Acts	Sec. 21(c)(2), AECA	SHR, Pres. Pro Tem. Senate	Within 48 hrs of change in status of hostilities or terrorist acts which would endanger American lives or property	General Counsel, DoD
13. Report on FMS Training Standardization Agreements with NATO, Japan, Australia, or New Zealand	Sec. 21(g), AECA	SHR, SAC, HAC, SASC, HASC, SFRC, HFAC	U.S. conclusion of any standardization agreement on training for identified purchaser	DSAA/Plans
14. Report on sales from stocks having an adverse impact on the readiness of U.S. Armed Forces	Sec. 21(i), AECA	SHR, SASC, HASC, SFRC, HFAC	In the event a proposed sale from stocks could have significant adverse impact on combat readiness of U.S. forces	DSAA/Operations-Country Desk Officer
15. Report on payments of claims under guaranties funded by guaranty reserve	Sec. 24(c), AECA	SHR, Pres. of Senate, SFRC, HFAC, SASC, HASC, SAC, HAC	When payment of claim under guaranty decreases total amount of funds in guaranty reserve to an amount less than \$750M	DSAA/Comptroller-Financial Reports & Credit Programs Division
16. Annual Estimate & Justification for Sales Program (CPD):	Sec. 25(a), AECA	SHR, Pres. of Senate, SAC, HAC, SFRC, HFAC, SASC, HASC, SBC, HBC, CBO	MLT February 1st of each year	DSAA/Comptroller-
(a) The "Javits" Report: covering all sales & licensed commercial exports of major weapons or weapons related defense equipment for \$7M or more, or of any other weapons or weapons related equipment for \$25M or more,	Sec. 25(a)(1), AECA		Note: Reported separately and not part of the CPD.	DSAA/Comptroller-FMS Control Division

TABLE E-1. (Continued)

Report Item	Authorizing Legislation	To Whom *	Trigger	Responsible DoD Component
which are considered eligible for approval during the current CY. Also an indication of which sales and licensed commercial exports are most likely to result in issuance of LOA or export license during such year				
(b) Estimate of total sales and licensed commercial exports	Sec. 25(a)(2), AECA			DSAA/Comptroller-Data Management Division
(c) Estimate of aggregate \$ value and quantity of defense articles and defense services, IMET, MAP, Credits, and Guaranties to be furnished in the next FY	Sec. 25(a)(5), AECA			DSAA/Comptroller-Data Management Division
(d) Analysis and description of USG services for which reimbursement is provided under sec. 43(b) or 21(a) of the AECA	Sec. 25(a)(6), AECA		Note: Reported separately and not as part of CPD.	DSAA/Comptroller-Data Management Division
(e) Amount of funds in reserve for guaranties	Sec. 25(a)(7), AECA			DSAA/Comptroller-Financial Reports & Credit Programs Division
(f) Progress made in the Korean Force Modernization Program	Sec. 25(a)(9), AECA			ISA/E Asia & Pacific Region
(g) Status of each loan and contract of guaranty or insurance	Sec. 25(a)(11), AECA			DSAA/Comptroller-Financial Reports & Credit Programs Division

TABLE E-1. (Continued)

Report Item	Authorizing Legislation	To Whom *	Trigger	Responsible DoD Component
17. Quarterly Report of Defense Requirements Surveys	Sec. 26(b), AECA	SHR, SFRC, HFAC	NLT 60 days after end of each quarter. This is included in reports required by Sec. 36(a), AECA. See Report Item 21.	DSAA/Comptroller-Data Management Division
18. Proposed Agreements for NATO Cooperative Projects	Sec. 27(c), AECA	SHR, SFRC, SASC, HFAC, HASC	NLT 30 days prior to signature of agreement on behalf of USG.	DSAA/Operations-Management Division
19. Quarterly Report on Price and Availability Estimates; LOA requests for \$7M or more of MDE/\$25M or more of Defense Articles and Services	Sec. 28, AECA	SHR, SFRC, HFAC	NLT 15 days after end of each calendar quarter.	DSAA/Comptroller-Data Management Division
20. List of all accepted and unaccepted LOAs to sell excess defense articles through FMS procedures	HFAC Report No. 96-70 (International Security Assistance Act of 1979), 24 March 1979, p.25	SHR, SFRC, HFAC	NLT 60 days after end of each quarter. This is included in reports required by sec. 36(a), AECA. See Report Item 21.	DSAA/Comptroller-Program Control Division
21. Quarterly Reports on Commercial and Governmental Military Exports:	Sec. 36(a), AECA	SHR, SFRC, HFAC	NLT 60 days after end of each quarter	DSAA/Comptroller-Data Management Division
(a) List of all unaccepted LOAs valued at \$1M or more for MDE	Sec. 36(a)(1), AECA			DSAA/Comptroller-Data Management Division
(b) List of all accepted LOAs valued at \$1M or more for MDE; total value of all defense articles and services sold during the FY	Sec. 36(a)(2), AECA			DSAA/Comptroller-Data Management Division

TABLE E-1. (Continued)

Report Item	Authorizing Legislation	To Whom *	Trigger	Responsible DoD Component
(c) Cumulative \$ amounts of FMS direct credit and guaranty agreements made during the FY	Sec. 36(a)(3), AECA			DSAA/Comptroller-Financial Reports & Credit Programs Division
(d) Dollar amounts of (1) Foreign Military and construction Sales Agreements concluded during the quarter, projections for remaining quarters, and (2) credits and guaranties extended during the quarter and projections for remaining quarters. (FMCS stated separately)	Sec. 36(a)(5) and (6), AECA			DSAA/Comptroller-Data Management Division
(e) Foreign Military Construction Sales (sec. 29, AECA) made during the quarter	Sec. 36(a)(9), AECA			DSAA/Comptroller-Data Management Division
(f) See 17 and 20 above				
22. Report of Proposed FMS which are: 1. For Defense Articles or Services valued at \$50M or more, or 2. For Design and Construction Services valued at \$200M or more, or 3. MDE valued at \$14M or more	Sec. 36(b), AECA	SHR, SFRC, HFAC, SASC, HASC, SAC, HAC	15 days before issuance of a LOA to NATO, NATO members, Japan, Australia, or New Zealand, or; 30 days before issuance of a LOA to other purchasers	DSAA/Comptroller-FMS Control Division
23. SOAF Annual Report	Sec. 33, AECA	SHR, Pres. of Senate, SAC, HAC, SFRC, HFAC, SASC, HASC, SBC, HBC, CBO	NLT December 31st of each CY	DSAA/Plans

TABLE E-1. (Continued)

Report Item	Authorizing Legislation	To Whom *	Trigger	Responsible DoD Component
24. Report on Proposed Leases of Defense Articles	Sec. 62, AECA	SHR, SFRC, HFAC, SASC, HASC,	NLT 30 days before entering into or renewing any lease agreement for 1 year or longer	DSAA/Operations- Management Division and DSAA/Comptroller- FMS Control Division

*Abbreviations:

SHR - Speaker of the House of Representatives
 SBC - Senate Budget Committee
 HBC - House Budget Committee
 CBO - Congressional Budget Office
 HFAC - House Foreign Affairs Committee
 HAC - House Appropriations Committee
 SFRC - Senate Foreign Relations Committee
 SAC - Senate Appropriations Committee
 HASC - House Armed Services Committee
 SASC - Senate Armed Services Committee

INDEX

ABBREVIATED TITLES

DSAA 1000 SYSTEM Output Products/
Reports, 15-61
DSAA 1200 SYSTEM Output
Products/Reports, 15-26, 15-38
MASL Output Reports, 15-87

ACCELERATION OF MILITARY AND CIVILIAN
PERSONNEL COSTS, 13-5

ACCOUNTING GUIDANCE HANDBOOK
(DoD 7220.9-H), 13-5

ACDA, Arms Control Disarmament
Agency, 6-14

ACQUISITION FOR FMS
DoD Regulations and Procedures, 8-2
Acquisition Notification, 8-2
Compliance, 8-2
Defense Acquisition Regulation,
8-2
FMS Customer Requests for Specific
Source, 8-3
FMS Purchaser Involvement, 8-3
Sole Source Designation, 8-3
Subcontractor, 8-3
Specific Source Requests,
Timing of, 8-3
Sales Commissions and Agents Fees,
8-4
Appointment of an Agent, 8-6

ADMINISTRATIVE
Agency, 13-6
Budget, FMS, 13-1
Expenses (SDAF), 14-9
Surcharge, 13-1

ADP, Automated Data Processing
Projects, 13-4

ADVANCE SECTION 36(b) NOTIFICATION
DATA, 7-110

AECA, Arms Export Control Act, 1-1,
2-2, 6-1, 12-1
Section 36(b), 14-5, 14-13, 51-1
Section 36(c), 14-13
Section 36(d), 14-13
Section 42(b), 14-13

AFLC-ILC, U.S. Air Force Logistics
Command-International Logistics
Center, 13-4

AFP, Annual Funding Program, 13-3

AFR 50-29, Education and Training for
Foreign Military Personnel, 10-26

AGENTS FEES/COMMISSIONS, 7-9, 9-11
Using Loan Funds, 9-11

AGREEMENTS
FMS Preparation and Processing, 7-2B
(See FOREIGN MILITARY
SALES AGREEMENTS)
Foreign Military Sales, 7-1

AIASA, Annual Integrated Assessment for
Security Assistance, 4-5, 10-41

AIK, Assistance-in-Kind, 13-2

AIR FORCE EXECUTION AGENCY (EXA)
CODES, 10-62

AIRCRAFT
Additional Conditions (Purchaser-
Owned), 7-65
Additional Terms/Conditions, 7-64
Ferry, 7-3

ALPHABETIC LIST OF CODES, DSAA 1000 AND
1200 SYSTEM (with definitions), 0-1

AMENDMENT TO OFFER AND ACCEPTANCE
(DD FORM 1513-1)
Preparation Instructions, 8-46, 8-52
(See DD FORM 1513-1, Amendment to
Offer and Acceptance)

ANNUAL FUNDING PROGRAM (AFP), 13-3

ANNUAL INTEGRATED ASSESSMENT FOR
SECURITY ASSISTANCE (AIASA),
4-5, 10-41

ANTI-TERRORISM, 1-4, 2-19
Counterterrorism, 2-19

APPOINTMENT OF AN AGENT, 8-6

APPROVAL AUTHORITY, Secretary of State
(Sales, Leases, Exports), 6-7

AR 12-15, Education and Training of
Foreign Personnel by the U.S. Army,
10-26

ARMS CONTROL DISARMAMENT AGENCY (ACDA),
6-14

ARMS EXPORT CONTROL ACT (AECA),
1-1, 2-2, 6-1, 12-1

ARMY EXECUTION AGENCY (EXA) CODES, 10-59

ARTICLES, Lease of Defense, 2-1

ASD(C), Assistant Secretary of Defense
(Comptroller), 3-2, 7-72, 7-77

ASD/ISA, Assistant Secretary of Defense
for International Security Affairs,
5-6

ASD/ISP, Assistant Secretary of Defense
for International Security Policy, 5-6

ASD/MI&L, Assistant Secretary of
Defense (Manpower, Installations
and Logistics), 3-2, 6-7

ASSET USE CHARGES, 7-86

ASSISTANCE-IN-KIND (AIK), 13-2

ASSISTANT SECRETARY
Of Defense (Comptroller [ASD(C)]),
3-2, 7-72, 7-77
Of Defense (Manpower, Installations
& Logistics) [ASD/MI&L],
3-2, 6-7

Of Defense for International Security Affairs (ASD/ISA), 5-6
Of Defense for International Security Policy (ASD/ISP), 5-6
Of the Navy (Shipbuilding & Logistics), Ship Transfer, 2-21

ATTENDANCE AT MEETINGS, Foreign, 5-5

AUDITS AND INSPECTIONS
Audit/Inspection Agency, Relationship with, 13-15
Corrective Action Follow-up, 13-16
DoD Records Relating to MAP and FMS (Policy Concerning Releasability of), 13-13
 Releasability to DoD-IG, 13-14
 Releasability to GAO, 13-13
DoD-IG Reports, Action on, 13-16
Exit Conference, 13-15
GAO Draft Reports, Action on, 13-15
GAO Final Reports, Action on, 13-16
Notification of, 13-13
Types of, 13-13
 DoD, 13-13
 GAO, 13-13

AUTHORIZATION DOCUMENT REVIEW, MAP, 13-7

AUTOMATED DATA PROCESSING (ADP) PROJECTS, 13-4

AVAILABILITY OF REPORTS, 15-22, 15-43

BAGGAGE WEIGHT ALLOWANCE, Trainees, 10-27

BASE OPERATING SUPPORT (ROS) COSTS, 13-4

BASIC SALES POLICY, 2-4

BILLING FOR FMS TRANSACTIONS, 8-42

BLANKET ORDER, 8-8, 8-9

ROS, Base Operating Support Costs, 13-4

BUDGET
Call/Submissions, 13-3
Call, MAP/SAO, 13-7
Estimates (MAP), 13-8
MAP Administrative/Overhead, 13-1
Security Assistance, 13-1
(See SECURITY ASSISTANCE BUDGETS)

BUREAU OF POLITICO-MILITARY AFFAIRS (PM), Department of State, Office of Munitions Control, 6-14, 7-2, 7-6

BUYER-SELLER RELATIONSHIP (MILITARY), 6-2

CAD/PAD, Cartridge Activated Devices/Propellant Activated Devices, 7-3

CANCELLATION OF FMS CASES, 8-45

CARRIER ACCOUNT, 13-2

CARTRIDGE ACTIVATED DEVICES/PROPELLANT ACTIVATED DEVICES (CAD/PAD), 7-3

CASE
Closure, Delivery/Completion, 15-2
FMS, 8-1
Execution, 8-1
Implementation, 8-1
Level and Summary Management Reports, 15-25
Level Records, 15-1
Level Summary, FMS, 15-26, 15-36
Listing - Report C, 15-25, 15-33
Milestone Dates and Intervals - Report J, 15-25, 15-34
Tracking, 15-1

CATEGORY I, Method of Funding (Reimbursable), 14-3

CATEGORY II, Direct Citation, 14-3

CBL, Commercial Bill of Lading, 8-23

CCBL, Collect Commercial Bill of Lading, 8-18, 8-24

CDR, Consolidated Data Report, 4-5

CERTIFICATION, Third Party Transfer, 6-11 (See THIRD PARTY TRANSFER CERTIFICATION)

CFS, Contract Field Services, 10-13

CHECKLIST, Defense Requirement Survey Team, 6-18

CHIEF OF MISSION (COM), 3-8

CHIEF OF NAVAL OPERATIONS (CNO), Ship Transfer, 2-21

CHIEF OF THE UNITED STATES DIPLOMATIC MISSION, 3-8

CLAIMS, Settlement of, 10-22

CLASSIFICATION OF REPORTS, 15-22

CLASSIFIED
Materiel, 7-4
Transmission, 5-6
Military Information Disclosure, 5-3
 Denials, 5-3
 Policy, 5-3
Publications, 7-4
Shipments, 8-27

CLOSURE OF FMS CASES, 8-44
Central Collection/Billing, 8-46
Certificates of, 8-44
Collected Payments, 8-44
Delivery and Billing, 8-44
Estimated Dates of, 8-45
FMS Admin Budget Approval, 8-46
Item Discrepancies, 8-44
Reimbursements, 8-44
Re-Requisitioning Items, 8-45
RODs in Excess of \$10,000, 8-46
Specific Discrepancies, 8-45

CLSSA, Cooperative Logistics Supply Support Arrangement, 6-9, 6-21, 7-5, 8-9

CNO, Chief of Naval Operations,
Ship Transfer, 2-21

CODES Alphabetic List of, DSAA 1000 and
1200 System (with definitions), D-1
Execution Agency Identifiers, 10-59
(See EXECUTION AGENCY
IDENTIFIER CODES)

COLLECT COMMERCIAL BILL OF LADING
(CCBL), 8-18

COLLECTIONS, Surcharge, 13-1

COM, Chief of Mission, 3-8

COMMERCIAL
Bill of Lading (CBL), 8-23
Export Sales, 1-4
Proposal vs DoD P&A, 6-25
Sales, Contractor Preference for, 6-20
Type Items, 7-5

COMMITMENTS, Delivery of, 2-5

COMMITTEES ON ARMED SERVICES, 14-13

COMMUNICATIONS SECURITY (COMSEC)
PROGRAMS, 6-10

COMMUNIST-CONTROLLED COUNTRIES, 2-18

COMSEC, Communications Security
Programs, 6-10

CONGRESSIONAL NOTIFICATION, 6-11, 15-1
Section 36(b), 7-107
Case Dates - Report K,
15-25, 15-35

CONGRESSIONAL PRESENTATION DOCUMENT
(CPD), 4-5

CONGRESSIONAL REPORTS, E-1
Excess Defense Articles (EDA) Sold
Under FMS (RCS DSAA(M)1118), E-2
Foreign Military Construction Sales
(RCS DSAA(Q)1145), E-2
Major Defense Equipment (MDE), E-1
Possible Sale of, E-1
Price and Availability Report
(RCS DSAA(Q)1138)J, E-1

CONGRESSIONAL SUBMISSIONS
Additional Required Congressional
Submission Relating to LOAs for
\$50M or More, 7-114
Classification, 7-117
Advance Section 36(b) Notifica-
tions, 7-117
Impact on Current Readiness
(Section 133b Reports), 7-117
Statutory Section 36(b) Notifica-
tions, 7-117
Technology Statements,
Sensitivity of, 7-117
Issuing LOAs for \$50M or More or for
MDE of \$14M or More, 7-114
Procedures, 7-114
Purchasers, Categories of, 7-114
State and Defense Relationship,
Staffing Agreement/Timing, 7-114

Supporting Data, Submission of,
7-115
Processing LOAs for \$50M or more,
MDE for \$14M or more, or for
Design and Construction Services
for \$200M or More, 7-112

CONGRESSIONAL TRANSACTION (Format), 15-8

CONSOLIDATED DATA REPORT (CDR), 4-5

CONSULTATION WITH FOREIGN COUNTRIES, 6-4
SAO, Responsibilities of, 6-5

CONTENT, MASL, 15-75
(See MASL CONTENT)

CONTINENTAL UNITED STATES (CONUS)
For training purposes, 10-1

CONTINUING RESOLUTION AUTHORITY (CRA),
2-1, 10-10

CONTRACT AUDIT SERVICES, 7-81

CONTRACT FIELD SERVICES (CFS), 10-13

CONTRACTOR LIABILITY, Limitation of,
7-69
Special Contingencies Provision,
7-70

CONTRACTOR PREFERENCE FOR DIRECT
COMMERCIAL SALES, 6-20
Concurrent FMS and Direct
Negotiations, 6-20
DoD P&A vs. Commercial Proposal,
6-25
DoD Preference, 6-20
Exceptions, 6-23
Items Normally Excluded, 6-21
Semi-Annual Summary, 6-24

CONTRIBUTED CURRENCIES, 13-2

CONUS, Continental United States
For training purposes, 10-1

COOPERATIVE LOGISTICS SUPPLY SUPPORT
ARRANGEMENT (CLSSA), 6-9, 6-21
7-5, 8-9
FMSO I, 7-5
FMSO II, 7-5

COPRODUCTION, 14-12
Initiation of, 14-14

COST CODE BY COUNTRY AND PROGRAM YEAR,
15-47, 15-65

COST, Recovery of, 2-6

COUNTERSIGNATURE, Notice for, 7-58

COUNTRY TRAINING BY IMPLEMENTING AGENCY
AND GENERIC CODE, 15-48, 15-69

CPD, Congressional Presentation
Document, 4-5

CRA, Continuing Resolution Authority,
2-1, 10-10

CREDIT, FMS

Additional AECA Provisions, 9-2
Advance of Funds Request, 9-22, 9-29
DSAA Certification, 9-24
Agent Fees, 9-11
Apportionment, 9-6
Approval of Loans, 9-7
Commercial Purchases, 9-26, 9-48,
9-58
Commitment of Credit Funds, 9-8
Denial, 9-4
Direct Commercial Purchase, 9-9
Direct Loans, 9-1, 9-7, 9-37
Disbursement of Loan Funds, 9-9,
9-51
Eligibility, 9-3
Exceptions to Normal Policy, 9-4
Federal Financing Bank, 9-6
Guaranteed Loan, 9-13
Guaranty (and Fee), 9-6, 9-35
Interest Rates, 9-7
Loan Agreement Format, 9-13
Direct, 9-37
Guaranteed, 9-13
Offshore Procurement, 9-11
Process and Procedures, 9-5, 9-26
Promissory Note, 9-20, 9-45
Repayment, 9-7, 9-12, 9-21, 9-25
Section 23, AECA (Direct), 9-1
Section 24, AECA (Guaranties), 9-1
Transportation, 9-61
Restrictions, 9-9, 9-18, 9-32
Waivers, Ocean Transportation, 9-32,
9-52
General, 9-32, 9-52
Non-Availability, 9-33, 9-53
Security, 9-34, 9-54

CREDIT FUNDS VS MAP FUNDS, 11-2

CREDITS, 2-6

Essential Items, Use of credit, 2-6
Concessionary Credit Terms, Use of,
2-6
Credit Payments, Use of, 2-6
Credit, Repayment, 2-6

CURRENCIES, Contributed, 13-2

DAASO, Defense Automatic Addressing
System Office, 8-33

DAILY LIVING ALLOWANCE (DMET), 10-57

DAR, Defense Acquisition Regulation,
2-4, 8-1, 14-3
Use of, 2-4

DATA ELEMENT DICTIONARY, D-1

DATA INPUT FOR THE DSAA 1000 SYSTEM,
Preparation and Submission of, 15-46
(See PREPARATION AND SUBMISSION OF
DATA INPUT FOR THE DSAA 1000 SYSTEM)

DATA

Item Detail, 15-2
Technical, 5-2
Release of, 5-3

DCD, Delivery Commitment Date, 8-13

DD FORM 1513, Letter of Offer and
Acceptance (LOA), 7-1
AECA, Applicable Sections of, 7-87
Definition of, 7-1
Implementation of, 7-82
Initial Deposits, 7-88
Computation of, 7-89
Determination of, 7-88
Payment of, 7-88
Instructions for Preparation, 7-56
Transportation, 7-59
Repair and Return of Foreign
Country Owned Materiel, 7-60
Offer Release Code, 7-60
Sale of Materiel, 7-59
Delivery Term Code, 7-60,
7-61
MARK FOR Code, 7-60
Offer Release Code, 7-59
Sale, Terms of, 7-90
Related Information, 7-91
Terms of Sale on LOA, Use of, 7-87
Type of Assistance Code on LOA,
Use of, 7-87
Type of Assistance (TA) Codes, 7-91
Source of Supply Codes,
Use with, 7-91
Use of FMS Credit, 12-6

DD FORM 1513-1, Amendment to Offer and
Acceptance, 8-46
General Conditions, 8-48
Identification of Percentage Rates,
8-47
Major Changes, 8-47
Minor Changes, 8-46
Pen and Ink Changes, 8-48
Processing in Excess of \$50,000,
8-47
Purchaser Acceptance, 8-47

DD FORM 1513-2, Notice of Modification
of Offer and Acceptance, 8-48, 14-21
Acceptance of, 8-48
Case Closure Price Changes, 8-49
DD 1513-2 vs 1513-1, 8-50
DSAA Coordination/Countersignature,
8-48, 8-49
General Terms and Conditions, 8-49
Identification of Percentage Rates,
8-50
Report of Increases, 8-50

DD FORM 1517, FMS Detail Delivery
Report, 14-2

DD FORM 2012, Letter of Intent, 7-2

DD Form 2012-1, 7-2

DD FORM 2060, 14-6

DD FORM 2061, 14-6

DD FORM 448, Military Interdepartmental
Purchase Request (MIPR), 14-2

DD FORM 645, FMS Billing Statement, 7-72

DEDICATED SECURITY ASSISTANCE
ACTIVITIES, 13-4

DEFENSE ACQUISITION REGULATION (DAR),
2-4, 8-1, 14-3
Use of, 2-4

DEFENSE ARTICLES AND SERVICES,
Designation of, 6-6

DEFENSE AUTOMATIC ADDRESSING SYSTEM
OFFICE (DAASO), 8-33

DEFENSE DISPOSAL MANUAL
(DoD 4160.21-M), 11-8

DEFENSE INDUSTRIAL SECURITY CLEARANCE
OFFICE (DISCO), 5-5

DEFENSE INDUSTRIAL SECURITY PROGRAM
(DISP), 5-5

DEFENSE INSTITUTE OF SECURITY
ASSISTANCE MANAGEMENT (DISAM),
1-2, 13-4

DEFENSE INTELLIGENCE AGENCY (DIA), 5-5

DEFENSE INVESTIGATIVE SERVICE INDUSTRIAL
SECURITY REGIONAL OFFICE, 5-5

DEFENSE LANGUAGE INSTITUTE ENGLISH
LANGUAGE CENTER (DLIELC), 10-5, 10-46

DEFENSE LOGISTICS AGENCY (DLA), 8-11

DEFENSE MANAGEMENT EDUCATION AND
TRAINING (DMET) (DoDI 5010.16-C), 10-5

DEFENSE PROGRAMMING GUIDANCE, 13-3

DEFENSE PROPERTY DISPOSAL OFFICE
(DPDO), 11-8

DEFENSE PROPERTY DISPOSAL SERVICE
(DPDS), 8-10, 11-5, 11-8

DEFENSE REQUIREMENT SURVEY TEAM, 6-13
Checklist, 6-18
Financing, 6-13
Purpose, 6-13
Responsibilities, 6-14
Notice to DoD Component, 6-14
Terms of Reference, 6-16

DEFENSE SECURITY AGREEMENT
(DD Form 441), 5-5

DEFENSE SECURITY ASSISTANCE AGENCY
(See DSAA)

DEFENSE TRANSPORTATION SYSTEM (DTS),
2-22, 8-22

DELINQUENT ACCOUNTS FOR FMS BILLINGS,
8-43

DELIVERY COMMITMENT DATE (DCD), 8-13

DELIVERY COMMITMENTS, 2-5
Commitment Date (DCD), 8-13
Commitments, 2-5
Completion and Case Closure, 15-2
Forecast Date (DFD), 8-14
Reporting, Military Department, 7-85
Status, FMS Items, 15-27

DEPARTMENT OF DEFENSE FOREIGN MILITARY
SALES FINANCIAL MANAGEMENT MANUAL
(DoD 7290.3-M), 3-2

DEPARTMENT OF STATE FORM DSP-5, 5-11

DEPARTMENT OF STATE, OFFICE OF MUNITIONS
CONTROL, Bureau of Politico-Military
Affairs (PM), 7-2, 7-6

DEPARTMENT OF THE TREASURY, 3-1

DEPENDABLE UNDERTAKING, Direct Arrange-
ments for, 7-105

DESIGNATION OF DEFENSE ARTICLES AND
SERVICES, 6-6

DFD, Delivery Forecast Date, 8-14

DIA, Defense Intelligence Agency, 5-5

DICTIONARY, Data Element, D-1

DIRECT (CREDIT) LOANS, 9-1, 9-7, 9-37

DIRECT CHARGES TO FMS CASES, 7-82

DIRECT COMMERCIAL SALES (Contractor
Preference for), 6-1, 6-20

DIRECT COMMERCIAL SALES, 7-78

DIRECT CITATION (Category II), 14-3

DISAM, Defense Institute of Security
Assistance Management, 1-2, 13-4

DISCLOSURE DECISIONS, 5-4
False Impressions, 5-6
Guidelines for, 5-4
National Disclosure Policy
Committee, 5-4
Recording of, 5-4

DISCLOSURE OF CLASSIFIED MILITARY
INFORMATION TO FOREIGN GOVERNMENTS
AND INTERNATIONAL ORGANIZATIONS,
DODD 5230.11, 5-3

DISCLOSURE OF CLASSIFIED MILITARY
INFORMATION, 5-3
Denials of, 5-3
Policy, 5-3

DISCO, Defense Industrial Security
Clearance Office, 5-5

DISP, Defense Industrial Security
Program, 5-5

DISPOSAL OF MAP PROPERTY, 11-8

DISTRIBUTION, MASL, 15-74
(See MASL DISTRIBUTION)

DIVERSIONS OF MATERIEL, 2-5, 6-6
Normal Priorities Structure, Use of
(UMMIPS), 6-7
Approval Channels, 6-7
Additional Information
Required, 6-8

National Security Considerations, Deviations for, 6-7
 Normal Allocation from Production, 6-7
 Presidential Report, 6-8
 Report to Congress, 6-8
 Secondary Items, 6-9
 Shipments from Production, 6-8
 Directed Diversion, 6-7
 Diversions from FMS, 6-7
 Withdrawal from U.S. Forces, 6-7

DLA EXCESS PROPERTY LISTINGS, Authorized Receipt of, 8-34

DLA, Defense Logistics Agency, 8-11

DLIELC, Defense Language Institute English Language Center, 10-5, 10-46

DMET, Defense Management Education and Training, DoDI 5010.16-C, 10-5

DOD ASSETS, Rental Charges for Use of, 7-80

DOD COMPONENT DEPOSITS TO THE SDAF, RCS 1147(M), 14-2

DOD INTERNAL AUDITS, 13-13

DOD POLICY ON TECHNOLOGY TRANSFER, 5-2.

DOD-IG, Inspector General of the Department of Defense, 13-13

DOLLAR THRESHOLDS, 7-2

DPDO, Defense Property Disposal Office, 11-8

DPDS, Defense Property Disposal Service, 8-10, 11-5, 11-8

DSAA, Defense Security Assistance Agency, 1-2, 3-2, 5-6
 Comptroller, Data Management Division, 15-22
 Director, 1-3
 Financial Reports and Credit Programs Division (FRACPD), 11-1, 11-2
 Form 78-001, Reimbursement for Revenue Traffic Airlift, 13-9
 Operations Directorate, 7-8
 RCS 1147(M), DoD Component Deposits to the SDAF, 14-2
 RCS DSAA(Q) 1123, 8-50
 SAMM Coordinator, 1-3

DSAA 1000 AND 1200 SYSTEMS (Description of), D-1

DSAA 1000 SYSTEM OUTPUT REPORTS, 15-43
 Availability, 15-43
 Descriptions, 15-43
 Financial Summary, 15-44
 MAP and IMET Orders, 15-44, 15-56, 15-57
 MASL Input Error Listing, 15-44
 MASL Transactions, 15-44
 MILDEP Feedback, 15-44

MILDEP Input Errors, 15-44
 Program Amendment, 15-44
 Referral/Effects, 15-44
 Transaction Input Listing, 15-44
 Unified Command Feedback, 15-44
 Unified Command Input Errors, 15-44
 Update Products, 15-43

DSAA 1200 FOREIGN MILITARY SALES (FMS) SYSTEM, 15-1

DSAA 1200 SYSTEM OUTPUT PRODUCTS/REPORTS, Abbreviated Titles, 15-26, 15-38

DSAA 1200 SYSTEM
 Case Level Records, 15-1
 Congressional Notification, 15-1
 Data Base Updates, 15-3
 Case Level Transaction Data, 15-3
 Item Detail Data, 15-3
 Data Input, 15-3
 Case Level and Summary Management Reports, 15-25
 Letters of Request (LOR), 15-2
 Offer, Acceptance, Implementation Data, 15-2
 Acceptance by Country, 15-2
 Delivery/Completion and Case Closure, 15-2
 DSAA Countersignature of LOA, 15-2
 Item Detail Data, 15-2
 Obligational Authority (OA), 15-2
 Program Directive Guidance, 15-2
 Output Products, 15-22
 Availability of, 15-22
 Categories of, 15-22
 Classification of, 15-22
 Descriptions of, 15-23
 Item Detail Level, 15-3, 15-24
 Available Reports, 15-24
 Item Delivery States -
 Report E, 15-24, 15-37
 Item Purchases by NSN -
 Report I, 15-24
 Report Parameters, 15-22
 Requests for, 15-22
 Source of, 15-22
 Submission of, 15-22
 Reporting Frequency, 15-3
 Case Level, 15-3
 Item Detail Data, 15-3

DSAA(Q) 1218, Quarterly Military Manpower Report/SAOs, Missions, MilGroups, 13-8 13-10

DSP-5, Approved License (Export of Technical Data), 5-11, 6-4

DSP-61, In Transit Import License, 5-13

DSP-73, Temporary Export of Equipment (Demonstration Purposes), 6-4

DTS, Defense Transportation System, 2-22, 8-22, 8-25

ECL, English Comprehension Level, 10-46

ECONOMIC ORDER QUANTITY (EOQ), 7-9, 8-14
 ECONOMIC SUPPORT FUND (ESF), 1-4
 EDA, Excess Defense Articles, 11-2, E-2
 ELIGIBILITY, 6-5
 Eligible Countries, List of, 6-5, 6-15
 ELT, English Language Training, 10-3
 ELTP, English Language Training Program, 10-46
 ENGINEERING AND TECHNICAL SERVICES SPECIALISTS (ETSS), 10-12
 ENGINEERING SERVICES, Government-Provided, 7-85
 ENGLISH COMPREHENSION LEVEL (ECL), 10-46
 ENGLISH LANGUAGE TRAINING (ELT), 10-3
 ENGLISH LANGUAGE TRAINING PROGRAMS (ELTP), 10-46
 EOQ, Economic Order Quantity, 7-9, 8-14
 EQUIPMENT, Keystone, 5-1
 ESF, Economic Support Fund, 1-4
 ETSS, Engineering and Technical Services Specialists, 10-12
 EXA, Codes, Execution Agency Identifier, 10-59 (See EXECUTION AGENCY IDENTIFIER CODES)
 EXCESS DEFENSE ARTICLES (EDA), 11-2, E-2
 EXCESS MAP MATERIEL, 11-5
 EXCESS PROPERTY, 8-10
 EXECUTION AGENCY IDENTIFIER CODES, 10-27, 10-59
 Air Force Execution Agency (EXA) Codes, 10-62
 Army Execution Agency (EXA) Codes, 10-59
 Navy Execution Agency (EXA) Codes, 10-62
 EXECUTIVE BRANCH, 3-1
 Branch, 3-1
 Order #12356, National Security Information, 5-6
 Orders, 3-1
 EXECUTIVE REQUIREMENTS AND EXCEPTIONS
 Exceptions, 7-111
 Current Readiness (Section 133b Report Exceptions), Impact on, 7-111
 P&A, P&Rm 7-112
 Executive Requirements, 7-110
 Advance Section 36(b) Notification, 7-110
 Congressional Objection to Proposed Sale, 7-111
 Preparation and Submission of Notifications, 7-110
 Sensitivity of Technology, 7-110
 Section 133b Report, Impact on Current Readiness, 7-110
 Section 36(b) Notification, Governmental Military Export, 7-107
 Statutory Provisions, 7-107
 EXPENSES, Extraordinary, 10-24
 EXPLOSIVE ORDNANCE ITEMS, 7-4
 EXPORT LICENSE AND CUSTOM CLEARANCE GUIDANCE
 Application, 5-11
 Export Traffic, Reporting of, 5-12
 FMS Customer Responsibility, 5-12
 Export License, 5-12
 Customers Clearance, 5-12
 Declaration, 5-12
 Movement Requiring Export Customs Clearance, 5-12
 Overseas Customs Clearance, 5-12
 Submission of Documents, 5-12
 Requirement, 5-11
 Return and Repair, Procedures for, 5-13
 In Transit Import License (DSP-61), 5-13
 U.S./DoD Responsibility, 5-13
 Exemption from Export Clearance, 5-13
 FMS Export Shipments, Reporting of, 5-13
 Transportation Documents, Annotation of, 5-13
 EXPORT LICENSE, 5-11, 8-26
 EXPORT-IMPORT BANK, 2-7
 EXTRAORDINARY EXPENSES, 10-24
 FAA, Foreign Assistance Act, 1-1
 Section 505(f), 11-7
 FAD, Force Activity Designator, 8-9
 FALSE IMPRESSIONS, 5-5
 FEDERAL FINANCING BANK (FFB), 8-26
 Loans, 9-6
 FFB, Federal Financing Bank, 8-26
 Loans, 9-6
 FIELD TRAINING SERVICES (FTS), 10-5, 10-12
 FIFTH QUARTER FUNDS, 10-7
 FINANCIAL MANAGEMENT, 2-6
 Security Assistance Programs, 13-3
 FINANCIAL PRINCIPLES/PROCEDURES, 7-72
 Asset Use Charges, Items from Inventory, 7-86
 Basic Principles, 7-73
 Costs, Recovery of, 7-73
 Costs Payment to Cover all, 7-73

U.S. Dollars, Payment in, 7-73
FMS Program Financial Administration of, 7-73
Excess Payments, 7-74
Trust Funds, 7-73
Direct Charges to FMS Cases, 7-82
Program Management Costs, 7-82
Criteria for, 7-82
DD Form 1513 Presentation, 7-83
Delivery Reporting, Military Department, 7-85
Engineering Services, Government-Provided, 7-85
Pricing of FMS Transactions, 7-74
Accessorial and Administrative Rates, Review of, 7-77
Defense Stocks, Articles from, 7-74
Procurement, Articles from, 7-75
Recoupment Charges, NRC, 7-77
Use of USG Owned Facilities, Plant/Production Equipment, Charges for, 7-80
Quality Assurance Inspection/Contract Audit Service, 7-81
Surcharges, Authorized, 7-75
Charges, Accessorial, 7-75
Packing, Crating and Handling, 7-75
Port Loading and Unloading, 7-75
Prepositioning, 7-75
Staging, 7-75
Transportation, 7-75
Charges, Administrative, 7-76
Blanket Order and CLSSA, 7-76
Cancellation Charges, Approval to Assess, 7-76
Cancellation Charges, LOA Notes, 7-76
Cancellations, 7-76
Non-Standard Defined Order, 7-76
Standard Defined Order, 7-76
Termination Liability, 7-81
Responsibilities and Requirements, 7-72
ASD(C), 7-72
Costs, Full Recovery of, 7-73
SAAC, Executive Agent for, 7-72
FINANCIAL SUMMARY, 15-45
Summary, 15-45
Supplementary Terms and Conditions, 7-99, 7-101
FINANCING
Multiple Sources of, 7-92
RODS (When USG is Liable), 8-45
Sales, 2-6
FISCAL REQUIREMENTS MANUAL (Department of Treasury), 11-2
FISCAL YEAR ACTIVITY - REPORT B, 15-25, 15-32
FMCS, Foreign Military Construction Sales, 2-1, 2-5, 15-1

FMS ADMINISTRATIVE BUDGET PREPARATION AND APPROVAL PROCESS, 13-3

FMS, Foreign Military Sales, 1-4, 2-2, 12-1, 15-1
Administrative Budget, 13-1
Funds (Account #8242), 11-1, 13-2
Budget Preparation and Approval Process, 13-3
Case
Closure (see CLOSURE OF FMS CASES), 8-44
Execution, 8-1
Implementation, 8-1
Level Summary - Report L, 15-26
Credit
MAP, 11-1
Detail Delivery Report, DD Form 1517, 14-2
Item (Purchase by NSN), 15-28
Items Delivery Status, 15-27
Legislative Authority for, 2-2 (See LEGISLATIVE AUTHORITY FOR FMS)
Sales of SDAF Items, 14-5
Status of Purchases and Deliveries - Report H, 15-25, 15-31
FMSCR, Foreign Military Sales Credit, 2-1
FMSO, Foreign Military Sales Order, 2-22, 7-5, 8-9
FMT, Foreign Military Trainees, 10-2
FOB, Free-on-Board, 8-18
FOLLOW-ON SUPPORT, 8-8
FORCE ACTIVITY DESIGNATOR (FAD), 8-9
FORDTIS, Foreign Disclosure and Technical Information System, DoD Instruction 5230.18, 5-4
FOREIGN ASSISTANCE ACT (FAA), 1-1
FOREIGN COUNTRIES, 6-5
Eligible to Purchase Defense Articles, 6-15
FOREIGN DISCLOSURE AND TECHNICAL INFORMATION SYSTEM (FORDTIS), DoD Instruction 5230.18, 5-4
FOREIGN GOVERNMENT, Planning
Responsibility, 4-1
SAO Assistance, 4-1
Commitments, 4-2
Economic Capabilities, 4-2
Guidelines and data, 4-1
Information release, 4-2
Classified, 4-1
Unclassified, 4-1
FOREIGN MANUFACTURE OF U.S. DEFENSE EQUIPMENT
Background and Scope, 14-12
Coproduction Policy, Principles Regarding, 14-14
International Agreements, Authority to Negotiate and Sign, 14-13

NATO Cooperative Projects (Under the
AECA, Section 27), 14-16
Offset Procurement, Requests for,
14-17
DoD Policy, 14-17
Semi-annual Report, 14-17
Release of Technical Data, 14-17
Royalty and Nonrecurring Cost
Recoupment Payments, Internal
Monitoring of, 14-25
Sale of TDPs for Operation and
Maintenance Purposes, 14-18
Sale of TDPs for Production
Purposes, 14-19
Royalty Fee Guidelines, 14-19
TDP for Production Purposes which
Authorize Third Country Sale,
14-23
TDP Provided for Study Purposes,
14-20

FOREIGN MILITARY CONSTRUCTION SALES
(FMCS), 2-1, 2-5, 15-1, E-2

FOREIGN MILITARY DESIGN AND CONSTRUCTION
SALES, 6-6

FOREIGN MILITARY SALES (FMS) CASES,
STANDARD
Blanket Order Cases, 7-3
Defined Order Cases, 7-2

FOREIGN MILITARY SALES (FMS) TRAINING
English Language Training, 10-46
FMS Orientation Training (Courses and
Visits), 10-49
Guidelines, 10-42
Exercises, Bilateral, Combined, or
Multilateral, 10-42
Prohibitions, 10-42
Reimbursement, 10-42
Statutory Authorization, Separate
and Specific, 10-42
Training Initiation and Program
Development, 10-43
Country Program Review, Annual,
10-43
Fifth Quarter Planning, 10-44
Fund Deposits, 10-43
Initiation, 10-43
Program Amendments, 10-43
Program Finalization, 10-43
Unprogrammed Requirements, 10-43
Training, Nature of, 10-42
Living Allowances/Privileges, 10-48
Mobile Training Teams and Field
Training Services, 10-49
Police Training, 10-50
Training (Civilian Institutions or by
Contractor), 10-47
Training of Civilians (FMS), 10-49
Eligibility, 10-49
Privileges, 10-49
Protocol Status, 10-49
Training-Penalty Charge (Cancellation
of), 10-47
Failure to Complete Course, 10-47
Rescheduling or Cancellation in
Advance, 10-47
Training Programming, 10-44
MILDEP Submission, 10-45
Additions, "4" Card, 10-45

Changes, "0" Card, 10-45
Deletions, "R" Card, 10-46
SAO Submission, 10-44
Additions, "4" Card, 10-44
Changes, "Q" Card, 10-44
Deletions, "R" Card, 10-45
Training Requirements (purchase of
Major Equipment), 10-46
IMET Funds, Use of, 10-46
Planning, 10-46
Training Relations, 10-49
Transfer of Training, Restrictions of,
10-40
Transportation and Travel, 10-47
Baggage, 10-48
Mode of Travel, 10-48
Responsibility, 10-47
Retainable Instructional Material
(RIM), 10-48
Tuition Rates, FMS, 10-46

FOREIGN MILITARY SALES (FMS)
(See FMS)

FOREIGN MILITARY SALES AGREEMENTS, 7-1
Acceptance of Offer, 7-44
Countersignature, 7-43
DD Form 1513, LOA, 7-28
Identification of End/Dollar Items,
7-29
Information Conveyed, 7-29
Ammunition Sales, 7-36
Checklist, 7-30
Concurrent Spare/Repair Parts, 7-34
Condition of Equipment, 7-35
Configuration, 7-34
Cost Estimates, 7-34
Critical Long Lead Times, 7-34
Delivery Schedule, 7-32
Documents to be Included, 7-39
Financial Analysis, 7-39
Financial Information, 7-34
General, 7-30
Identification of Equipment to be
Supported, 7-35
Indemnification and Assumption
of Risk, 7-36
Initiation of Requisitions,
Responsibility for, 7-36
Logistics Information, 7-33
Maintenance Support Plans, 7-34
MOU/Statement of Work, 7-33
Patent Rights, 7-38
Personnel Movement, 7-32
Personnel Training, Schedules, 7-33
Qualifications Regarding P&R
Data, 7-32
Royalties and NRC, 7-36
Security Assurances, 7-38
Services to be Provided, 7-36
Single Selling Price, 7-36
Site Surveys, 7-34
Sole Source Procurement, 7-34
Spare Parts Support Availability,
7-34
Specific Information, Absence of,
7-37
Supplemental, 7-30
Termination Liability Data
(Selected LOAs), 7-41
Transportation, 7-30
USG/Contractor Personnel Agree-
ments, 7-32
Procedures, 7-29

Duration of Offer, 7-43
 Incomplete Documentation, 7-43
 Military Department Central Activities
 Responsible for FMS Transactions,
 Addresses of, 7-45
 Preparation and Processing, 7-1
 Pricing and Payment Schedules,
 Accuracy of, 7-92
 Financial Annex to DD Form 1513,
 7-92
 FMS Orders, Budgetary Authority for,
 7-94
 FMS Payments, Collection of, 7-95
 Payment Schedules, Preparation of,
 7-93
 Review and Coordination, 7-42
 Additional DD 1513's Requiring DSAA
 Approval, 7-42
 SCE and Articles/Services of a
 Critical/Special Nature, 7-42
 Transactions, Addresses of, 7-45

FOREIGN MILITARY SALES CREDIT
 (FMSCR), 2-1

FOREIGN MILITARY SALES FINANCIAL
MANAGEMENT MANUAL (DoD 7290.3-M), 13-2

FOREIGN MILITARY SALES INFORMATION
SYSTEM (DSAA (AR) 1200), 15-1

FOREIGN MILITARY SALES ORDER
 (FMSO), 2-22, 7-5, 8-9

FOREIGN MILITARY TRAINEES (FMT), 10-2

FOREIGN REPRESENTATIVES, Control of, 5-5
 Accreditation of, 5-5
 Authorization, 5-5
 Extended Visit, 5-5
 One-time Visit, 5-5

FOREIGN TRAINING OFFICER (FTO), 10-16

FORMATS, Input, 15-3
 (See DSAA 1200 SYSTEM)

FR&CPD, DSAA Financial Reports and
Credit Programs Division, 11-1, 11-2

FREE-ON-BOARD (FOB), 8-18

FREEDOM OF INFORMATION ACT, 13-13

FREIGHT FORWARDER, Employment of, 8-25
 Employment of, 8-25
 Potential Sources, 8-35
 Responsibilities of, 8-28

FSC, Federal Supply Classification,
 15-68

FTO, Foreign Training Officer, 10-16

FTS, Field Training Services, 10-5,
 10-12

FUNDING, MAP, 11-1

FUNDS (MAP), Transfer of, 2-1

GAO, General Accounting Office, 13-13
 Audits, 13-13

GBL, Government Bill of Lading, 8-22

GENERAL ACCOUNTING OFFICE (GAO), 13-13

GENERAL TERMS OF REFERENCE, 6-16

GFE, Government Furnished Equipment, 6-1
 Classified Items, 6-2
 Cooperative Logistics, 6-2
 USG Control, 6-2

GFM, Government Furnished Materiel, 6-1

GOCO, Government-Owned, Contractor-
Operated, 14-19

GOGO, Government-Owned, Government-
Operated, 6-1, 14-19

GOODS, Definition, 5-1

GOVERNMENT BILL OF LADING (GRL), 8-22,
 8-23

GOVERNMENT FURNISHED EQUIPMENT (GFE),
 6-1
 Classified Items, 6-2
 Cooperative Logistics, 6-2
 USG Control, 6-2

GOVERNMENT FURNISHED MATERIEL (GFM), 6-1

GOVERNMENT-OWNED, CONTRACTOR-OPERATED
 (GOCO), 14-19

GOVERNMENT-OWNED, GOVERNMENT-OPERATED
 (GOGO), 6-1, 14-19

GOVERNMENT-TO-GOVERNMENT SALES
 Reason for, 6-1

GRANT AID PROGRAMS, 2-2

GUARANTEED LOANS, 9-13

GUARANTY, FMS Credit, 9-6, 9-35

GUIDELINES, Security Classification, 5-6
 (See SECURITY CLASSIFICATION
 GUIDELINES)

HAZARDOUS SENSITIVE MATERIAL, 8-22

HOLDING ACCOUNTS, 7-95

IA, Implementing Agency, 8-1, 15-1,
 15-15

IAAFA, Inter-American Air Forces
Academy, 10-23

IMET, International Military and
Education, 1-4, 2-2, 10-1
 (See INTERNATIONAL MILITARY EDUCATION
 AND TRAINING (IMET))

IMPACT ON CURRENT READINESS REPORT
DATA, 7-111

IMPLEMENTING AGENCY (IA), 8-1, 15-1,
 15-15

IN TRANSIT IMPORT LICENSE (DSP-61), 5-13

INCENDIARY ITEMS, 2-20
 INDUSTRIAL PLANT EQUIPMENT (IPE), 7-80
 INDUSTRIAL SECURITY, 5-5
 INDUSTRY IN MILITARY EXPORT SALES
 (Assistance by U.S.), 6-3
 Significant Combat Equipment
 (SCE), 6-4
 Technical Data Disclosure, 6-4
 INFORMATION, Release of, 5-6, 5-9
 (See RELEASE OF INFORMATION)
 INFORMATIONAL PROGRAM (IP), 10-16
 INITIAL DEPOSITS, FMS, 7-88
 INSPECTOR GENERAL OF THE DEPARTMENT OF
 DEFENSE (DOD-IG), 13-13
 INSURANCE, 2-5
 INTELLIGENCE AND OTHER SENSITIVE
 TRAINING, 10-4
 INTER-AMERICAN AIR FORCES ACADEMY
 (IAAFA), 10-23
 INTERNATIONAL MILITARY EDUCATION AND
 TRAINING (IMET), 2-2
 Authority, 10-1
 Constraints, 10-2
 Continental United States (CONUS),
 10-1
 Country Liaison Personnel, 10-17
 Emphasis, 10-2
 Key Positions, 10-2
 Management of Resources, 10-2
 Professionalism, 10-2
 Field Training Services (FTS), 10-12
 Contract Field Services (CFS), 10-13
 Engineering and Technical Services
 Specialists (ETSS), 10-12
 Informational Program (IP), 10-16
 Funded Activities, Scope of, 10-17
 Implementation, Responsibility for,
 10-16
 Foreign Training Officer (FTO),
 10-16
 Mobile Training Teams (MTT), 10-9
 Objectives of Training Program, 10-1
 Observer Training, 10-16
 Orientation Tours (OT), 10-14
 Program Guidance, 10-1
 Programming, 10-4
 Security Assistance Management
 Training, 10-50
 Trainees, 10-18
 Baggage Weight Allowance (trainee),
 10-22
 Classified Course, Attendance in,
 10-18
 Classified Material, Access to,
 10-19
 Defense Resources Management, 10-7
 Dependents, 10-24
 Disposition, Emergency (FMT), 10-24
 English Language, 10-5
 Expenses, Extraordinary, 10-24
 Fifth Quarter, 10-7
 Formal Training (Overseas), 10-38
 Indigenous Training, 10-6
 On-the-Job Training, 10-8
 Political Asylum, Requests for,
 10-24
 Program Development, 10-26
 Program Implementation, 10-40
 Orders (IMET), 10-40
 Programming Instructions, 10-35
 Formal Training (U.S.), 10-35
 Orientation Tours, 10-38
 Penalty Charge, Cancellation of
 Training, 10-38
 Travel and Living Allowance (TLA),
 10-36
 SAO Responsibility, 10-6
 Security Screening of, 10-18
 Selection of, 10-18
 Training Guidance, 10-4
 Training Materials, 10-26
 Training Support (Other Costs),
 10-25
 Transportation and Accommodations
 of, 10-19
 Dependents of Trainees, 10-19
 Emergency Leave, 10-20
 Enroute (Accommodations), 10-20
 Foreign Flag Carriers, Use of,
 10-19
 Funded Travel, 10-19
 Furnished by U.S., Modes of,
 10-19
 Planned Travel Routes,
 Deviations from, 10-20
 Uniforms and Personal Clothing,
 10-23
 U.S. Military Facilities and
 Civilians Institutions, 10-4
 Visits to Canada and Mexico, 10-23
 Waivers, Requests for, 10-4
 INTERNATIONAL TRAFFIC IN ARMS
 REGULATIONS (ITAR), 5-12, 7-2
 INVENTORY REPORT, SDAF, 14-9
 INVITATIONAL TRAVEL ORDER (ITO),
 10-48, 10-51
 IP, Informational Program, 10-16
 IPE, Industrial Plant Equipment, 7-80
 ISM, Industrial Security Manual,
 DoD 5220.22-M, 5-5
 ISR, Industrial Security Regulation,
 DoD 5220.22-R, 5-5, 5-6
 ITAR, International Traffic in Arms
 Regulations, 5-12, 7-2
 ITEM DELIVERY STATUS - REPORT E,
 15-24, 15-37
 ITEM DETAIL DATA (DD Form 1513), 15-2,
 15-3
 ITEM DETAIL LEVEL (Reports), 15-24
 ITO, Invitational Travel Order,
 10-48, 10-51

JCS, Joint Chiefs of Staff, 3-2, 14-2
Responsibilities of, 3-2

JMC, Joint Military Commission, 4-4

JOINT CHIEFS OF STAFF (JCS), 3-2, 14-2
Responsibilities of, 3-2

JOINT MILITARY COMMISSION (JMC), 4-4

JOINT TABLE OF ALLOWANCE, 13-7

JOINT TABLE OF DISTRIBUTION (JTD),
10-10, 10-12

JOINT TRAVEL REGULATIONS (JTR), 10-11

JTD, Joint Table of Distribution,
10-10, 10-12

JTR, Joint Travel Regulations, 10-11

KEYSTONE EQUIPMENT, 5-1

KNOW-HOW (TECHNICAL), 5-1

LAW ENFORCEMENT ASSISTANCE, 2-19

LEASE OF DEFENSE ARTICLES, 12-1

LEASE TERMS AND CONDITIONS
Administration of, 12-1
Certification to Congress, 12-17
(example)
Certification of Delivery (leased
equipment), 12-26
Closure Information, 12-6, 12-7,
12-27
Congressional Notification, 12-4,
12-18
Certification Procedures, 12-5
Emergency Waiver of, 12-5
Coordination on, 12-4
Defense Article, of a, 12-1
Delivery, Certificate of, 12-3
Depreciation, charge for, 12-3
Determination of, 12-8 (example)
Draft Lease, Memorandum for, 12-9
DSAA(Q)1146, 12-24
Duration, 12-3
Example of, 12-10
Exceptions, 12-4
Communications or Electronics, 12-4
Cooperative Research or Development,
12-3
DSAA, Authority for, 12-4
Military Exercises, 12-4
Extensions, 12-3
Financial Arrangements, 12-6
DD Form 1513, Use of, 12-6
FMS Credits, Use of, 12-6
Payment Schedules, 12-6
Loss, Destruction, or Damage, 12-3
Rental Payment, 12-3
Reporting, 12-6
Responsibilities, 12-1
DoD Component, 12-1
SAO, 12-2
Termination, 12-3
Title 10, USC 2667, Renewals, 12-3
Transmittal, 12-18
Notice to, 12-18

Chairman, Committee on Armed
Services, U.S. Senate, 12-21
Chairman, Committee on Foreign
Relations, Senate, 12-20
Leases of MDE for over one year
(Congressional), 12-23
Leases of MDE for over one year
(to prospective lessee), 12-22
Speaker of House of Representa-
tives, 12-19
U.S. Navy Ships, 12-7

LEGISLATIVE AUTHORITY FOR FMS
Arms Export Control Act (AECA), 2-2
Approval Authority, Secretary of
State, 2-3
Arms Control, 2-3
Defense Articles and Services,
Designation of, 2-3
Discrimination, Intimidation or
Harassment, Prohibition Against,
2-4
Eligibility, 2-2
Eligible Countries, List of, 2-3
FMS Materiel, Sources of, 2-3
Major Ship Transfer, 2-3
Procurement Outside US (Use of FMS
credit funds), 2-3
Unnecessary Military Expenditures,
Termination Due to, 2-4

LETTER OF INTENT (LOI), 7-2, 7-11

LETTER OF OFFER AND ACCEPTANCE (LOA),
DD Form 1513, 7-1
(Also See DD FORM 1513)

LETTER OF REQUEST (LOR), 7-5, 15-2
Channels of Submission, 7-6
NON-SCE, 7-6
Out-of-Channels Requests, 7-7
Responses to, 7-7
SCE, 7-6

LICENSED PRODUCTION, 14-13

LICENSES, Export, 5-15

LICENSING, 5-3
Exclusive Arrangements, 6-10
Munitions, 5-3
Strategic Trade, 5-3

LOA, Letter of Offer and Acceptance,
DD Form 1513, 7-1
(See DD Form 1513)

LOANS OF DEFENSE ARTICLES
Agreement, 12-28
Damage While on Loan, 12-28
Lost or destroyed While on Loan,
12-28
SDAF, 14-10
Authority and Purpose, 12-28
Cost Recovery, 12-28
Equipment, SDAF, 14-7
FMS, Credit, 9-1
Reporting Requirements, 12-28
Use of, 12-28
Section 503, FAA, 12-28

LOGISTICS SUPPORT (Implementation of
FMS Cases), 6-9

LOGISTICS

- Follow-on Support, 6-9, 8-8
- Blanket Order Cases, 8-8, 8-9
- CLSSA, 8-9
- Excess Property, 8-10
- LOA Preparation, 8-8
- PAA Information, 8-8
- Management Review, 8-14
- Delivery Performance, 8-14
- DFD, Notification of, 8-14
- MILSTRIP Report, 8-14
- SAO Responsibility, 8-14
- Requisition Procedures, 8-12
- MILSTRIP Use, 8-12
- Stated Conditions, Adherence to, 8-15
- System Support Buy Out, 8-15
- Transportation of FMS Materiel, 8-16
 - Freight Forwarder Responsibility, 8-28
- Policies and Procedures, 8-17
 - CCBL, 8-24
 - Classified Shipments, 8-22
 - Consolidation, 8-18
 - Discrepancies, 8-20
 - DTS, Use of, 8-22
 - Hazardous Sensitive Material, 8-22
 - FMS Materiel through DTS, 8-23
 - GBL, 8-23
 - Offer Release Code, 8-19
 - Packaging and Marking, 8-18
 - Point of Delivery, 8-17
 - Re-delivery Policy, 8-23
 - Small Parcel Shipments, 8-21
 - Transfer of Title, 8-17
 - Transportation Cost to Freight Forwarder, 8-18
- Purchaser Responsibility (Shipping), 8-25
- UMMIPS, 8-13
- USG Responsibilities (Shipping), 8-24

LOI, Letter of Intent, 7-2, 7-11

LOR, Letter of Request, 7-5, 15-2
(See LETTER OF REQUEST (LOR))

MAC, Military Airlift Command, 10-19

MAJOR DEFENSE EQUIPMENT (MDE), 6-11, 7-2, E-1

MAJOR DEFENSE EQUIPMENT LIST (MDEL), 7-2, 7-20

MAJOR ITEM MATERIEL EXCESS (MIMEX), 8-10, 11-5

MAP ADMINISTRATIVE AND OVERHEAD SUPPORT BUDGET, 13-1

MAP, Military Assistance Program, 1-4, 2-2, 11-1
(See MILITARY ASSISTANCE PROGRAM (MAP))

MAPAD, Military Assistance Program Address Directory, DoD Directive 5105.38-D, 8-28

MAPOM, MAP Owned Materiel (Report), E-2

MARINE TRANSPORTATION WAIVER PROCEDURES, 8-26

MASL (Military Articles and Services List) CONTENT

- Data Submission, 15-75
- Distribution, 15-74
- Materiel (Defense Articles and Services), 15-68
- Purpose of, 15-66
- Training, 15-71, 15-86

MASTER PROGRAM FILES, 15-43

MATERIEL

- Diversion of, 2-5
- MAP, 11-3
- Proper Use of, 2-5
- Standards, 2-5, 6-9
- Transfer Policy, 2-4

MCT, Militarily Critical Technology, 5-1

MCTL, Military Critical Technologies List, 5-1

MDE, Major Defense Equipment, 6-11, 7-2, E-1

MDEL, Major Defense Equipment List, 7-2, 7-20

MEMORANDUM OF UNDERSTANDING (MOU), 14-12

METHOD OF FUNDING (Reimbursable), Category I, 14-3

MID-YEAR REVIEW BUDGET CALL (MAP), 13-7

MILDEP, Military Department, 1-2, 3-2
Responsibilities of, 3-2

MILITARILY CRITICAL TECHNOLOGY (MCT), 5-1

MILITARY AIRLIFT COMMAND (MAC), 10-19

MILITARY ARTICLES AND SERVICES LIST (MASL) (See MASL)

MILITARY ASSISTANCE PROGRAM (MAP), 1-4, 2-2

- Cannibalization and Retention of MAP Property, 11-7
- Funding, 11-1
- Excess Materiel, Reporting and Screening of, 11-4
- Excess Materiel, Transfer of, 11-5
- Materiel, Utilization, Redistribution and Disposal of, 11-3
- Property (MAP), Disposal of, 11-7
- Legislative Requirements, 11-7
 - FAA of 1961, Section 505(f), 11-7
- Methods of, 11-8
 - Country-to-Country Special Arrangements, 11-8
 - Demilitarization, 11-8
 - DPDS, 11-8
 - Preferred Method, 11-8
 - Through DPDO, 11-8

MILITARY ASSISTANCE PROGRAM ADDRESS DIRECTORY (MAPAD), 8-28

MILITARY CRITICAL TECHNOLOGIES LIST (MCTL), 5-1

MILITARY DEPARTMENT (MILDEP), 1-2, 3-2
Responsibilities of, 3-2
Audit Agencies, 13-13
Input Errors (MASL), 15-44

MILITARY
Export Sales, 6-1
Intelligence Training, 2-19
Justification Data, 7-122
Logistics System (Use of), 6-9
Security Requirements, 5-8

MILITARY INTERDEPARTMENTAL PURCHASE REQUEST (MIPR), DD Form 448, 14-2

MILITARY POSTAL SERVICE (MPS), 8-21

MILITARY STANDARD REQUISITIONING AND ISSUE PROCEDURES (MILSTRIP), 15-86

MILSTRIP ROUTING IDENTIFIER (MRI), 15-87

MILSTRIP, Military Standard Requisitioning and Issue Procedures, 15-86

MIMEX, Major Item Materiel Excess, 8-10, 11-5

MINOR CONSTRUCTION (O&M), 13-4

MINOR MODIFICATIONS/ALTERATIONS, at U.S. Installations, 7-4

MIPR, Military Interdepartmental Purchase Request, DD Form 448, 14-2

MOBILE TRAINING TEAM (MTT), 3-6, 10-5, 10-9

MOU, Memorandum of Understanding, 14-12

MPS, Military Postal Service, 8-21

MIL (Manpower, Installations and Logistics), Assistant Secretary of State, 6-7

MRI, MILSTRIP Routing Identifier, 15-87

MTT, Mobile Training Team, 3-6, 10-5, 10-9

MUNITIONS, AMMUNITION, OTHER EXPLOSIVES, 5-2, 7-3
White Phosphorus, 2-20

NAPALM, 2-20

NARCOTICS, Constraints, 2-18

NATIONAL CODIFICATION BUREAU CODE (NCB), 15-86

NATIONAL DISCLOSURE POLICY (NDP-1), 5-3, 5-7, 6-5, 8-22, 14-15

NATIONAL DISCLOSURE POLICY COMMITTEE (NDPC), 5-4
Authorities, 5-4
Responsibilities, 5-4
Deputy Under Secretary of Defense (Policy Review), 5-4

NATIONAL ITEM IDENTIFICATION NUMBER (NIIN), 15-69

NATIONAL POLICY AND PROCEDURES FOR DISCLOSURE OF CLASSIFIED MILITARY INFORMATION TO FOREIGN GOVERNMENTS AND INTERNATIONAL ORGANIZATIONS (NPD-1), 5-3

NATIONAL SECURITY COUNCIL (NSC), 3-1

NATIONAL
Security Information (Executive Order 12356), 5-6
Security Objectives, 4-1

NATIONAL STOCK NUMBER (NSN), 15-69, 15-88

NATIONALIZATION OF U.S. PROPERTY, 2-18

NATO, North Atlantic Treaty Organization, 3-3
Cooperative Projects (AECA, Section 27), 14-16

NAVILCO, U.S. Navy International Logistics Control Office, 13-4

NAVY EXECUTION AGENCY (EXA) CODES, 10-62

NCB, National Codification Bureau Code, 15-86

NDP-1, National Disclosure Policy, 5-3, 5-7, 6-5, 8-22, 14-15

NDPC, National Disclosure Policy Committee, 5-4

NIIN, National Item Identification Number, 15-69

NOA, Notice of Availability, 8-27

NON-MDE EXCESS DEFENSE ARTICLES, 7-5

NONRECURRING COST (NRC) RECOUPMENT CHARGES, 7-77

NONSTANDARD ITEMS, 7-5

NORTH ATLANTIC TREATY ORGANIZATION (NATO), 3-3

NOTICE OF AVAILABILITY (NOA), 8-27, 8-31

NOTICE OF MODIFICATION OF OFFER AND ACCEPTANCE, DD Form 1513-2, 8-48
(See DD FORM 1513-2, Notice of Modification of Offer and Acceptance) Preparation Instructions, 8-57

NOTIFICATION, Congressional, 15-1
FMS Agreements, 7-107
Third Party Transfer, 6-11

NSC, National Security Council, 3-1

NSN, National Stock Number, 15-69, 15-88

O&M, Minor Construction, 13-4

OA, Obligational Authority, 8-1, 15-1, 15-2

OBLIGATIONAL AUTHORITY (OA), 8-1, 15-1, 15-2

OBSERVER TRAINING (OBT), 10-4

OBsolete ITEMS, 7-5

OBT, Observer Training, 10-4

OFFER RELEASE CODES, 8-19

OFFERS TENDERED SUMMARY, 15-23

OFFICE OF MANAGEMENT AND BUDGET (OMB), 3-1, 11-1, 13-13, 13-16

OFFICE OF MUNITIONS CONTROL, BUREAU OF POLITICO-MILITARY AFFAIRS (PM), Department of State, 5-11, 7-2, 7-6

OFFICE OF THE CNO (OP-63), Security Assistance Division, 2-21

OFFICE OF THE SECRETARY OF DEFENSE (OSD), 1-2

OFFSET PROCUREMENT, Request for, 14-17

OFFSHORE PROCUREMENT, 9-11
Using Loan Funds, 9-11

OJCS, Organization of the Joint Chiefs of Staff, 1-2

OJT, On-the-Job Training, 10-4

OMB CIRCULAR NO. A-50, 13-16

OMB, Office of Management and Budget, 3-1, 11-1, 13-13, 13-16

OMC, Office of Munitions Control, 5-11

ON-THE-JOB TRAINING (OJT), 10-4

OP-63, Security Assistance Division, Office of the CNO, 2-21

OPNAVINST 4950.1H, 10-26

OPTIONS, Purchaser's, 6-2

ORGANIZATION OF THE JOINT CHIEFS OF STAFF (OJCS), 1-2

ORIENTATION TRAINING TOURS (OT), 10-4, 10-16

OSD, Office of the Secretary of Defense, 1-2

OT, Orientation Training Tours, 10-4, 10-16

OUT-OF-CHANNEL REQUESTS, 7-7

OUTPUT PRODUCTS, DSAA 1200 System, 15-22
(See DSAA 1200 SYSTEM [Output Products])

OVERSIZE AIR CARGO, 8-22

P.L. 96-226, 13-15

P&A, Price and Availability Data, 7-1

P&R, Planning and Review Data, 7-1

PACAM, Panama Canal Area Military Schools, 10-23

PACKAGING AND MARKING, 8-18

PACKING, CRATING AND HANDLING (PCH), 11-6

PACKING, CRATING, HANDLING AND TRANSPORTATION (PCH&T), 10-11, 15-2

PANAMA CANAL AREA MILITARY SCHOOLS (PACAM), 10-23

PAYMENT
In U.S. Dollars, 2-6
Schedule, 7-93

PCH&T, Packing, Crating, Handling and Transportation, 10-11, 15-2

PCH, Packing, Crating and Handling, 11-6

PEACEKEEPING OPERATIONS (PKO), 1-4

PERFORMANCE REPORTING/CASE CLOSURE, 8-42
Billing, 8-42
Delinquent Accounts for FMS Billings, 8-43
Interest Assessment on Delinquent Debts, 8-44

PKO, Peacekeeping Operations, 1-4

PLANNING AND REVIEW DATA (P&R), 7-1, 7-112

PLANNING COMMUNITIES, 4-3

PLANNING CONSIDERATIONS, 4-2
Basic Areas, 4-2
Security Assistance, 4-2
Procurement, 4-3
Long Range Objectives, 4-2
Limitations, 4-2

PLANNING GROUPS, 4-4
Instruments, 4-5
Non-Linear Process, 4-5

POINT OF DELIVERY, 8-17

POLICE
Confrontation, 2-18
Military Intelligence, 2-18
Training, 2-19
Unit, 10-3

POLICY (FMS General), 2-4
Basic Sales, 2-4

POLITICAL ASYLUM, Request for, 10-24

POM, PROGRAM OBJECTIVE MEMORANDUM
GUIDANCE, 13-3

PREFERENCE, Contractor
(See CONTRACTOR PREFERENCE FOR
DIRECT COMMERCIAL SALES)

PREPARATION AND SUBMISSION OF DATA
INPUT FOR THE DSAA 1000 SYSTEM, 15-46

PRICE AND AVAILABILITY (PAA), 7-1, 7-112
Report (RCS DSAA(Q)1138)J, E-1
VS Commercial Proposal, 6-25

PROCUREMENT, in Foreign Countries, 2-6

PRODUCTION, Shipments from, 6-8

PROGRAM
Administration, Security Assistance,
13-1
Amendment, 15-44
Directive Guidance, 15-2
Management Costs, 7-82

PROGRAM OBJECTIVE MEMORANDUM (POM)
GUIDANCE, 13-3

PROHIBITIONS, 2-19
Incendiary Items and Riot Control
Agents, 2-20
Law Enforcement, 2-19
Training, 2-19
Police, 2-19
Military Intelligence, 2-19

PROOF OF DELIVERY, 8-24

PROPER USE OF MATERIEL, 2-5

PROPRIETARY INFORMATION, 8-6

PUBLICATIONS, 7-3

PURCHASER RESPONSIBILITY
Transportation, 8-26

PURCHASER'S OPTIONS, 6-2

PURCHASES BY NSN, FMS Item, 15-28

QUALITY ASSURANCE INSPECTION, 7-81

QUARTERLY FUNDING ALLOTMENTS, SAAC, 13-5

QUARTERLY MILITARY MANPOWER REPORT/SAOS,
MISSIONS, MILGROUPS, DSAA(Q)1218,
13-8, 13-10

RATIONALIZATION, STANDARDIZATION,
INTEROPERABILITY (RSI), 3-3

RCN, Record Control Number, 10-29,
10-30, 10-41

RCO, Requisition Control Officer, 8-12

RCS DSAA(M)1118, Excess Defense
Articles (EDA) Sold Under FMS, E-2

RCS DSAA(O)1138, Price and Availability
Report, E-1

RCS DSAA(O)1145, Foreign Military
Construction Sales, E-2

RCS 1147(M), DoD Component Deposits to
the SDAF, 14-2

REASONS, Government-to-Government,
Sales, 6-1

RECIPROCAL AGREEMENTS, Contract
Administration, 7-98

RECORD CONTROL NUMBER (RCN), 10-29,
10-30, 10-41

RECORD SERIAL NUMBER (RSN), 15-2

RECORDS, Case Level, 15-1

RECOUPMENT CHARGES, Nonrecurring,
Cost (NRC), 7-77

RECOVERY OF COST, 2-6

REDESIGNATING KEY (Format), 15-17

REIMBURSEMENT FOR REVENUE TRAFFIC
AIRLIFT: DSAA FORM 78-001, 13-9

RELEASE OF INFORMATION
Chief of Diplomatic Mission, Approval
of, 5-10
Classified, 5-10
Unclassified, 5-9

RELEASE OF TECHNICAL DATA, 5-4

REPAIR OF REPARABLE ITEMS, 7-4

REPLACEMENT PRICE FOR SECONDARY
ITEMS, 7-86

REPORT OF DISCREPANCY (ROD), 8-21,
8-29, 8-32
When USG is Liable, 8-36

REPORT PARAMETERS (DSAA 1200), 15-22

REPORTS OF FOREIGN MILITARY SALES,
Section 133b, 7-111

REPORTS, DSAA 1000 System Output, 15-44
(See DSAA 1000 SYSTEM OUTPUT REPORTS)

REPORTS, DSAA 1200 System Output
Products, 15-22
(See DSAA 1200 SYSTEM OUTPUT PRODUCTS)

REQUISITION CONTROL OFFICE (RCO), 8-12

RETAINABLE INSTRUCTIONAL MATERIAL (RIM),
10-22, 10-48

RIM, Retainable Instructional Material,
10-22, 10-48

RIOT CONTROL AGENTS, 2-20
 ROD, Report of Discrepancy, 8-21,
 8-29, 8-32
 ROYALTY AND NONRECURRING COSTS
 (Monitoring), 14-25
 ROYALTY FEE GUIDELINES, 14-19
 RSI, Rationalization, Standardization,
 Interoperability, 3-3
 RSN, Record Serial Number, 15-2
 SAAC, Security Assistance Accounting
 Center, 13-3, 13-4, 13-5, 15-1
 SADAP, Security Assistance Defense
 Analysis Papers, 4-6
 SAFEGUARDS FOR CONTRACTOR PERSONNEL
 Access, 7-67
 Additional Terms and Conditions, 7-67
 Currency Revaluation, 7-68
 Export of Data, 7-68
 Passports, Visas, Licenses, and
 Permits, 7-67
 Taxes, Duties, and Charges for Doing
 Business, 7-68
 SALE OF MILITARY EQUIPMENT
 Collective Security, 6-5
 Country and Region, 6-5
 Criteria Regarding, 6-4
 Equipment, Type of, 6-4
 External Aggression, Countering of,
 6-5
 Foreign Policy, 6-5
 Legislative Restraints, 6-5
 Military Threat, 6-5
 National Disclosure Policy (NDP-1),
 6-5
 Regional Stability, 6-5
 SALES
 Commissions and Agents Fees, 8-4
 Commercial Export, 1-4
 Financing of, 2-6
 Military Export, 6-1
 SALES, Foreign Military (FMS), 6-1
 SAMP, Security Assistance Management
 Manual, 1-1
 Coordinator, DSAA, 1-3
 SAO, Security Assistance Organization,
 1-2, 3-3, 3-6, 6-4
 Responsibilities of, 3-6, 6-4
 SAPRWG, Security Assistance Program
 Review Working Group, 4-5
 SCE, Significant Combat Equipment, 6-4,
 7-2, 7-5, 7-42
 SDAF, Special Defense Acquisition Fund,
 14-1
 (See SPECIAL DEFENSE ACQUISITION FUND)
 Program Implementation, 14-3
 SECONDARY ITEMS, 6-9
 SECRETARY OF DEFENSE, 3-1
 Responsibilities of, 3-1
 SECRETARY OF STATE, 3-1
 Responsibilities of, 3-1
 SECRETARY OF THE NAVY (Ship Transfer),
 2-21
 SECTION 133b, Reports of Foreign
 Military Sales, 7-111
 SECTION 36(b), ARMS EXPORT CONTROL ACT
 (AECA), 15-1
 Congressional Notifications, 7-107
 SECURITY ASSISTANCE ACCOUNTING CENTER
 (SAAC), 13-3, 13-4, 15-1
 SECURITY ASSISTANCE BUDGETS
 FMS Administrative Budget, 13-1
 FMS/MAP Administrative Overhead
 Systems, Operation of 13-2
 MAP Administrative, Overhead
 Support/SAO, 13-1
 MAP Budget, 13-1
 SAO Budget, 13-2
 Assistance-in-Kind, 13-2
 Contributed Currencies, 13-2
 MAP Administrative/Overhead
 Support/SAO Budget Procedures, 13-6
 SECURITY ASSISTANCE DEFENSE ANALYSIS
 PAPERS (SADAP), 4-6
 SECURITY ASSISTANCE DIVISION (OP-63),
 Office of the CNO, Ship Transfer, 2-21
 SECURITY ASSISTANCE MANAGEMENT MANUAL
 (SAMP), 1-1
 SECURITY ASSISTANCE ORGANIZATION (SAO),
 1-2, 3-3, 3-6, 6-4
 Channels of Communication, 3-8
 Materiel Responsibilities of, 2-5
 Responsibilities of, 3-6, 6-4
 SECURITY ASSISTANCE PROGRAM
 ADMINISTRATION, 13-1
 SECURITY ASSISTANCE PROGRAM REVIEW
 WORKING GROUP (SAPRWG), 4-5
 SECURITY ASSISTANCE PROGRAM, 1-3
 Rationale for, 1-3
 SECURITY CLASSIFICATION GUIDELINES
 General, 5-6
 Classification, Basis for, 5-6
 Classification, Levels of, 5-7
 Declassification, 5-7
 Release of Information, 5-6
 Specific, 5-7
 Foreign Military Sales (FMS), 5-7
 International Military Education and
 Training (IMET), 5-7
 Military Assistance Program (MAP),
 5-7
 SECURITY, Industrial, 5-5

SELECT OPTIONS BY COUNTRY, 15-60
 SELECTED ITEM DESCRIPTION NUMBER (SIDN), 15-88
 SELECTED ITEM SUMMARY - REPORT G, 15-24, 15-30, 15-61 (FMS)
 SEQUENTIAL TRAINING, Cancellation of, 2-22
 SERVICES
 Transfer of Technology, 5-2
 Translation, 6-10
 (See TRANSLATION SERVICES)
 SETTLEMENT OF CLAIMS, 10-22
 SHIP TRANSFERS, 2-20
 Vessels, 2-20
 Ships, Leasing of, 2-21
 Lease procedures, 2-21
 SIDN, Selected Item Description Number, 15-88
 SIGNIFICANT COMBAT EQUIPMENT (SCE), 6-4, 7-2, 7-5, 7-42
 SMALL PARCEL SHIPMENTS, 8-21
 SOLE SOURCE DESIGNATION, 8-3
 SORT AND SELECT OPTIONS FOR ITEM DETAIL LEVEL, 15-24, 15-25, 15-26, 15-60
 SORT OPTIONS BY COUNTRY, 15-60
 SOURCE OF OUTPUT REPORTS (DSAA 1200), 15-22
 SOURCE OF SUPPLY CODES, Use with, 7-91
 SPARE AND REPAIR PARTS, 7-3
 SPECIAL DEFENSE ACQUISITION FUND (SDAF)
 Administrative Expenses, 14-9
 Authority and Purpose, 14-1
 Criteria for Procurement, 14-2
 Funding, 14-1
 Loans, Equipment, 14-7
 Management, 14-1
 Operating Concepts, 14-2
 Program Implementation, 14-3
 Reporting, 14-7
 Transfers Financed by MAP Funds, 14-7
 SPECIAL PROJECTS, FMS Budget, 13-4
 STANDARDS, Materiel, 2-5, 6-9
 STATE DEPARTMENT MUNITIONS LIST, 5-2
 STATUTORY NOTIFICATION DATA, 7-117
 STRATEGIC TRADE CASES, 5-2
 SUBMISSION OF REQUESTS, 15-22
 SUMMARY BY CATEGORY, 15-24
 SUMMARY MANAGEMENT REPORTS, Sort and Select Options, 15-26, 15-42
 SUMMARY OF PURCHASES - REPORT D, 15-24, 15-29 (FMS)
 SUPPORT EQUIPMENT, 7-3
 SURCHARGE
 Administrative, 13-1
 Collections, 13-1, 13-2
 SURVEY TEAMS, Defense Requirement, 6-13
 (See DEFENSE REQUIREMENT SURVEY TEAMS)
 SUSPENSION OF FMS SALE, 6-14
 SYSTEM PROGRAM FILES, 15-43
 SYSTEM/PACKAGE SALES, 7-3
 TAFT, Technical Assistance Field Team, 3-6, 10-12
 TAT, Technical Assistance Team, 10-12
 TDP, Technical Data Package, 7-5, 14-17
 TECHNICAL ASSISTANCE FIELD TEAM (TAFT), 3-6, 10-12
 TECHNICAL ASSISTANCE SERVICES, 7-4
 TECHNICAL ASSISTANCE TEAM (TAT), 10-12
 TECHNICAL DATA PACKAGE (TDP), 7-5, 14-17
 TECHNICAL DATA, 5-2
 Defined, 14-14
 Release of, 5-3
 TECHNOLOGY DATA, Sensitivity of, 7-117
 Critical, 5-1
 DoD Transfer Policy, 5-2
 Sensitivity of Data, 7-117
 Transfer of 5-1
 TERMINATION (Liability), 7-81
 TERMS
 General Reference, 6-16
 Sale and Type of Assistance (TA) Codes, 7-90
 TERRORISM, 2-18
 THIRD PARTY TRANSFER CERTIFICATION, 6-11
 Congressional Notification, 6-11
 Legislative Requirement, 6-11
 TITLE TRANSFER, 8-26
 TLA, Travel and Living Allowance, 10-28, 10-36
 TOTAL PACKAGE APPROACH, TPA, 8-1
 TPA, Total Package Approach, 8-1
 TRADE CASES, Strategic, 5-2
 TRAINING AID DEVICES, 7-4, 10-11
 TRAINING, Foreign Military Sales (FMS), 10-34
 (See FOREIGN MILITARY SALES (FMS) TRAINING)

TRAINING, 2-19, 7-14
Military Intelligence, 2-19
Sequential, Cancellation of, 2-22

TRANSACTION INPUT LISTING (MASL), 15-44

TRANSFER
Financed by MAP Funds, 14-7
Funds, 2-1
Technology, 5-1
Third Party, 6-11
Title, 2-18, 8-17

TRANSLATION SERVICES, 6-10

TRANSMISSION OF CLASSIFIED MATERIEL, 5-6

TRANSPORTATION
Additional Terms and Conditions, 7-66
Services, 7-3
Using Loan Funds, 9-9, 9-61

TRAVEL AND LIVING ALLOWANCE (TLA),
10-28, 10-36

TRUST FUNDS, 7-73, 7-95

TYPE OF ASSISTANCE (TA) CODES, 7-91

U.S. AIR FORCE LOGISTICS COMMAND-
INTERNATIONAL LOGISTICS CENTER
(AFLC-ILC), 13-4

U.S. ARMY CORPS OF ENGINEERS, 6-6

U.S. ARMY SECURITY ASSISTANCE CENTER
(USASAC), 13-4

U.S. DEFENSE EQUIPMENT, Foreign
Manufacture of, 14-12
(See FOREIGN MANUFACTURE OF U.S.
DEFENSE EQUIPMENT)

U.S. DEPARTMENT OF COMMERCE, 8-31
Form 7525-V, 8-30

U.S. DEPARTMENT OF TRANSPORTATION, 8-26

U.S. FLAG VESSELS, 8-26

U.S. GUARANTIES, Financing, 2-6

U.S. MILITARY LOGISTICS SYSTEM,
Use of, 6-9

U.S. NAVY INTERNATIONAL LOGISTICS
CONTROL OFFICE (NAVILCO), 13-4

U.S. PROPERTY, Nationalization of, 2-18

U.S. TREASURY MISCELLANEOUS RECEIPTS
ACCOUNT, 13-2, 13-5

UMMIPS, Uniform Material Movement
Priority System, 8-13

UNDER SECRETARY OF DEFENSE (POLICY)
[USDP], 3-2

UNDER SECRETARY OF DEFENSE FOR RESEARCH
AND ENGINEERING (USDRE), 3-2

UNDER SECRETARY OF DEFENSE, POLICY
(USDP), 6-7

UNIFIED COMMAND FEEDBACK, 15-44
Feedback, 15-44
Input Errors, 15-44
Responsibilities of, 3-2

UNIFORM MATERIAL MOVEMENT PRIORITY
SYSTEM, 8-13

UNITED STATES MUNITIONS LIST, 7-2

UNSIGNED LOA, Transmittal Letter
for, 7-129

UPDATE PRODUCTS, 15-23

USASAC, U.S. Army Security Assistance
Center, 13-4

USDP, Under Secretary of Defense
(Policy), 3-2, 6-7

USDRE, Under Secretary of Defense for
Research and Engineering, 3-2

USER AGENCY CONTRACTS, 15-6
Contract to Foreign Firms, 5-6
Requiring Overseas Deliveries, 5-6
Responsibilities for, 5-6

VIOLATIONS, 2-18

VISIT PROCEDURES, 5-5
Foreign Requests, 5-5
Visits and Accreditations, Requests
for, 5-5

WATERVLIIET ARSENAL, 14-17

WCN, Worksheet Control Number,
10-28, 10-29

WHITE PHOSPHORUS MUNITIONS, 2-20

WORKSHEET CONTROL NUMBER (WCN),
10-28, 10-29