

DEFENSE SECURITY ASSISTANCE AGENCY

WASHINGTON, DC 20301-2800

3 0 JUN 1988

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: SAMM Maintenance

1. Effective 1 May 1988, the focal point for SAMM maintenance was changed from Program Analysis Division, Plans Directorate to Management Division, Operations Directorate.

2. SAMM changes will be developed by the responsible DSAA action office, coordinated with each directorate of DSAA, DSAA General Counsel, and other appropriate elements within DOD, provided to the military departments for review, and edited and published by DISAM.

3. One directorate is assigned as the lead area of expertise for SAMM changes as follows:

Chap	OPS	Plans	Compt	Chap	OPS	Plans	Compt
1	X			12	х		
2	Х			13			Х
3		Χ.		14\ <u>5</u>	Х	X	
4		х		15			х
5	Х			App A	Х		
6	Х			В	Х		
7\ <u>1</u>	Х		Х	С	Х		
8\ <u>2</u>	Х		Х	D			Х
9\ <u>3</u>	Х		Х	E			. 4 Χ
10		х		F	Х	\$ 0 0	
11\4		х	X	G	Х	-1000	(ar
·				Index	X	wydy 00 1	x x x

1/ OPS - Sections I and II, Section III.e. and f., Figure 7-III-2 and Table 7-III-2; Compt - Balance of chapter. 2/ Compt - Section IV and Table 8-III-3; OPS - Balance 3/ OPS - Section III.I. and J., Section IV, Tables 9-III-3 Exhibits B and C, 9-III-6, 9-III-7, and 9-III-8; Compt - Balance 4/ Plans - Section II; Compt - Balance 5/ Plans - Section I; OPS - Balance

4. The lead directorate will assign responsible individuals to develop or approve each change to its assigned sector of the SAMM and to assure coordination. Operations Directorate, Management Division, will be the overall focal point for managing SAMM changes.

psc4

5. Following development of changes and approval by the lead directorate and the Command Group, changes should be brought to DSAA/OPS-E. OPS-E will:

a. For changes, to be provided by message, which require immediate notification--

(1) Provide an interim change number, for use in distributing the change to users worldwide.

(2) Consolidate and forward the change to DISAM for inclusion in the next formal SAMM change.

b. For routine changes, consolidate and forward to DISAM for incorporation into the next formal SAMM change.

6. Questions or comments regarding information above may be directed to DSAA/OPS-E, Mr. Wayne Wells, X78108.

Distribution: Comptroller Congressional Relations Director, DISAM General Counsel Director for Operations Director for Plans CHARLES W. BROWN Lieutenant General, USA Director

Prepd by: Mr. Wells/DSAA/OPS-E/28 Jun 88 DSAA/OPS-X78108 Distr: Orig addee & cc if shown USDP Other: DSAA Chron Compt CMD (1) Plans OPS-E Subj OPS-E Chron OPS-Chron

OPS-E Hold

a:psc4a

DEFENSE SECURITY ASSISTANCE AGENCY



0 6 JUL 1988 In reply refer to: I-03516/88

MEMORANDUM FOR DIRECTOR, DEFENSE LOGISTICS AGENCY

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

DIRECTOR OF TECHNOLOGY TRANSFER AND SECURITY ASSISTANCE (NAVOTTSA) DEPARTMENT OF THE NAVY

DIRECTOR OF INTERNATIONAL PROGRAMS/PRI DEPARTMENT OF THE AIR FORCE

SUBJECT: Security Assistance Management Manual (SAMM) Maintenance

The attached 30 June 1988 memorandum, subject as above, is furnished for information. It suggests DSAA directorates to which issues pertaining to specific areas within the SAMM, DOD 5105.38-M, may be raised. Administrative (format, edit, etc.) changes or general comments or questions regarding the SAMM should be directed to DSAA/OPS-E.

It is expected that the SAMM will continue to be a living document, with continual change resulting from legislation, foreign policy adjustments, improvements in security assistance management capability, and increases in operating efficiency. In general, the following guidelines are expected to be applied in order to keep the SAMM up to date:

- Minor technical adjustments, format changes, edit corrections, and dictated changes such as those required by legislation will be coordinated with your organization when implementation flexibility exists and your programs will be substantially affected.

- Substantial changes which affect your programs will normally be coordinated with your organization. Perhaps you are aware that changes are routinely consolidated so that the manual will remain usable for a longer period between major revisions. Experience has shown that delays on one change hold up other important changes and cause the SAMM to be unacceptably dated. It will therefore be necessary to meet suspenses on change proposal coordination documents, or to insure that DSAA/OPS-E is aware that a short delay is in the overall interest of SAMM users, since failure to do this may result in changes without benefit of your comments,

- The organization sponsoring a SAMM change is responsibile for coordination with other organizations, including other military services, affected by the change.

- It is anticipated that potential SAMM changes will continue to be developed informally, with formal documentation used only in the final stages of these changes. Your point of contact for formal actions pertaining to SAMM changes should be provided to DSAA/OPS-E.

As the SAMM users having the greatest impact on the day-today support of security assistance customers, your past support has been important in maintaining DOD 5105.38-M. With your continued assistance, we expect to make the manual as current, accurate, and user-friendly as possible.

SIGNED

H. Diehl McKalip Director Security Assistance Operations

Attachment As stated

cc:

Director, DISAM Director, SAAC

SAMM Interim Message Changes POC 01-87 Mr. Witherington to mon POC Change # <u>Title</u> 87-02* RODs Dod Single POC @ MTMC MR. Bough 30 Sept 89 Dec Lew Smulon / Disam - 6 NOV 87 87-03 Champe 9 ERRATA Sheet SIANA Blundell of the Cooperation Projects Under MECA, Sec 27 88-01 1.7 COL Bill Schmeider of Updatus by Wayne Lushopske TRANSFER OF ARMS TO CYPRUS 88-02 JACK Bearley of my p 8203 C-12 Guidance Waipar Laskopake mose stand Wins to Cymus (Note on LOAS) etc 88Q4 Bundance on anchorned Repair and Exchange Programs 8 76 04 Wayne Lushophi OK <u>014 88</u> Weyne Luskyski Issuing Stocks Below the Render Point 88-05

83-06 Saudi Agunts' Fee Note

88-07

Add Argending to List of countries Buthd Receipt of Excus Algo Listings Can Jack Smith

W. Wells

OK Jun 8 0

1 81 901 7 7000

Mr./Witherington was assigned #87-02 and is coordinating the proposed change. He will provide a copy of 87-02 to SAMM Coordinator upon release by DSAA front office. If another interim change is to be released prior to the RODs change, reassign a new number to Witherington. This will ensure SAMM interim changes are distributed in sequential order (87-02, 87-03, etc.).

. . .

SECURITY ASSISTANCE MANAGEMENT MANUAL

· · · ·	5200KITT A5515	IANCE MANAGEMENT		
		•	Ro Ro	
	Record	of Transmittals	n an sing a r hàidh an 2800. Tha tha an 1800	
Transmittal	Date of	Date		ר ר
Number	Transmittal	Inserted	Signature	
1	18 APR 84	10 APR 84	P.A. Traylor	
2	2 JAN 85	26 DEC 84	P.H. Travlor	
3 :	10 JAN 85	10 JAN 85	1 h. Smith	
4	1 MAY 85	5 SEP 85	ak Muellisefer	
5 11	1 SEP 85	7 Oct 85	a K Muelhoefer	NIM:
61	I MAR 86	22 APR 86	ak Mulhoch	н Д. Д
7 1	15 SEP 86	6 OCT 86	a.K. Mullideter	<u>, 95</u>
8	31 MAR 87	15 may 87	ak Mulhalser	
9	31 Auly 87	3000787	Rowald T. Grais	
	0 ']
A] .
ι.				
			X	
	× .			
			•	
			the states	ने रण्ड
	-		······································	
		· · · · · · · · · · · · · · · · · · ·		
	<u></u>		· * * * *	
1				
	· ·			
				7
			•	
		·····		
	· · · · · · · · · · · · · · · · · · ·			- 1
]
		+		

DEFENSE SECURITY ASSISTANCE AGENCY

WASHINGTON, DC 20301-2800

31 July 1987

In Reply refer to: TRANSMITTAL No. 9 DOD 5105.38-M

MEMORANDUM FOR RECIPIENTS OF DOD 5105.38-M, SECURITY ASSISTANCE MANAGEMENT MANUAL (SAMM)

SUBJECT: SAMM Change 9 Transmittal

The attached revised material updates the basic publication.

Make the applicable change to the SAMM in accordance with the attached list of changes by inserting new pages.

This change is effective 31 July 1987.

Mula Godd

GLENN A. RUDD ACTING DIRECTOR

- 1. List of Changes
- List of Effective Pages
 List of material incorporated within Change 9
- 4. SAMM Updated pages





DEFENSE SECURITY ASSISTANCE AGENCY

WASHINGTON, DC 20301-2800

31 March 1987

In reply refer to: Transmittal No. 8 DOD 5105.38-M

MEMORANDUM FOR RECIPIENTS OF DOD 5105.38-M, SECURITY ASSISTANCE MANAGEMENT MANUAL (SAMM)

SUBJECT: SAMM Change 8 Transmittal

The attached revised material updates the basic publication.

Make the applicable change to the SAMM in accordance with the attached list of changes by inserting new pages.

This change is effective 31 March 1987.

PHILIP Č. GAST LIEUTENANT GENERAL, USAF DIRECTOR

- 1. List of Changes
- 2. List of Effective Pages
- 3. List of material incorporated within Change 8
- 4. SAMM Updated pages



WASHINGTON, D.C. 20301

15 September 1986

In reply refer to: Transmittal No. 7 DOD 5105.38-M

MEMORANDUM FOR RECIPIENTS OF DOD 5105.38-M, SECURITY ASSISTANCE MANAGEMENT MANUAL (SAMM)

SUBJECT: SAMM Change 7 Transmittal

The attached revised material updates the basic publication.

Make the applicable change to the SAMM in accordance with the attached list of changes by inserting new pages.

This change is effective 15 September 1986.

PHILIP C. GAST LIEUTENANT GENERAL, USAF DIRECTOR

- 1. List of Changes
- 2. List of Effective Pages
- 3. List of material incorporated within Change 7
- 4. SAMM Updated pages



DEFENSE SECURITY ASSISTANCE AGENCY

WASHINGTON, D.C. 20301

1 March 1986

In reply refer to: Transmittal No. 6 DOD 5105.38-M

MEMORANDUM FOR RECIPIENTS OF DOD 5105.38-M, SECURITY ASSISTANCE MANAGEMENT MANUAL (SAMM)

SUBJECT: SAMM Change 6 Transmittal

The attached revised material updates the basic publication.

Make the appplicable change to the SAMM in accordance with the attached list of changes by inserting new pages.

This change is effective 1 March 1986.

PHILIP C. GAST LIEUTENANT GENERAL, USAF DIRECTOR

- 1. List of Changes
- 2. List of Effective Pages
- 3. List of material incorporated
- within Change 6
- 4. SAMM Update pages

TABLE OF CONTENTS

	PAGE	·
LETTER OF TRANSMITTAL	i	
FOREWORD	iii	
RECORD OF TRANSMITTALS	v	
TABLE OF CONTENTS	vii	
CHAPTER 1 - INTRODUCTION TO SECURITY ASSISTANCE	1-1	
Section I - Manual Purpose and Structure	1-1	
A. Purpose	1-1	
B. Organization	1-1	
C. Chapter Identification System	1-1	
D. Applicability	1 -2	
E. Objectives	1-2	
	1-2	
G. Distribution	1-2	
H. Interpretation, Recommendations and Deviations	1-3	·
I. Effective Date and Implementation	1-3	
Section II - Rationale and Scope	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	
Section I - General	2-1	
A. Purpose	2-1	
B. Background	2-1	
by bucky, build		
Section II - Grant Aid	2-2	
A. General	2-2	
	2-2	
	2-2	
C. Training (IMET)	6-6	
Section III - Foreign Military Sales (FMS)	2-2	
A. Legislative Authority for FMS	2-2	
	2-4	
B. Policies	2 - 4	
Table 2-III-1 - Part 121-The United States		
Munitions List	2-8	
Section IV - Special Provisions	2-18	
A. Constraints on Eligibility	2-18	
B. Ship Transfers	2-20	
	2-20	**
C. Security Notes Related to Man-Portable Air Defense	0.01	
Systems (MANPADS) Sales	2-21	**
D. Suspensions and Cancellations of Security Assistance	2-21.4	*

vii

	PAGE	
CHAPTER 3 - RESPONSIBILITIES AND RELATIONSHIPS	3-1	
Section I - Responsibilities A. General B. The Department of Defense Table 3-I-1 - Decision Channels for Security Assistance Table 3-I-2 - Armaments Cooperation Decision Relationships for ODC/MAAGs Table 3-I-3 - Armaments Cooperation Programs Table 3-I-4 - SAO Security Assistance Program Management and Oversight Functions Table 3-I-5 - SAO Armaments Cooperation Functions	3-1 3-1 3-1 3-8 3-9 3-10 3-11 3-13	** ** ** *
Section II - Relationships A. Channels of Communications B. Directives and Record Communications	3-15 3-15 3-15	* * *
CHAPTER 4 - SECURITY ASSISTANCE PLANNING	4-1	
Section I - General A. Purpose and Scope B. Basic Policies C. Materiel Requirements Surveys	4-1 4-1 4-1 4-2	
Section II - Planning Dimensions A. Planning Considerations B. U.S. Government Planning Approach Figure 4-II-1 - Security Assistance Communities Figure 4-II-2 - Community Interrelationships Figure 4-II-3 - Budget and Sales Process	4-2.1 4-2.1 4-4 4-3 4-4 4-5	
CHAPTER 5 - TECHNOLOGY TRANSFER, CLASSIFIED MILITARY INFORMATION AND SECURITY	5-1	* *
Section I - Transfer of Technology A. Purpose B. Definitions C. Policy	5-1 5-1 5-1 5-3	
Section II - Disclosure of Classified Military Information to Foreign Governments and International Organizations A. Purpose B. Policy C. Disclosure Authorities D. Responsibilities E. Disclosure Decisions F. False Impressions G. Control of Foreign Representatives H. Industrial Security I. Defense Industrial Security Clearance Office (DISCO) J. User Agency Contracts Requiring Overseas Deliveries	5-3 5-4 5-4 5-4 5-4 5-5 5-5 5-5 5-6 5-6	

1 1

		•		
	V	Terremination of Classified Material to Freedom	PAGE	
	₽.	Transmission of Classified Materiel to Foreign Governments	5-6	**
	ι.	U.S. Contract to Foreign Firms	5-6.3	*
			• • • •	
		III - Security Classification and Release of		
<u>I</u>	nformat		5-6.4	*
	-		5-6.4	*
	В. С.	Security Classification Guidelines Release of Information	5-7 5-9	
	D.	RCS: DSAA (AR) 1200 FMS Report Submission	5-3 5-11	
	Ε.	Foreign Country Involvement in the DOD Contractual		
	•	Process	5-12	
	F.	Foreign Government Information	5-12	**
c.		IV Function and Contain Clausers Contained		
		IV - Export License and Customs Clearance Guidance ign Military Sales Customers	5-13	
	A.	Purpose	5-13	
	Β.	USDOD Sponsored Shipments of FMS Materiel	5-13	
	Ē.	Shipments of Unclassified FMS Purchased Materiel		
		through Country Representatives or Freight Forwarders	5-14	
	D.	FMS Customer Responsibility	5-15	
	Ε.	Intransit Shipments of Unclassified Defense Articles	5-16	**
	F.	State Department Approval of Proposals Relating to SME	5-16.1	*
-	G.	Procedures for the Export of Classified Defense Articles and Services	E 17	
	н.	FMS Credit Financed Direct Commercial Contracts	5-17 5-17	
		This of care in manuely brides connected as the contracts	5-17	
	Fig	ure 5-IV-1 - "Authority to Export Defense Articles and		
		Defense Services Sold under the Foreign		
•		Military Sales Program (Form DSP-94)	5-18	
	Fig	ure 5-IV-2 - "Application/License for Temporary		
•		lmport of Unclassified Defense Articles" (Form DSP-61)	5-19	
	Fig	ure 5-IV-3 - "Application/License for Permanent/	5-15	
	5	Temporary Export or Temporary Import		
		of Classified Defense Articles and		
		Related Classified Technical Data"		
		(Form DSP-85)	5-20	
	Fig	ure 5-IV-4 - "Transportation Plan"	5-21	**
	Fig	ure 5-1V-5 - "Equivalent Foreign and International Pact Organization Security Classifications"	5-23	
		Fact organization security classifications	5-25	**
CHAPTE	R 6 – M	ILITARY EXPORT SALES POLICIES AND CONSIDERATIONS	6-1	
<u>S</u>		I - Policy and Background	6-1	
	A.	Purpose	6-1	
· ·	Β.	Background Policies	6-1 6-5	
• .	С.		0=J	
•	Fig	ure 6-I-1 - Security Assistance Surveys Authorized	6-14.2	
	Tab	le 6-I-1 - Foreign Countries and International Organi-		
		zations Eligible to Purchase Defense		
		Articles and Defense Services Under the Authority of the AECA	6-15	
			0-13	
		ix Change No. 9, 31 J	uly 1987	

PACE

	City in the second
Table 6-I-2 - General Terms of Reference for Security	
Assistance Survey Teams	6-16
Table (I 2 Situate Survey realis	
Table 6-I-3 - Security Assistance Survey Team Checklist	6-18
Section II - Contractor Preference for Direct Commercial Sales	6-20
A. Purpose	6-20
E. Applicability	6-20
C. Policy	620
D. Responsibilities	6-21
E. Guidelines	6-21
	0-21
F. Procedures for Processing Industry Requests for	c 00
Direct Sale Preference Designation	6-23
G. Procedures for Processing Requests for Direct	
Sale Preferènce	6-24
H. Notification of Significant Commercial Sales Activity	6-26
I. DoD P&A Versus a Commercial Proposal	6-26
	0 20
CHAPTER 7 - PREPARATION AND PROCESSING OF FOREIGN MILITARY SALES	
CASES /	7-1
UPDED	/-1
Section I - General Information, Foreign Military Sales	
Agreements	7-1
A. Purpose	7 - 1
B. Background/Definitions	7-1
C. Procedures	7-4
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
	7-14
Figure 7-I-3 - United States Department of Defense Letter	7 15
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 7-1-5 - United States Department of Defense Letter	
of Intent (DD Form 2012-2)	7-19
Table 7-I-1 - Major Defense Equipment List	7-20
Section II - Preparation and Processing of Foreign Military	
	7-28
Sales Agreements	7-28
A. Purpose	
B. Policy	7-28
C. Procedures	7-29
Figure 7-II-1 - United States Department of Defense	1
Offer and Acceptance (DD Form 1513)	7-47
Figure 7-II-2 - General Conditions	7-48
Figure 7-II-3 - United States Department of Defense	
Continuation Sheet	7-50
Figure 7-II-4 - Financial Analysis Worksheet	7-51
	7-53
Figure 7-II-5 - Termination Liability Worksheet	/-00

х

τ¢,

•		PAGE
	Figure 7-II-6 - Nonrecurring Cost Recoupment Charges	7 5 4
	Summary Figure 7-II-7 - Supplementary Information for Letters of	7-54
	Offer	7-55
	Figure 7-II-8 - Offer and Acceptance Preparation Worksheet	7-56
,	Table 7-II-1 - Instructions for Preparing the United	
	States Department of Defense Offer and	
	Acceptance (DD Form 1513)	7-57
: -		
	Table 7-II-2 - Transportation Instructions, DD Form 1513	7-60
	Table 7-II-3 - Additional Terms and Conditions, Aircraft	7-65
	Table 7-II-4 - Additional Conditions, Aircraft Ferrying	7 66
	(Purchaser Owned)	7-66
	Table 7-II-5 - Additional Terms and Conditions, Trans-	7 67
	portation and Services Table 7-II-6 - Additional Terms and Conditions, Safe-	7-67
	guards for Contractor Personnel	7-68
	guards for contractor refsonner	/=00
Sect	ion III - Financial Principles and Procedures	7-73
	A. Purpose	7-73
	B. Responsibilities and Requirements	7-73
	C. Basic Principles	7-74
•	D. Pricing of FMS Transactions	7-75
- Jul	.E. Direct Charges to FMS Cases	7-83
from	F. Government-Provided Engineering Services	7-85
trough	G. Asset Use Charges for Items Provided from Inventory	7-86
0 m	H. Replacement Price for Secondary Items	7-87
5	I. Financial Administration of FMS Credit Program	7 - 87
	J. Preparation and Implementation of DD Form 1513,	7 07
1 A	Letters of Offer and Acceptance (LOA) K. Terms of Sale and Type of Assistance Codes	7-87
	K. Terms of Sale and Type of Assistance Codes (Refer to Table 7-III-1)	7-88
	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	7-98
	Figure 7-III-2 - Contract Administration Reciprocal	
•	Agreements	7-99
	Figure 7-III-3 - Financial Annex, Supplementary	
	Financial Terms and Conditions	7-100
	Table 7-III-1 - Summary of Terms of Sale and Type of	7 100
	Assistance Codes	7-102
	Table 7-III-2 - Foreign Countries and International	
	Organizations Authorized Direct Authorities for Dependable Undertaking	7-105
	Authorities for Dependable ondertaking	/=105
Sect	ion IV - Congressional Section 36(b) Notifications and	
	rts and Section 118 Reports of Foreign Military Sales	7-106
	A. Purpose	7-106
	B. Statutory Provision, Executive Requirements, and	
	Exceptions	7-106
	C. Criteria and Responsibilities for Congressional	
	Submissions	7-113

xi

Change No. 9, 31 July 1987

	PAGE
D. Procedures	7-115
E. Classification	7-118
Figure 7-IV-1 - Milestones for LOA Requests for SME	7-120
Figure 7-IV-2 - Milestones for LOA Requests for Non-SME	7-121
Table 7-IV-1 - Advance Notification Data	7-122
Table 7-IV-2 - Military Justification Data	7-125
Table 7-IV-3 - Statutory Notification Data	7-126
Table 7-IV-4A - Sensitivity of Technology Data Table 7-IV-4B - Enhancement or Upgrade of Sensitivity of Technology of Items Planned to be	7 - 12 9
Delivered, Section 36(b)(5)(A) Report Table 7-IV-4C - Statutory Notification Data on Enhance- ment or Upgrade of Capability or	7-131
Sensitivity of Technology	7-132
Table 7-IV-5 - Impact on Current Readiness Report Data	7-134
Table 7-IV-6 - Transmittal Letter for the Unsigned LOA	7-135
<u>Section V - Case Management</u> A. The Scope of Case Management B. Case Management Authority, Responsibility,	7-136 7-136
Accountability , and Control C. Reporting Requirements D. The Case Manager's Role in the Assignment of Tasks E. Performance Specifications and Measurement	7-136 7-139 7-140
Standards F. Formal Training to Meet Special Requirements of the Case Manager	7-140 7-140
Figure 7-V-1 - Charter for Case Manager	7-142
Table 7-V-1 - Case Manager Data Elements	7-143
CHAPTER 8 - FMS CASE PERFORMANCE	8-1
Section I - Case Implementation and Execution	8-1
A. Implementation	8-1
B. Execution	8-2
<u>Section II - Acquisition for FMS</u>	8-3
A. DoD Regulations and Procedures	8-3
B. FMS Customer Requests for Specific Source	8-4
C. Sales Commissions and Agents Fees	8-5
D. Appointment of an Agent	8-7
Section III - Logistics	8-9
A. Follow-on Support	8-9
B. Requisition Procedures	8-13
C. Management Review	8-15
D. Adherence to Stated Conditions	8-16

	PAGE
E. System Support Buy Out F. Transportation of FMS Materiel	8-16 8-17
Table 8-III-1 - Foreign Countries and International Organizations Authorized Receipt of DLA Excess Property Listings Table 8-III-2 - Potential Sources for Listings of Freight Forwarders Table 8-III-3 - Financing Reports of Discrepancy When	8-37 8-38
the USG is Liable	8-39
Section IV - Performance Reporting and Case Closure A. Performance Reporting/Billing B. Delinquent Accounts for FMS Billing C. Interest Assessment on Delinquent Debts D. Closure of FMS Cases E. Cancellation of FMS Cases F. Financing Reports of Discrepancy (ROD) When the USG is Liable	8-45 8-45 8-47 8-48 8-48 8-49 8-49
C. Address of the Central Collection and Billing Office	8-50
Section V - Amendments and Modifications A. DD Form 1513-1 - Amendment to Offer and Acceptance B. Pen-and-Ink Changes - DD Forms 1513 and 1513-1 C. DD Form 1513-2 - Notice of Modification of Offer and Acceptance	8-51 8-51 8-53 8-54
Figure 8-V-1 - United States Department of Defense Amend- ment to Offer and Acceptance (DD Form 1513) Figure 8-V-2 - United States Department of Defense Notice of Modification of Offer and Acceptance (DD Form 1513-2)	8-57
CHAPTER 9 - FMS DIRECT CREDIT AND GUARANTEED LOAN FINANCING	9-1
<u>Section I - General</u> A. Purpose B. Introduction C. Arms Export Control Act (AECA) Authorization D. Additional Provisions of the Act E. Classified Materiels	9-1 9-1 9-1 9-2 9-3
Section II - Eligibility A. Need for Financing B. Use of Financing for Essential Items C. Denial of FMS Credit D. Exceptions.	9-4 9-4 9-4 9-5
Section III - Process and Procedures	9-6
A. General B. Congressional Authorization and Appropriation	9-6 9-6

Change No. 9, 31 July 1987

**

PAGE C. Apportionment 9-6 D. Implementation and Management of Loans 9 - 6Issuance of FMS Leans Ε. 9-7 F. Approval of FMS Credit-Financed Purchases 9-8 Commitment of FMS Credit Funds 9-8 G. Disbursement of FMS Loan Funds 9-9 Η. Direct Commercial Purchases 9-10 Ι. Offshore Procurement (OSP) J. 9-16 Repayment of FMS Loans Κ. 9 - 16Table 9-III-1 - DoD Guaranteed Loan Agreement Issued by the FFB Guaranty 9 - 18Table 9-III-2 - Guaranty 9-40 Table 9-III-3 - Loan Agreement 9-42 Table 9-III-4 - DSAA Sample Letter to Purchasing Country Approving Use of FMS Loan Financing Table 9-III-5 - DSAA Sample Letter to Supplier Approving 9-68 Use of FMS Loan Financing for Direct Commercial Purchases 9 - 69Table 9-III-6 - Essential Contract Elements 9-71 Table 9-III-7 - Contractor's Certification and Agreement with Defense Security Assistance Agency 9-72 Table 9-III-8 - Notification of Requirements for Direct Acquisition to be Funded with U.S. FMS Loan Funds 9-76 Section IV - Transportation 9-77 A. General 9-77 B. Marine Transportation Waiver Procedures 9-77 C. Reports to U.S. Department of Transportation 9-80 CHAPTER 10 - TRAINING PROGRAM MANAGEMENT 10-1 Section I - International Military Education and Training 10-1 (IMET) Τ. Introduction 10-1 B. Areas of Principal Emphasis
C. Objectives of IMET
D. Constraints and DSAA Approval
F. Training Guidance 10-1 10-2 10-2 10-4.2 Ε. Training Guidance General Guidance Concerning Students 10-19.1 F. Extraordinary Expenses Other Training Support Training Materials 10-26 G. 10-27 Η. 1.610-28 Ι. Political Asylum and Temporary Refuge 10-28 J. Program Management 10-28 Κ. Program Development and Submission IMET Programming Instructions 10-30 L. 10-35 Μ. 10-40 Ν. Implementation Training Annual Integrated Assessment of Security 0. Assistance (AIASA) Reports 10-44.1

*

xiv

 Section II - Foreign Military Sales Training A. Purpose B. Basic Guidelines C. English Language Training D. FMS Training Tuition Rates E. Cancellation of Training-Penalty Charge F. Training at Civilian Institutions or by Contractor G. Transportation and Travel H. Living Allowances/Privileges I. Training of Civilians under FMS J. FMS Orientation Training Courses and Visits K. Mobile Training Teams and Field Training Services L. Training Relations M. Restrictions of Transfer of Training O. Security Assistance Management Training 	10-45 10-45 10-45 10-50 10-50 10-50 10-51 10-51 10-52 10-52 10-52 10-52 10-52 10-53 10-53
Figure 10-II-1 - Invitational Travel Order (ITO) for Foreign Military Trainees (FMT) (DD Form 2285) Table 10-II-1 - Program Card Formats Table 10-II-2 - Table of Daily Supplemental Living Allowances for IMET Foreign Military Trainees (FMTs) Table 10-II-3 - MILDEP Execution Agency Identifier Codes Table 10-II-4 - Training Analysis Codes	10-54 10-58 10-60 10-62 10-67
Section JII - Reciprocal Exchange Training A. Purpose B. Professional Military Education (PME) Exchange Training C. Unit Exchange Training and Related Support D. Reports	10-70 10-70 10-70 10-70
CHAPTER 11 - MILITARY ASSISTANCE PROGRAM (MAP) <u>Section I - Use of MAP Funds to Finance Foreign Military Sales</u> A. Grant Aid (MAP) Funding	11-1 11-1 11-1
Section II - Utilization, Redistribution and Disposal of MAP Materiel A. Purpose B. Legal Limitations C. Supervision of End-item Use and	11-2.2 11-2.2 11-3
Maintenance of Inventories D. Transfer of MAP Excess Materiel E. Cannibalization and Retention of MAP Property F. Disposal of MAP Property	11-3 11-5 11-6 11-6
Section III - Section 506 Special Authority A. Purpose B. Section 506(a)	11-8 11-8 11-8

	PAGE
C. Section 506(b) D. Section 506(c)	11-9 11-10
CHAPTER 12 - LEASES AND LOANS OF DEFENSE ARTICLES	12-1
Section I - Leases A. Authority and Purpose B. Lease Terms and Conditions C. Coordination D. Congressional Notification E. Financial Arrangements F. Lease Closure G. Reporting H. U.S. Navy Ships	12-1 12-1 12-2 12-4 12-4 12-6 12-6 12-6 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 Figure 12-I-2 - Memo for the Director, DSAA;	12-8
Figure 12-I-2 - Memo for the Director, DSAN, Subject: Lease under Chapter 6, AECA Figure 12-I-3 - Sample Lease Figure 12-I-4 - Memo for the Director for Operations, DSAA; Subject: Congressional Certifica-	12-9 12-10
tion under Chapter 6, AECA Figure 12-145 - Transmittal - Notice of Proposed Lease	12-17
Pursuant to the AECA, Section 62 Figure $12-I_{-6}^{-}$ - Letter to the Honorable Speaker of the	12-18
Figure 12-I ₇ - Letter to the Honorable Chairman,	12-19 12-20
Committee on Foreign Relations 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	12-21
Notification of a Lease for Over One Year Figure 12-I-10 - Letter Advising Lessee of Congressional Notification of Lease for MDE for Over	12-22
One Year Figure 12-I-11 - RCS: DSAA(Q)1146 Figure 12-I-12 - Certificate of Delivery Figure 12-I-13 - Lease Closure Information	12-23 12-24 12-26 12-27
Section II - Loans of Defense Articles A. Authority and Purpose B. Reporting Requirements C. Implementing Loan Documents	12-28 12-28 12-29 12-29
CHAPTER 13 - SECURITY ASSISTANCE PROGRAM ADMINISTRATION	13-1
<u>Section I - Security Assistance Budgets</u> A. Purpose B. Financial Resources	13-1 13-1 13-1
xvi Change No. 9, 31	

: :

	PAGE
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 Figure 13-I-1 - Request for Revenue Traffic Airlift (Form DSAA 78-001)	13-10 13-12
	÷
 Section II - Audits and Inspections A. Purpose B. Types of Audits/Inspections C. Notification of Audits and Inspections D. Policy Concerning Releasability of DoD Records Relating to MAP and FMS E. Relationship with Audit/Inspection Agency F. Exit Conference G. Action on GAO Draft Reports H. Action on GAO Final Reports J. Corrective Action Follow-up 	13-13 13-13 13-13 13-13 13-13 13-15 13-15 13-15 13-15 13-16 13-16
<u>Section III - DSAA Financial Management Review Program</u> A. Background B. Purpose C. Procedures	13-17 13-17 13-17 13-17
Figure 13-III-1 - Sources of Data for RCN 1150 Figure 13-III-2 - Sample Tasking Letter for DSAA RCN 1150	13-19 13-20
CHAPTER 14 - SPECIAL PROGRAMS AND ACTIVITIES	14-1
Section I - Special Defense Acquisition Fund (SDAF) A. Authority and Purpose B. Management C. Funding D. Operating Concepts E. Criteria for Procurement F. Program Implementation G. FMS Sales of SDAF Items H. Equipment Loans I. Transfers Financed by MAP Funds J. Reporting K. Administrative Expenses	$14-1 \\ 14-1 \\ 14-1 \\ 14-2 \\ 14-2 \\ 14-2 \\ 14-3 \\ 14-5 \\ 14-7 \\ 14-7 \\ 14-7 \\ 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

Section II - Foreign Manufacture of U.S. Defense Equipment	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 U.S. Government-Owned Technical Data	14-17	*
H. Royalty Fee Management	14-25	**
Figure 14-II-1 - Data Sheet for TDP Transferred for		
Operation and Maintenance	14-29	**
Figure 14-II-2 - Data Sheet for TDP Transferred for		
Study or Production	14-30	**
	17.00	
CHAPTER 15 - DSAA MANAGEMENT INFORMATION SYSTEMS	15-1	
CHAFTER 13 - DSRA MANAGEMENT INFORMATION STSTEMS	15-1	
Section I – DSAA 1200 Foreign Military Sales (FMS) System		
Overview, Guidance, and Data Submission Instructions	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-	10 0	
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	10-11	
Type S4	15-15	
Table 15 I 5 (Pedecignating Key Format Inancaction	13-13	
Table 15-I-5 - Redesignating Key Format - Transaction	15-17	
	15-17	
Table 15-I-6 - Under DoD Preparation Format (Add/Change/	15-18	
Delete) - Transaction Type S6	10-10	
Table 15-I-7 - Under DoD Preparation Format (Change) -	15 20	
Transaction Type S7	15-20	
<u>Section II - DSAA 1200 Foreign Military Sales (FMS) System</u>		
Output Products	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	

.

Change No. 8, 31 March 1987



*

* * *

* * *

* *

*

*

		<u> </u>	
Figure 15-II-1	- FMS Item Delivery Status	15-27	
	- 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	
	- 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	15 40	
	Summary Management Reports	15-42	
	000 Material and Tradition Creation Occurring		
	000 Materiel and Training System Overview,	16 42	
	ructions, and Reports	15-43 15-43	
A. Purpose B. System Desc	nintion	15-43	
C. DSAA 1000 S		15-43	•
	ation and Submission	15-44	
D. Duca rrepar		10-14	
Figure 15-III-1	- Military Department MAP Order	15-51	
	- Military Department IMET Order	15-52	
	- Grant Aid Detail Listing - Materiel	15-53	
	- Training Summary by Implementing		
Ju , i i i i i i	Agency and Generic Code	15-54	
Figure 15-III-5	- Student Count by Type and Program Year	15-55	
	- Sort and Select Options (DSAA 1000	•	
	System)	15-56	
Table 15-III-2	- Abbreviated Titles Used in the DSAA		
· · ·	1000 System Output Products	15-57	
	•		
Section IV - Militar	y Articles and Services List (MASL)		
Overview, Guidance,	Data Submission Instructions and System		
Output Products		15-66	
A. Purpose		15-66	
B. General		15-66	
C. MASL Conten		15-67	
	onship to DSAA Program Data	15-73	
E. MASL Distri		15-74	
F. Inquiries o		15-75	
G. MASL Data S		15-75	
H. Data Submis	sion Instructions and Formats	15-75	

xix

	
Figure 15-IV-1 - Materiel MASL	15-81
Figure 15-IV-2 - Training MASL (IMET) Figure 15-IV-3 - Training MASL (FMS-NATO) Figure 15-IV-4 - Training MASL (FMS/IMET) Figure 15-IV-5 - Training MASL (FMS)	15-82
Figure 15-IV-3 - Training MASL (FMS-NATO)	15-83
Figure 15-IV-4 - Training MASL (FMS/IMFT)	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	15-60
Output Reports	15-87
	10-07
APPENDIX A - ABBREVIATIONS AND ACRONYMS	A-1
APPENDIX B - GLOSSARY OF SELECTED TERMS	B-1
APPENDIX C - DOD DIRECTIVES, INSTRUCTIONS, AND MANUALS	C-1
ADDENDIX D. DSAA INCODMATION SYSTEMS DATA ELEMENT DICTIONADY	D 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 - Footnote Code - MASL	D-35
Table D-7 - Generic Codes - All Systems	D-37
Table D-8 - MAP Element Code - 1000 System	D-72
Table D-9 - Source of Supply Code - 1000 System	D-76
Table D-10 - Status Code - 1200 System	D-78
Table D-11 - Type of Assistance Code - 1000 System	D-80
Table D-12 - Unit of Issue Code - All Systems	D-81
APPENDIX E - CONGRESSIONAL REPORTS INVENTORY AND DSAA REPORTS	
CONTROL SYSTEM	E-1
A. Purpose	E-1
B. Congressional Reports Inventory	E-1
C. Reporting Instructions	E-1
	L-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	Ĕ-4
Figure E-3 - Foreign Military Construction Sales	E-5
Figure E-4 - DSAA Reports Control System	E-6
Figure E-5 - Instructions for Preparation of DSAA Reports	L-0
Control Form	E-7
Table E-1 - Statutory Reports to Congress Submitted by DoD	
on Security Assistance	E-9
Table E-2 - Current Reporting Requirements under DSAA	_
Reports Control System	E-15
	,
APPENDIX F - TRANSPORTATION COST LOOK-UP TABLE [PROCEDURE FOR	г 1
DEVELOPMENT AND USE	F-1
A. Purpose	F-1
B. Procedures	F-1
C. Transportation Cost Look-Up Table	F-2

i

** ** ** **

XX



	PAGE	
Table F-1 - CONUS Transportation Costs Table F-2 - Overseas Transportation Costs		** **
APPENDIX G - TRANSPORTATION COST LOOK-UP TABLE [ACTUAL TABLE] Army Annex Navy Annex Air Force Annex	G-1 G-1 G-3 G-4	** ** **

xxi

DoD 5105.38-M

CHAPTER ONE

INTRODUCTION TO SECURITY ASSISTANCE

SECTION I - MANUAL PURPOSE AND STRUCTURE

A. <u>PURPOSE</u>. 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. <u>ORGANIZATION</u>. 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. <u>MAJOR</u> <u>HEADING</u>.).

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. <u>Subheading</u>.) 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. <u>APPLICABILITY</u>. 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. <u>DISTRIBUTION</u>. 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

7

*

.7

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 20350-2000
- ARMY: Department of the Army Deputy Chief of Staff for Logistics Security Assistance Policy Coordinating Office ATTN: OALO-SSA
 - 3E516 Rm 3D560, The Pentagon 3 Washington DC 20310-0512
- AIR FORCE: Publication Distribution Center 2800 Eastern Blvd. Middle River Baltimore MD 21220-5000

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 SAMM should be directed to the Defense Institute of Security Assistance Management, DISAM/DRP, Build-ing 125, Area B, Wright-Patterson AFB OH 45433-5000.

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: SAMM 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 SAMM 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. <u>EFFECTIVE DATE AND IMPLEMENTATION</u>. The provisions of this Manual are effective upon date of transmittal.

SECTION II - RATIONALE AND SCOPE

A. <u>PURPOSE</u>. Section I addressed the basic structure and organization of the SAMM, 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

1-3

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, interalia, of the following major programs:

a. Programs administered by the DoD:

(1) The International Military Education and Training (IMET)

Program;

(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).

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.

1-4

D. <u>IMPLEMENTATION</u>. 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.

DoD-5105.38-M

CHAPTER TWO

MAJOR STATUTORY AND POLICY PROVISIONS

SECTION I - GENERAL

A. <u>PURPOSE</u>. 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. <u>BACKGROUND</u>. <u>Military</u> 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 <u>Arms Export Control Act (AECA)</u>, 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. <u>Appropriations</u>. 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. <u>Continuing Resolution Authority (CRA)</u>. 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. <u>GENERAL</u>. 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. <u>TRAINING (IMET)</u>. 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. <u>Eligibility</u>. 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

2-2

l

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. <u>Presidential Determination</u>. 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. <u>Designation of Defense Articles and Services</u>. The terms "defense article" and "defense service" are defined by AECA, Sec. 47, for purposes generally of the AECA, including FMS and leases. However, for the purposes of direct commercial exports, the President is authorized to designate those items [AECA, Sec. 47(7)] which shall be considered defense articles and defense services, and to promulgate regulations for control of the export and import of such articles and services. The items so designated shall constitute the United States Munitions List [AECA, Sec. 38(a)]. Items in categories which are asterisked on this list are considered Significant Military Equipment (SME). 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)].7

f. <u>Arms Control Consideration</u>. Arms control consequences must be ** taken into consideration when evaluating any FMS sale [FAA, Sec. 511; AECA, Sec. 38(a)(2); AECA, Sec. 42(a)(3)]. Decisions to issue-Hicenses-or approve sales under the Arms Export Control Act or to furnish military assistance under the Foreign Assistance Act of 1961, as amended, shall be made in-coordination_with the_Director_of the Arms_Control_and_Disarmament_Agency and shall take into account the Director's opinion on the extent to which such exports, sales, or assistance will contribute to an arms race, increase the possibility of outbreak or escalation of conflict, or prejudice the development of bilateral or multilateral arms control arrangements.

2-3

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

h. <u>Sources of Sales Materiel</u>. 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;

[This space left blank intentionally.]

.

[This page left blank intentionally.]

.

.

j. <u>Termination Due to Unnecessary Military Expenditures</u>. 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.

1.

k. <u>Prohibition Against Discrimination, Intimidation or Harassment</u>. 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. <u>Basic Sales Policy</u>. 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. Materiel Transfer Policy.

a. Use of Federal Acquisition Regulation (FAR) and DoD FAR Supplement. When procuring for a foreign government, DoD will apply the same contract clauses and contract administration as it would use in procuring for itself, except where deviations are authorized in the DoD FAR Supplement. If (a_sole_source_procurement_requested_by_a_foreign_government_appears_to_be> motivated_by_objectives_in_conflict_with_this_requirement>or with any 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.

2-4

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 EMS, but as AECA sales;

c. <u>Proper Use of Materiel</u>. 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. <u>Diversion of Materiel</u>. 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. <u>Insurance</u>. <u>Purchasers=will_self=insure</u>FMS shipments or obtain commercial insurance without any right of subrogation of any claim against the United States. <u>In=extraordinary-situations</u>, 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. <u>Delivery Commitments</u>. 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 <u>DoD_components_sha</u>Pl <u>assure_that_FMS_delivery_commitments_are_fully_coordinated,_and_that_the</u> <u>material_conforms_to_the_standards_on_the_LOA, and_can_be_delivered_in_the</u> <u>agreed_time_period</u>. 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. <u>Materiel Standards</u>. 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,

h. <u>Procurement in Foreign Countries</u>. 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. <u>Recovery of Cost</u>. 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 (Sec. 23, AECA).

(3) <u>Repayment of Credit</u>. FMS credits must be repaid in U.S. dollars within 12 years after the loan agreement has been signed on behalf of the U.S. Government (Sec. 23, AECA), unless otherwise provided for by U.S. law.

(4) <u>Use of Credit Payments</u>. 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>U.S. Guaranties</u>. 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) <u>Export-Import Bank</u>. Export-Import Bank financing of sales of defense items to economically less developed countries is prohibited. (Sec. 32, AECA).

TABLE 2-III-1 PART 121 -- THE UNITED STATES MUNITIONS LIST

[Extracted from the International Traffic in Arms Regulations (ITAR), printed in the Federal Register, Vol. 49, No. 236, December 6, 1984, Rules and Regulations, pages 47682 through 47712.]

PART 121-THE UNITED STATES **MUNITIONS LIST**

Enumeration of Articles

Sec.

- 121.1 General. The United States Munitions List.
- 121.2 Interpretations of the United States Munitions List.
- 121.3 Aircraft and related articles.
- 121.4 Amphibious vehicles.
- 121.5 Apparatus and devices under
- Category IV(c).
- 121.6 Cartridge and shell casings.121.7 Chemical agents.
- 121.8 End-items, components, accessories, attachments, parts, firmware, software and systems.
- 121.9 Firearms.
- 121.10 Forgings, castings and machined bodies.
- 121.11 Military demolition blocks and blasting caps.
- 121.12 Military explosives.
- 121.13 Military fuel thickeners.
- 121.14 Propellants.
- 121.15 Vessels of war and special naval equipment.

Authority: Section 38, Arms Export Control Act. 90 Stat. 744 (22 U.S.C. 2778); E.O. 11958, 42 FR 4311; 22 U.S.C. 2658.

Enumeration of Articles

§ 121.1 General. The United States **Munitions List.**

(a) The following articles, services and related technical data are designated as defense articles and defense services pursuant to sections 38 and 47(7) of the Arms Export Control Act (22 U.S.C. 2778 and 2794(7)).

Changes in designations will be published in the Federal Register. Information and clarifications on whether specific items are defense articles and services under this subchapter may appear periodically in the Munitions Control Newsletter published by the Office of Munitions Control.

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

Category I-Firearms

(a) Nonautomatic, semi-automatic and fully automatic firearms to caliber .50 inclusive, and all components and parts for such firearms. (See \$\$ 121.9 and 123.16-123.19.)

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

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

Category II—Artillery Projectors

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

*(b) Military flamethrowers and projectors. (c) Components, parts, accessories and

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

"Significant_military_equipment" means articles for which special NOTE: export controls are warranted because of their capacity for substantial military utility or capacity.]

The United States Munitions List. TABLE 2-III-1.

(delg

Category III---Ammunition

*(a) Ammunition for the arms in Categories I and II of this section. (See § 211.6.)

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

(c) Ammunition belting and linking machines.

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

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

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

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

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

*(d) Missile and space vehicle powerplants.

*(e) Military explosive excavating devices

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

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

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

Category V—Explosives, Propellants, and Incendiary Agents

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

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

(c) Propellants for the articles in Categories

III and IV of this section. (See § 121.14.) (d) Military pyrotechnics, except

pyrotechnic materials having dual military and commercial use.

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

Category VI—Vessels of War and Special Naval Equipment

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

*(b) Turrets and gun mounts, arresting gear, special weapons systems, protective systems, submarine storage batteries, catapults and other components, parts, attachments, and accessories specifically designed or modified for combatant vessels.

(c)Mine sweeping equipment, components, parts, attachments and accessories

specifically designed or modified therefor. (d) Harbor entrance detection devices, (magnetic, pressure, and acoustic ones) and controls and components therefor.

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

Category VII-Tanks and Military Vehicles

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

*(b) Military tanks, combat engineer vehicles, bridge launching vehicles, halftracks and gun carriers.

*(c) Self-propelled guns and howitzers. (d) Military trucks, trailers, hoists, and skids specifically designed, modified, or equipped to mount or carry weapons of Categories. I. II and IV or for carrying and handling the articles in paragraphs (a) of Categories III and IV.

*(e) Military recovery vehicles.

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

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

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

TABLE 2-III-1 (Continued)

2 - 9

Category VIII—Aircraft, Spacecraft, and Associated Equipment

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

(b)*(1) Spacecraft, including manned and unmanned, active and passive satellites (except those listed in Category VIII(b)(2).

(2) Non-military communication satellites (excluding ground stations and associated equipment not enumerated elsewhere in § 121.1).

*(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.

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

(e) Launching and recovery equipment for the articles in paragraphs (a) and (b) of this category, if the equipment is specifically designed or modified for military use or for use with spacecraft. Fixed land-based arresting gear is not included in this category.

(f) Power supplies and energy sources specifically designed or modified for spacecraft.

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

(h) Developmental aircraft components which have a significant military application, excluding aircraft components concerning which Federal Aviation Agency certification has been granted.

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

*(j) Inertial navigation systems and components designed specifically for such systems. Systems or components which are standard equipment in civil aircraft, including spare parts and spare units to be used exclusively for the maintenance of inertial navigation equipment incorporated in civil aircraft, and which are certified by the Federal Aviation Administration as being an integral part of such aircraft are subject to export regulation by the Office of Munitions Control only if the export is intended for a controlled country described in section 620(f) of the Foreign Assistance Act of 1961, as amended (22 U.S.C. 2370(f)) (except Yugoslavia). The Export Administration Act of 1979, as amended (50 U.S.C. App. section 2416(c)) deals with the export of such items to non-controlled countries. All exports of technical data (regardless of destination) relating to the design, development, production or manufacture of inertial navigation equipment (regardless of accuracies) or its related parts, components. or subsystems are subject to the requirements of the regulations contained in this subchapter. The export of technical data relating to the repair of parts, components, or subsystems of inertial navigation systems (including accelerometers and gyroscopes) which are not certified by the FAA as being an integral part of civil aircraft are subject to the requirements of this subchapter. The provisions of XI(e) and XII(c) are not applicable to such exports of technical data.

Category IX—Military Training Equipment

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

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

Category X—Protective Personnel Equipment

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

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

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

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

Category XI—Military and Space Electronics

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

*(1) Underwater sound equipment, including but not limited to towed arrays, electronic beam forming sonar, target classification equipment, and spectrographic displays; search, acquisition, tracking, moving target indication and imaging radar systems: active and passive countermeasures and counter-countermeasures equipment; 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) Sonic depth finders; underwater telephones; electro-mechanical beam forming sonars and elementary sonobuoys; radios (including transceivers); weather, navigation, and air traffic control radar systems; navigation, guidance, object-locating equipment; displays; and telemetering equipment.

(3) Armored coaxial cable capable of RF, optical, or high voltage power transmission.

(b) Space electronics:

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

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

*(c) Electronic systems or equipment specifically designed, modified, 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 and electronic systems or equipment designed or modified to counteract such surveillance and monitoring.

(d) Very High Speed Integrated Circuit (VHSIC) semiconductor devices that are specifically designed for military applications and which have a high-speed signal and image processing capability with an operational parameter (gate-time-clockfrequency) or greater than 10¹¹ gates X hertz for an individual semiconductor device. (e) Components, parts, accessories, attachments, and associated equipment specifically designed or modified for use or currently used with the equipment in paragraphs (a) through (c) of this category, except for 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 equipments; 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) Inertial 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 for 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, steroscopic plotting, and photogrammetry equipment, and components specifically designed or modified therefore.

(b) Speech scramblers, privacy devices, cryptographic devices and software (encoding and decoding), and components specifically designed or modified therefore, ancillary equipment, and protective appraratus specifically designed or modified for such devices, components, and equipment.

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

(d) Armor plate and structural materials (including but not limited to plate, rolled and extruded shapes, bars and forgings, castings, welding consumables, carbon/carbon and metal matrix composites) specifically designed or modified for defense articles.

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

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

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

 (h) Devices embodying particle beam and electromagnetic pulse technology.
 (i) Metal embrittling agents.

Category XIV—Toxicological Agents and Equipment and Radiological Equipment

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

*(b) Biological agents.

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

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

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

Category XV-[Reserved]

Category XVI—Nuclear Weapons Design and Test Equipment

*(a) Any article, material, equipment, or device which is specifically designed or modified for use in the design, development, or fabrication of nuclear weapons or nuclear explosive devices. (See § 123.21 and Department of Commerce Export Regulations, 15 CFR Part 378).

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

Category XVII—Classified Articles Not Otherwise Enumerated

*All articles and technical data (as defined in § 120.21) relating thereto which are classified in the interests of national security and which are not otherwise enumerated in the U.S. Munitions List.

Category XVIII—Technical Data

Technical data (as defined in § 120.21) relating to the defense articles listed in the other categories of the United States Munitions List. (See § 125.4 for exemptions; see also § 123.21.)

Category XIX—Defense Services

Defense services (as defined in § 120.8) related to the defense articles listed in the other categories of the United States Munitions List.

Category XX—Submersible Vessels, Oceanographic and Associated Equipment

*(a) Submersible vessels, manned and unmanned, designed or modified for military purposes or 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 or modified 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 this subchapter specifically designed or modified for use with submersible vessels, and oceanographic or associated equipment assigned a military designation.

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

Category XXI—Miscellaneous Articles

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

§ 121.2 Interpretations of the United States Munitions List.

The following interpretations (listed alphabetically) explain and amplify the terms used in § 121.1. These interpretations have the same force as if they were a part of the United States Munitions List category to which they refer.

§ 121.3 Aircraft and related articles.

In Category VIII, "aircraft" means aircraft designed, modified, or equipped for a military purpose, including aircraft described as "demilitarized." All aircraft bearing an original military designation are included in Category VIII. However, the following aircraft are not included so long as they have not been specifically equipped, re-equipped, or modified for military operations:

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

TABLE 2-III-1 (Continued)

Change No. 4, 1 May 1985

C-125 inclusive, and C-131, using reciprocating engines only.

(b) Trainer aircraft bearing "T" designations and using reciprocating engines or turboprop engines with less than 600 horsepower (s.h.p.).

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

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

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

§ 121.4 Amphibious vehicles.

An "amphibious vehicle" in Category VII(f) is an automotive vehicle or chassis which embodies all-wheel drive, is equipped to meet special military requirements, and which has sealed electrical systems or adaptation features for deep water fording.

§ 121.5 Apparatus and devices únder Category IV(c).

Category IV includes but is not limited to the following: Fuzes and components for the items listed in that category, bomb racks and shackles, bomb shackle release units, bomb ejectors, torpedo tubes, torpedo and guided missile boosters, guidance system equipment and parts, launching racks and projectors, pistols (exploders), igniters, fuze arming devices, intervalometers, guided missile launchers and specialized handling equipment, and hardened missile-launching facilities.

§ 121.6 Cartridges and shell casings.

Cartridge and shell casings are included in Category III unless, prior to export, they have been rendered useless beyond the possibility of restoration for use as a cartridge or shell casing by means of heating, flame treatment, mangling, crushing, cutting, or popping.

§ 121.7 Chemical agents.

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

(a) Lung irritants:

(1) Diphenylcyanoarsine (DC).

(2) Fluorine (but not fluorene).

(3) Trichloronitro methane

(chloropicrin PS).

(b) Vesicants:

(1) B-Chlorovinyldichloroarsine (Lewisite, L).

(2) Bis(dichloroethyl)sulphide (Mustard Gas, HD or H).

- (3) Ethyldichloroarsine (ED)
- (4) Methyldichloroarsine (MD).
- (c) Lachrymators and tear gases:

(1) A-Bromobenzyl cyanide (BBC).

(2) Chloroacetophenone (CN).

(3) Dibromodimethyl ether.

(4) Dichlorodimethyl ether (ClCi).

(5) Ethyldibromoarsine.

(6) Phenylcarbylamine chloride.

(7) Tear gas solutions (CNB and CNS).

(8) Tear gas

orthochlorobenzalmalononitrile (CS).

(d) Sternutators and irritant smokes: (1) Diphenvlamine chloroarsine

(Adamsite, DM)

(2) Diphenylchloroarsine (BA).

(3) Liquid pepper.

(e) Nerve agents, gases and aerosols. These are toxic compounds which affect the nervous system, such as: (1)

Dimethylaminoethoxycyanophosphine oxide (GA).

(2) Methylisopropoxyfluorophosphine oxide (GB).

(3) Methylpinacolyloxyfluoriphosphine oxide (GD).

(f) Antiplant chemicals, such as: Butyl 2-chloro-4-fluorophenoxyacetate (LNF).

§ 121.8 End-items, components, accessories, attachments, parts, firmware, software and systems.

(a) An "end-item" is an assembled article ready for its intended use. Only ammunition, fuel or another energy source is required to place it in an operating state.

(b) A "component" is an item which is. useful only when used in conjunction with an end-item. A major component includes any assembled element which forms a portion of an end-item without which the end-item is inoperable. (Example: airframes, tail sections, transmissions, tank treads, hulls, etc.) A minor component includes any assembled element of a major component.

(c) "Accessories" and "attachments" are associated equipment for any component, end-item or system, and which are not necessary for their operation, but which enhance their usefulness or effectiveness. (Examples: riflescopes, special paints, etc.)

(d) A "part" is any single unassembled element of a major or a minor component, accessory, or attachment which is not normally subject to disassembly without the destruction or the impairment of design use. (Examples: rivets, wire, bolts, etc.)

(e) Firmware and any related unique support tools (such as computers, linkers, editors, test case generators, diagnostic checkers, library of functions and system test diagnostics) specifically designed for equipment or systems covered under any category of the United States Munitions List are considered as part of the end-item or component. "Firmware" includes but is not limited to circuits into which software has been programmed.

(f) "Software" includes but is not limited to the system functional design, logic flow, algorithms, application programs, operating systems and support software for design, implementation, test, operation, diagnosis and repair. A person who intends to export software only should, unless it is specifically enumerated in § 121.1, apply for a technical data license pursuant to Part 125 of this subchapter.

(g) A "system" is a combination of end-items, components, parts, accessories, attachments, firmware or software, specifically designed, modified or adapted to operate together to perform a specialized military function.

§ 121.9 Firearms.

(a) Category I includes revolvers, pistols, rifles, carbines, fully automatic rifles, submachine guns, machine pistols and machine guns to caliber .50, inclusive. It includes combat shotguns. It excludes other shotguns with barrels 18" or longer, BB, pellet, and muzzle loading (black powder) firearms. (b) A "firearm" is a weapon not over .50 caliber which is designed to expel a projectile by the action of an explosive or which may be readily converted to do so.

(c) A "rifle" is a shoulder firearm which can discharge a bullet through a rifled barrel 16 inches or longer.

(d) A "carbine" is a lightweight shoulder firearm with a barrel under 18 inches in length.

(e) A "pistol" is a hand-operated firearm having a chamber integral with or permanently aligned with the bore.

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

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

§ 121.10 Forgings, castings and machined bodies.

Articles on the United States Munitions List include articles in a partially completed state (such as forgings, castings, extrusions and machined bodies) which have reached a stage in manufacture where they are clearly identifiable as defense articles. If the end-item is an article on the United States Munitions List (including components, accessories, attachments and parts as defined in § 121.8), then the particular forging, casting, extrusion, machined body, etc., is considered a defense article subject to the controls of this subchapter, except for such items as are in normal commercial use.

§ 121.11 Military demolition blocks and blasting caps.

Military demolition blocks and blasting caps referred to in Category IV(a) do not include the following articles:

(a) Electric squibs.

(b) No. 6 and No. 8 blasting caps, including electric ones.

(c) Delay electric blasting caps (including No. 6 and No. 8 millisecond ones).

(d) Seismograph electric blasting caps (including SSS, Static-Master, Vibrocap SR, and SEISMO SR).

(e) Oil well perforating devices.

§ 121.12 Military explosives.

Military explosives in Category V include, but are not limited to, the following:

(a) Ammonium picrate.

(b) Black powder made with

potassium nitrate or sodium nitrate. (c) Cyclotetramethylenetetranitramine (HMX).

(d) Cyclotrimethylenetrinitramine (RDX, Cyclonite, Héxogen or T4).

(e) Dinitronaphthalene.

(f) Ethylenedinitramine.

(g) Hexanitrodiphenylamine.

(h) Nitroglycerin.

(i) Nitrostarch.

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

(k) Tetranitronaphthalene.

(l) Trinitroanisol.

(m) Trinitronaphthalene.

(n) Trinitrophenol (picric acid).

(o) Trinitrophenylmethylnitramine (Tetryl).

(p) Trinitrotoluene (TNT).

(q) Trinitroxylene.

(r) Ammonium perchlorate

nitrocellulose (military grade).

(s) Aluminum powder (spherical) with an average particle size of 100 micrometer diameter or less and a purity of 97% or greater.

(t) Any combinations of the above.

§ 121.13. Military fuel thickeners.

Military fuel thickeners in Category V include 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 defense articles.

§ 121.14 Propellants.

Propellants in Category V include, but are not limited to, the following:

(a) Propellant powders, including smokeless shotgun powder.

(b) Hydrazine (including Monomethyl hydrazine and symmetrical dimethyl hydrazine, but excluding hydrazine

hydrate). (c) Unsymmetrical dimethyl hydrazine. (d) Hydrogen peroxide of over 85 percent concentration.

(e) Nitroguanidine or picrite.(f) Nitrocellulose with nitrogen

content of over 12.20 percent.

(g) Nitrogen tetroxide (nitrogen dioxide, dinitrogen 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 nitrite or nitrocellulose with plastics, metal fuels, or rubbers added; and compounds composed only of fluorine and halogens, oxygen, or nitrogen.

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

(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 HNO 3). (3) Special purpose chemical base

high energy liquid military fuels and oxidizers.

§ 121.15 Vessels of war and special naval equipment.

Vessels of war in Category VI include, but are not limited, to, the following:

(a) Combatant vessels:

(1) Warships (including nuclearpowered versions):

(i) Aircraft carriers (CV, CVN)

(ii) Battleships (BB)

(iii) Cruisers (CA, CG, CGN)

(iv) Destroyers (DD, DDG)

(v) Frigates (FF, FFG)

(iv) Submarines (SS, SSN, SSBN, SSG, SSAG)

(2) Other Combatant Classifications:

(i) Patrol Combatants (PG, PHM)

(ii) Amphibious Helicopter/Landing

Craft Carriers (LHA, LPD, LPH) (iii) Amphibious Landing Craft Carriers (LKA, LPA, LSD, LST)

(LCC) (v) Mine Warfare Ships (MSO) (b) Auxiliaries: (1) Mobile Logistics Support: (i) Under way Replenishment (AD, AF, AFS, AO, AOE, AOR) (ii) Material Support (AD, AR, AS) (2) Support Ships: (i) Fleet Support Ships (ARS, SSR, ATA, ATF, ATS) (ii) Other Auxiliaries (AG, AGDS, AGF, AGM, AGOR, AGOS, AGS, AH, AK, AKR, AOG, AOT, AP, APB, ARC. ARL, AVM, AVT) (c) Combatant Craft: (1) Patrol Craft: (i) Coastal Patrol Combatants (PB, -PCF, PCH, PTF) (ii) River, Roadstead Craft (ATC, PBR) (2) Amphibious Warfare Craft: (i) Landing Craft (AALC, LCAC, LCM, LCPL, LCPR, LCU. LWT, SLWT) (ii) Special Warfare Craft (LSSC, MSSC, SDV, SWCL, SWCM) (3) Mine Warfare Craft: (i) Mine Countermeasures Craft (MSB, MSD, MSI, MSM, MSR) (d) Support and Service Craft: (1) Tugs (YTB, YTL, YTM) (2) Tankers (YO, YOG, YW) (3) Lighters (YC, YCF, YCV, YF, YFN, YFNB, YFNX, YFR, YFRN, YFU, YG, YGN, YOGN, YON, YOS, YSR, YWN) (4) Floating Dry Docks (AFDB, AFDL, AFDM, ARD, ARDM, YFD) (5) Miscellaneous (APL, DSRV, DSV, IX, NR, YAG, YD, YDT, YFB, YFND, YEP, YFRT, YHLC, YM, YNG, YP, YPD, YR, YRB, YRBN, YRDH, YRDM, YRR, YRST, YSD) (e) Coast Guard Patrol and Service Vessels and Craft: (1) Coast Guard Cutters (CGC, WHEC, WMEC) (2) Patrol Craft (WPB) (3) Icebreakers (WAGB) (4) Oceanography Vessels (WAGO) (5) Special Vessels (WIX) (6) Buoy Tenders (WLB, WLM, WLI, WLR, WLIC) (7) Tugs (WYTM, WYTL) (8) Light Ships (WLV)

(iv) Amphibious Command Ships

[This space/page was left blank intentionally.]

2-17

÷.,

à

ι,

.

, **·**

SECTION IV - SPECIAL PROVISIONS

A. CONSTRAINTS ON ELIGIBILITY.

1. <u>Terrorism</u>. 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. <u>Nationalization of U.S. Property</u>. 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. <u>Transfer</u>. The purchaser or grant recipient must agree not to transfer title or possession of any defense article or related training or <u>other</u> 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. <u>Proper Use of Materiel</u>. 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. <u>Communist-Controlled Countries</u>. 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. <u>Narcotics</u>. 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(h), FAA].

7. <u>Violations</u>. 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.

2-18 Change No. 7, 15 September 1986

a. The FAR prohibits using funds authorized under the Act to conduct any <u>police training or related programs</u> 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, <u>dif_the_military_police</u> <u>perform_on=going_civilian_law_enforcement_functions</u>. 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." <u>The determining</u> <u>factor is the nature of the functions performed by the unit</u>. Assistance in foreign countries for any phase of civilian law enforcement (except maritime law enforcement or international narcotics control) is prohibited.

c. The AECA² does not prohibit <u>police</u> training or related programs. However, <u>prior_DSAA_approval_shall_be_obtained_before_offering_this_type</u> defense_article_or_service_through_foreign_military_sales_procedures.

d. If the DSAA authorizes foreign students to attend <u>military</u> <u>police training</u>, foreign government must certify that the students will <u>not</u> 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 <u>sole function</u> of that aspect of <u>internal security</u> 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 <u>smaller unit within a larger unit</u> 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 <u>internal intelligence or surveillance</u> 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/CT and PM/SAS) using United States Embassy channels. The DSAA should be informed of any request for antiterrorism or counterterrorism training.

i. Limited <u>military intelligence training</u> is available. The scope of this type training shall be limited to training that is <u>directly related to</u> <u>combat or operational</u> intelligence <u>or intelligence management</u> of combat or operational intelligence <u>at the joint military staff level</u>. 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 <u>personnel</u> (or units) that are <u>not part of the Defense Ministry</u> 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.

1. 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. <u>Incendiary Items and Riot Control Agents</u>. 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. <u>Requests for white phosphorus munitions</u> should be submitted in accordance with the procedures established for Significant Military Equipment (SME) (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.

1

, t.,

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 otherwise expressly 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. <u>SECURITY NOTES RELATED TO MAN-PORTABLE AIR DEFENSE SYSTEMS (MANPADS)</u> SALES.

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

"Purchaser agrees to adhere to the following additional security requirements associated with Man-Portable Air Defense Systems (MANPADS). Modification of specified requirements to meet indigenous conditions may be approved by the Office of the Deputy Chief of Staff for Personnel (DAPE-HRE), U.S. Army.

a. <u>Physical Security</u>: The (<u>insert appropriate missile</u>) will be stored in magazines that are at least equivalent in strength to U.S. Army requirements as specified in subparagraph 1 above. The purchaser also agrees to comply with U.S. Army specified requirements for lighting, doors, locks, keys, fencing and surveillance and guard systems. Specific requirements will be agreed upon and **

**

**

installed prior to delivery of the missile system. U.S. Army representatives will be allowed to verify security measures and procedures established for implementation of these requirements.

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

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

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

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

(5) <u>Surveillance and Guard</u>: A full time guard force or combination guard force and intrusion detection system (IDS) will be provided. When the IDS is not operational, 24 hour guard surveillance is required.

(6) Access to Storage Facilities: Two authorized persons will be required to be present during any activity which affords access to storage facilities containing MANPADs. Lock and key procedures will be developed to ensure that no single individual can obtain unescorted or unobserved access to MANPADS storage facilities.

b. Accountability:

(1) A 100 percent physical inventory of weapons and gripstocks, when applicable, will be taken monthly by the purchaser. A 100 percent physical inventory by serial number shall be taken quarterly of weapons issued at the operational unit level. A 100 percent physical inventory by serial number shall be taken semiannually of weapons stored or retained at installation, depot, post, or base level. All inventories must be conducted by two authorized persons to ensure verification. Weapons expended during peacetime will be accounted for by serial number.

Change No. 9, 31 July 1987

**

**

**

**

**

**

**

(2) The (insert appropriate foreign country Security Assistance Organization) will be permitted to conduct a U.S. inspection and inventory by serial number annually. Inventory and accountability records maintained by the purchaser will be made available for review.

c. <u>Transportation</u>: Movements of MANPADS will meet U.S. standards for safeguarding classified materiel in transit as specified by the U.S. Government in DOD 5100.76-M, "Physical Security of Sensitive Conventional Arms, Munitions, and Explosives" (standards of which will be provided to the purchaser), and paragraph H, below.

d. Access to Hardware and Classified Information:

(1) Access to hardware and related classified information will be limited to military and civilian personnel of the purchasing government (except for authorized U.S. personnel as specified herein) who have the proper security clearance and who have an established need to know the information in order to perform their duties. Information released will be limited to that necessary to perform assigned functions/operational responsibility and, where possible, will be oral/visual only.

(2) Maintenance which requires access to the interior of the operational system, beyond that required of the operator, will be performed under U.S. control.

e. <u>Compromise, Loss, Theft, and Unauthorized Use</u>: The purchaser will report to the U.S. Army by the most expeditious means any instances of compromise, unauthorized use, loss or theft of any MANPADS materiel or related information. This will be followed by prompt investigation and the results of the investigation will be provided to the U.S. Army.

f. <u>Third-Party Access</u>: The recipient will agree that no information on (<u>insert appropriate missile</u>) will be released to a third-country government, person or other third-country entity without U.S. approval.

g. <u>Damaged/Expended Materiels</u>: Damaged systems, launchers, and/or gripstocks will be returned to the U.S. Army for repair or demilitarization.

h. <u>Conditions of Shipment and Storage for STINGER and STINGER</u> Variants: The two principal components of the (insert appropriate <u>missile</u>) system, the gripstock and the missile in its disposable launch tube, will be stored in separate locations and will be shipped in separate containers. The two storage locations will be physically separated sufficiently so that a penetration of the security at one site will not place the second at risk.

i. <u>Conditions of Use</u>: Assembly of the system will not be permitted for field exercises or deployments wherein the use of (insert appropriate missile) system is simulated. In such cases,

Change No. 9, 31 July 1987

**

**

**

**

**

**

**

**

**

**

**

**

**

**

**

inert training devices may be used. The recipient will use information on (insert appropriate missile) only for the purpose for which it was given.

2. All sales of MANPADS to nations other than those identified in Paragraph ** 1 will include all of the Paragraph 1 notes, but paragraph i., "Conditions of Use," will be replaced with the revision below:

"i. Conditions of Use:

1.1

. .

1. The two principal components of the (<u>insert appropriate</u> <u>missile</u>) system, the gripstock and missile launch tube, may be brought together and assembled under the following circumstances: (Note: When the system is REDEYE, <u>delete</u> the previous text and insert at 1. the following: 'REDEYE may be deployed:')

a. In the event of hostilities or imminent hostilities.

b. For firing as part of regularly scheduled training; however, only those rounds intended to be fired will be withdrawn from storage and assembled.

c. For lot testing; however, only rounds to be tested will be withdrawn from storage and assembled.

d. When systems are deployed as part of the point defenses of high priority installations or activities (e.g., key government buildings, military headquarters, essential utilities, air defense facilities).

2. The purchaser will advise the U.S. Security Assistance Organization in advance of any assembly of the various missile and gripstock for the STINGER and its variants for training or lot testing.

3. The U.S. Government will be notified of deployments through the Security Assistance Organization."

3. <u>Section 506(a)</u> Transfers. The Department of State will ensure that ** transfers of MANPADS under Section 506(a) include the security requirements as contained in Section II above.

4. The following procedures apply after a Letter of Offer and Acceptance ** (LOA) for the purchase of a Man-Portable Air Defense System (MANPADS) has been accepted by a foreign government and if MANPADS are provided under the authority of Section 506(a).

a. The U.S. Army will provide a copy of the LOA to the in-country ** Security Assistance Organization (SAO).

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

*

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

d. The STINGER system and all its variants shall be accounted for by ** verifying receipt of the gripstock and missile.

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

f. Except for those that are deployed to hostile areas, the SAC must ** physically inspect and inventory all MANPADS by serial number. This requirement cannot be satisfied by the foreign government, or through a review of host nation records of inspection, missile accountability, security or storage records.

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

h. A report of the SAO findings shall be sent to DSAA-OPS and U.S. Army ** (USASAC), with an information copy to the applicable Unified Command.

D. 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.

Change No. 9, 31 July 1987

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.

ал. К. .

2-22

CHAPTER THREE

RESPONSIBILITIES AND RELATIONSHIPS

Section I - Responsibilities

A. <u>GENERAL</u>.

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 (DOD).

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 Table 3-I-1.)

2. The Secretary of Defense has directed a DOD-wide emphasis on NATO Armaments Cooperation to embody armaments cooperation, defense industrial cooperation, reciprocal MOU implementation, and security assistance. It is essential that Armaments Cooperation activities be coordinated and tracked in a timely manner. See Table 3-I-2 for channels of decision for Armaments Cooperation. Table 3-I-3 lists Armaments Cooperation programs and the OSD office of responsibility.

3. Detailed functions relating to security assistance are found in the Foreign Assistance Act * (FAA), the Arms Export Control Act (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 for 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. USDP is responsible for overall policy and relationships in regard to the NATO Alliance, and * individual nations therein and other alliances and security partners and to ensure that both U.S. and allied technology receive the appropriate and necessary protection through management of *

*

*

*

*

*

*

*

*

*

*

technology security. USDP will provide coordination with State for all bilateral/multilateral agreements.

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. With regard to Armaments Cooperation, Assistant Secretary of Defense (International Security Policy) (ASD (ISP)) has policy coordination responsibility for Europe/NATO/Nuclear/Chemical programs. Assistant Secretary of Defense (International Security Affairs) (ASD (ISA)) has policy coordination responsibility for African/Asian/Inter-American and Near East programs.

c. The Under Secretary of Defense for Acquisition (USD(A)) is responsible to ** promote coordination, cooperation, and mutual understanding of all matters related to assigned activities, both inside and outside of the Department of Defense, including oversight and policy formulation for international agreements on systems acquisition matters with North Atlantic Treaty Organization (NATO) allies and other friendly nations in coordination with the USDP and, where appropriate, the Assistant Secretary of Defense (Production and Logistics). Serves as National Armaments Director (NAD) and interfaces with Allied NADs.

d. The Assistant Secretary of Defense (Production and Logistics) (ASD (P&L)) is responsible for delivery and movement policy for security assistance materiel. ASD (P&L) is also responsible for the oversight and policy formulation for international logistics and military construction agreements and implementation of coproduction agreements with NATO allies and other friendly nations in coordination with USDP. ASD (P&L) is also responsible for development of policies, systems, plans and reviews directed at industrial base and resources, industrial preparedness, production and manufacturing support, technical data management and the DOD procurement focal point for armaments cooperation and international acquisition policy.

e. The Assistant 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. The agency also is responsible for the conduct of international logistics and sales negotiations with foreign countries, and the maintenance of liaison with the assistance to U.S. industry in the export of military equipment and services. All authorities conferred on the Secretary of Defense by the FAA and the 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).

3-2

*

*

*

*

*

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. The OJCS and, as appropriate, the JCS shall provide a military perspective and advice on proposed transfers of major defense equipment and technology and participate in national disclosure policy considerations.

j. The Unified Commands have security assistance and Armaments Cooperation responsibilities, i.e., to correlate programs with regional plans, provide military advice, support the security assistance organizations (SAOs), and contribute to the budget development process.

k. Security Assistance Organizations (SAOs).

(1) The generic term SAO encompasses all DOD elements, regardless of actual title, located in a foreign country with assigned responsibilities for carrying out security assistance management functions under Section 515 of the FAA. This section of the law authorizes members of the U.S. Armed Forces to be assigned in foreign countries to manage security assistance programs administered by the DOD 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 armaments 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.

(2) The purpose, under U.S. law, for establishing and assigning personnel to an SAO is for in-country management of international security assistance programs conducted under Chapter 2 and Chapter 5 of the FAA and under the AECA. The programs include grant military assistance (including those grant programs provided under the authority of Peacekeeping Operations, Section 551, Chapter 6, FAA), International Military Education and Training, and Foreign Military Sales. The SAO is the in-country mechanism, as authorized under DOD Directive 5132.3, under the direction and supervision of the Chief of the U.S. Diplomatic Mission, for ensuring that DOD security assistance management responsibilities, prescribed by U.S. law and Executive direction, are properly executed.

(3) The functions which should normally be performed by security assistance personnel assigned to the SAO under the authority of Section 515 of the FAA are as follows:

(a) Program Management and Oversight. These functions are described as providing the in-country management oversight of all security assistance activities; to ensure they are conducted in a proper and legal manner and to provide the interface for the exchange of information and advice between the host nations' military establishment, the Chief of the U.S. Diplomatic Mission, and DOD components responsible for the security assistance programs. This includes promotion of rationalization, standardization, interoperability, and other armaments cooperation measures among members of the North Atlantic Treaty Organization and with the Armed Forces of Japan, Australia, and New Zealand in connection with security assistance programs.

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

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

(4) Those functions which are more properly performed by other than security assistance personnel assigned and funded under the authority of Section 515 of the FAA are broken into the following categories:

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

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

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

(5) Following are the general criteria for reviewing, requesting, and approving SAO manning authorizations:

**

3-4

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

(b) When a major U.S. policy initiative with a country results in the need for personnel to support exercises, prepositioning, ship visits, etc., it is fairly clear that these personnel should be provided under other appropriations. When these functions gradually accrue in the SAO, it is more difficult to determine the threshold at which personnel should be shifted to other appropriations or new personnel added. As a general rule, an individual should be on the security assistance JMP if he spends 50 percent or more of his time performing security assistance functions. Conversely, personnel spending 50 percent or more of their time performing non-security assistance functions should be carried as, or transferred to, an alternatively funded position.

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

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

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

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

(g) Positions that are approved by authority other than an SAO JMP to perform non-security assistance functions under the oversight and supervision of the Chief of the

SAO (or in his capacity as the U.S. Defense Representative) should be clearly identified as such on the SAO JMP but not as an SAO personnel authorization.

(6) A listing of appropriate SAO program management and oversight functions follows at Table 3-I-4.

(7) A listing of appropriate SAO Armaments Cooperation functions follows at ** Table 3-I-5.

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

(a) At a U.S. military installation, or a location where the United States ** enjoys rights of inviolability, such as an embassy or consulate.

(b) At a U.S. Government activity located in a building used exclusively by ** U.S. Government tenants, provided the building is under 24-hour control by U.S. Government personnel.

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

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

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

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

(g) Foreign nationals employed by the U.S. Government in SAO offices or in other U.S. installations may not have access to U.S. classified information unless specifically authorized under a Limited Access Authorization (LAA) issued in accordance with Chapter III,

32

Change No. 9, 31 July 1987

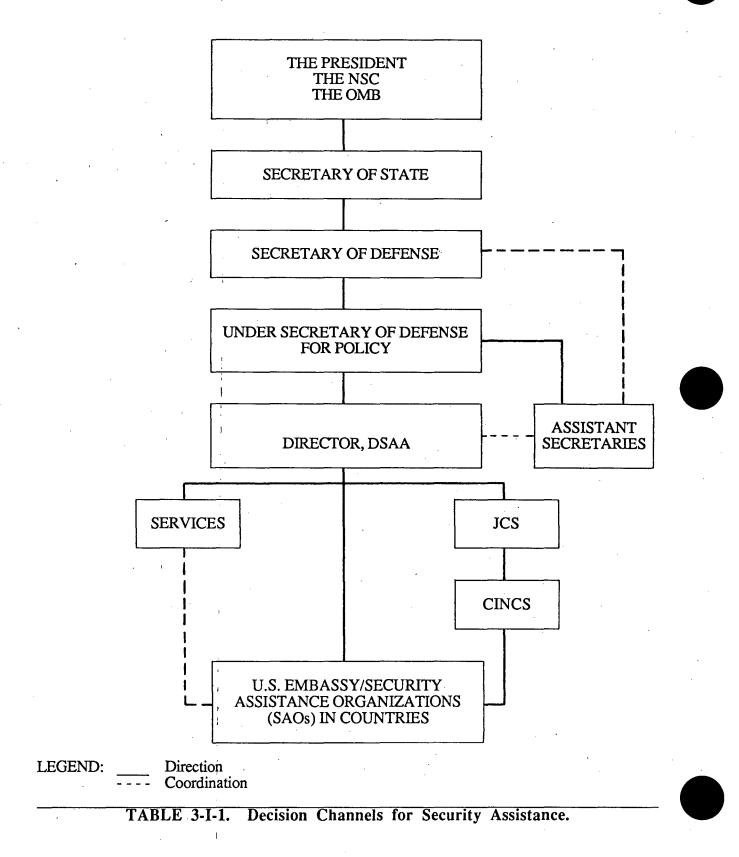
DOD 5200.2-R. As the LAA is issued under the condition that access is not inconsistent with determination of releasability to the country of which the individual is a citizen, the requirements for control of non-releasable U.S. classified information also apply to foreign nationals employed by the U.S.

 $(I)^*$

3-7

TABLE 3-I-1DECISION CHANNELS FOR SECURITY ASSISTANCE

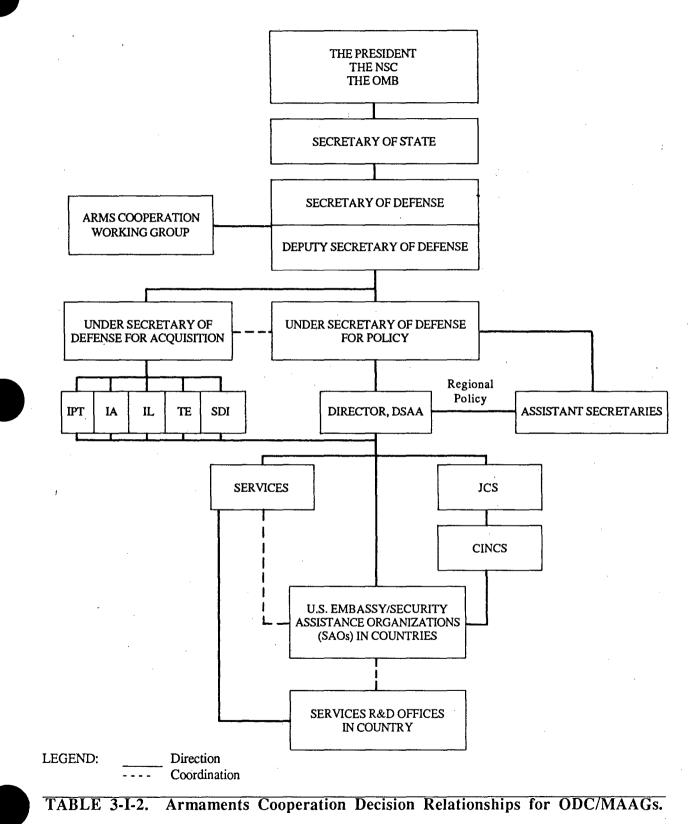
7



Change No. 9, 31 July 1987

DOD 5105.38-M

TABLE 3-I-2 ARMAMENTS COOPERATION DECISION RELATIONSHIPS FOR ODC/MAAGs



Change No. 9, 31 July 1987

DOD 5105.38-M

TABLE 3-I-3ARMAMENTS COOPERATION PROGRAMS

TYPE OF PROGRAM

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

RESPONSIBLE_OFFICE

USD(A)

USD(A)

USD(A)

DSAA

USD(A)

DSAA

DSAA

ASD (P&L)

 TABLE 3-I-3.
 Armaments
 Cooperation
 Programs.

**

TABLE 3-I-4 SAO SECURITY ASSISTANCE PROGRAM MANAGEMENT AND OVERSIGHT FUNCTIONS

Maintain liaison between DOD components, the appropriate elements of the U.S. Diplomatic Mission, and the foreign defense organization in order to:

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

 TABLE 3-I-4.
 SAO Security Assistance Program Management and Oversight Functions.

- 11. Observe and report on the utilization by the host country of defense articles, defense services, and training of U.S. origin. This function should be carried out as a secondary duty. How and to what extent such observation and reporting should and can be done will vary considerably from country to country, and thus no standard procedures are prescribed. The process for accumulation of information should use all available resources (e.g., country reporting or documentation, TDY personnel assigned in country performing other duties, other elements of the U.S. Diplomatic Mission, and spot checks during the normal course of SAO duties and travel). Reporting should be done on an exception basis through established security assistance channels. Records, as accumulated, should be kept on file at the SAO.
- 12. Assist the host government in the identification, administration, and proper disposition of security assistance materiel that is in excess of current needs.
- 13. Provide input to the Chief of the U.S. Diplomatic Mission for preparation of the Annual Integrated Assessment of Security Assistance and the Consolidated Data Report.
- 14. Coordinate and supervise the activities of all personnel, other than those assigned to the SAO under the authority of Section 515 of the FAA, who are in country under DOD sponsorship (excluding DIA) or other security assistance authority.
- 15. When authorized, coordinate and facilitate the interface between U.S. defense industry representatives and the host nation defense establishment, and provide oversight for in-country RSI and DIC agreements and initiatives.
- 16. Manage the C-12 aircraft activities, when assigned to the SAO.
- 17. Perform SAO administrative functions to include preparing and administering the SAO budget and continuously reviewing SAO organizational and manning requirements consistent with U.S. law and DOD manning criteria.

 TABLE 3-I-4.
 SAO Security Assistance Program Management and Oversight Functions. (Continued)

**

TABLE 3-I-5 SAO ARMAMENTS COOPERATION FUNCTIONS

- 1. In support of overall armaments cooperation activities:
 - a. Liaison for Armaments Director to counterparts in host country Ministry, services and industry for:
 - Representations,
 - Information exchange,
 - Coordination of contacts,
 - Advisor on in-country technical capabilities and military developments.

b. Advisor/liaison for Armaments Director for cooperation in research, development, production and support of military systems for:

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

TABLE 3-I-5. SAO Armaments Cooperation Functions.

3-13



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

e. Serving as POC for U.S. defense industry visits.

TABLE 3-I-5. SAO Armaments Cooperation Functions. (Continued)

Section II - Relationships

A. <u>CHANNELS OF COMMUNICATIONS</u>.

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 and 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.

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

B. <u>DIRECTIVES AND RECORD COMMUNICATIONS</u>. 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.



Change No. 9, 31 July 1987

DoD 5105.38-M

CHAPTER FOUR

SECURITY ASSISTANCE PLANNING

SECTION I - GENERAL

A. <u>PURPOSE AND SCOPE</u>. 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 <u>production line</u> constraints. For these reasons, security assistance planning happens in many places and at many <u>levels</u>. The <u>challenge</u> faced by those involved <u>is_to_integrate_the_many</u> (planning_efforts and processes into a workable and useful set of procedures and outcomes.

B. BASIC POLICIES.

1. <u>National Security Objectives</u>. 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. <u>Foreign Government Responsibility</u>. 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. <u>Security Assistance Organization (SAO) Assistance</u>. 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. <u>Release of Guidelines and Data</u>. Involvement of the foreign government in security assistance planning and programming inevitably entails the release to it of essential guidelines and data.

(1) <u>Unclassified Information</u>. 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) <u>Classified Information</u>. 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) <u>Approval of Release of Information</u>. 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. <u>Commitments</u>. 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.

C. MATERIEL REQUIREMENTS SURVEYS.

General. DOD Components must assure that SAOs and foreign purchas-1. ers have the information needed for advance planning. This is especially important for those items or weapon systems where DOD's capability to meet future purchaser requirements may be limited. DOD Components should assist the planning efforts of eligible foreign purchasers by preparing Materiel Requirements Survey letters or messages which provide information on DOD's future capabilities to meet purchaser requirements and of any actions which the prospective purchaser must take in order to purchase the item. Such correspondence is not a solicitation or promotion for sales but is intended to assist foreign purchaser planning efforts only by identifying specific items where DOD may potentially have difficulties in meeting future purchaser needs. At a minimum, the correspondence must include rationale for issuing the Materiel Requirements Survey notification, the final date for receipt of a country request for an LOA, and the final date for acceptance of the LOA.

2. <u>Eligible Items</u>. DOD Components may consider preparation of Materiel Requirements Surveys for those items where there is an indication that DOD's capability to meet future foreign requirements is limited. Some, but not all, of the factors which may qualify an item for a Materiel Requirements Survey are:

a. U.S. production for the item is scheduled to end in the foreseeable future.

b. The U.S. is making a periodic buy of an item for which there is known foreign demand.

c. A minimum procurement quantity is required for an item when there is known foreign demand.

3. <u>Eligible Countries</u>. Materiel Requirements Surveys will be disseminated only to those countries that have previously indicated an interest in

4-2

**

acquisition of the item or weapon system. Such interest could include: prior purchases, prior requests for P&A, P&R, or an LOA for which data has already * been released or approved for release, and purchase of weapon systems which * utilize the item, i.e., ammunition capable of being used with the weapon system. DOD Components will assure that countries addressed on such Materiel Requirements Surveys are eligible to purchase the item or weapon system under the U.S. National Disclosure Policy. Final eligibility determination will be * made by DSAA in coordination with the Department of State.

Generally, Coordination. Materiel Requirements Surveys will initially be developed within the cognizant DOD Component. The cognizant Component is responsible for assuring that the message or letter is properly coordinated before dispatch. Such coordination must include DSAA. The required coordination with DSAA will be initiated through the Management Division of the Operations Directorate which will be responsible for conducting the necessary staffing within OSD and with the Department of State. Prior to submitting proposed Materiel Requirements Surveys to DSAA, the cognizant DOD Component will also assure that any required coordination with other involved DOD Components is accomplished.

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 <u>possible_in_the_same_way_the_DoD_plans_in_the_EYDP_and_program=budget_process</u>. This is because the <u>USG_does_not"promote"_sales</u> (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 <u>USG_does_not_plan_for-countries</u>; <u>countries_must_do_their_own_planning_and_must_set_their_own_priorities</u>. The level of planning capability varies from country to country; the_more_sophis-<u>ticated_the_planning_in_a_country, the_less_likely-the_country_is_to_make_the</u> <u>U.S. privy_to_its_plans</u>. 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. <u>Planning is Required in Three Basic Areas: Budget, Procurement and Political</u>. These are discussed below in the context of three basic communities.

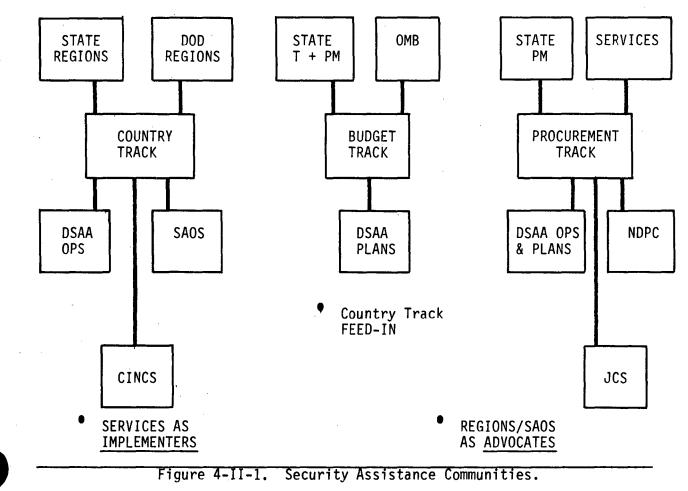
a. The Security Assistance Budget.

- Need for defensible country programs

[This page left blank intentionally.]

- Need for continuity in levels
- Need to be responsive to crises and
 - new initiatives during the year
- b. <u>Procurement</u>.
 - 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. <u>Security Assistance Planning Communities</u>. Three separate <u>planning</u> <u>tracks</u> 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.



B. U.S. GOVERNMENT PLANNING APPROACH.

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

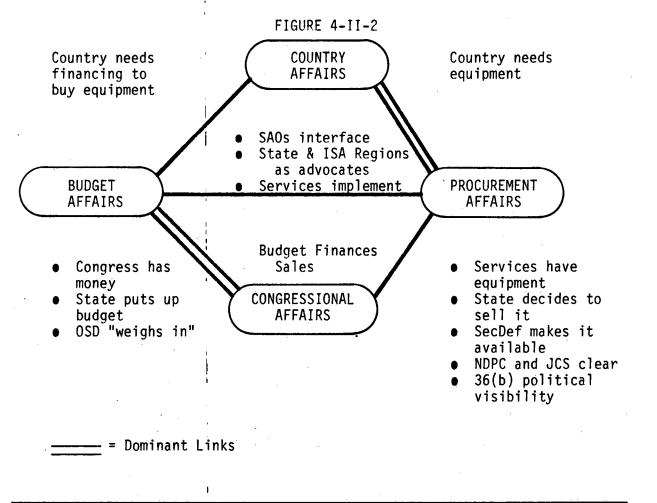
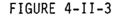


Figure 4-II-2. Community Interrelationships.

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. <u>Non-Linear Process</u>. 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.



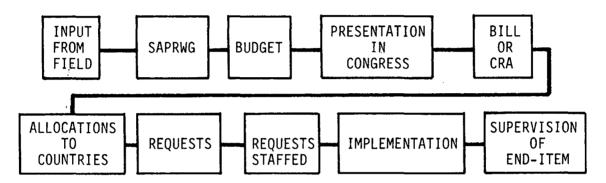


Figure 4-II-3. Budget and Sales Process.

4. <u>Planning Instruments</u>. Several planning tools already exist for use by the three planning communities.

a. Annual Integrated Assessment for Security Assistance (AIASA). The <u>(single most important planning instrument is the Annual Integrated Assessment of Security Assistance which is prepared by the country team</u>. 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. <u>Consolidated Data Report (CDR)</u>. The CDR is a <u>companion report</u> 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).

4-5

æ

c. <u>Security Assistance Defense Analysis Papers (SADAPs)</u>. 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.

2

CHAPTER FIVE

TECHNOLOGY TRANSFER, CLASSIFIED MILITARY INFORMATION AND SECURITY

SECTION I - TRANSFER OF TECHNOLOGY

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

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

3. <u>Goods</u>. Any articles, materials, <u>supplies</u>, 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. <u>Keystone Equipment</u>. 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. <u>Know-How</u>. 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.

DoD 5105.38-M

Munitions. Includes:

a. Arms, ammunition and implements of war.

the 50 mm than? Any property, installation, commodity, material, equipment, b. supply, or goods) used for the purposes of making military sales.

Any machinery, facility, tool, material, supply, or other item с. 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.

Strategic Trade Cases. These are cases involving technology and 9. 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:

a. Classified information relating to defense articles and defense services:

b. Information covered by an invention secrecy order;

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

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

12. Significant Military Equipment (SME). Defense articles on the Munitions list that are marked with an asterisk for which special export controls are warranted because of their capacity for substantial military utility or capability.

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

a. through sales at newsstands and/or bookstores;

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

c. through second class mailing privileges granted by the U.S. government; or,

d. at libraries open to the public.

C. POLICY.

1

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 hushanded 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. <u>Implementation</u>. These policies will be implemented through the strategic trade licensing, munitions licensing, and the foreign military sales processes.

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

a. Give<u>favorable</u>consideration to transfers of services and munitions to allied and friendly countries which are intended to<u>achieve</u> specific-U.S.<u>national_defense_objectives</u>.

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.]

SECTION II - DISCLOSURE OF CLASSIFIED MILITARY INFORMATION TO FOREIGN GOVERNMENTS AND INTERNATIONAL ORGANIZATIONS

A. <u>PURPOSE</u>. 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.

Change No. 4, 1 May 1985

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. <u>DISCLOSURE AUTHORITIES</u>. 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. <u>RESPONSIBILITIES</u>. 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. DISCLOSURE DECISIONS.

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

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

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.

Change No. 4, 1 May 1985

**

b. All decisions on requests for exceptions to policy.

c. All disclosures involving top secret information.

d. All DoD decisions on munitions license applications.

3. 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.

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

5. 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-spensored 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 hard of U.S. industrial organizations, educational institutions, and all organizations and facilities_used_by_prime and subcontractors. The <u>"Industrial Security Regulation (ISR)," DoD 5220.22-R</u>, 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. <u>DEFENSE INDÚSTRIAL SECURITY CLEARANCE OFFICE (DISCO)</u>. 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 materiels to a foreign government (principally FMS contracts), the responsibility for delivery rests with the User Agency.

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

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

2. Classified materiel that is suitable for transfer by courier or ** postal service, and which cannot be transferred directly to a foreign government's designated representative as specified in paragraph 1., above, shall be transmitted by the Armed Forces Courier Service (ARFCOS), (may become the Defense Courier Service), authorized DOD component courier service, Department of State courier system, or U.S. registered mail as prescribed by DOD 5200.1-R for the designated classification level to:

a. An embassy, consulate, or other official agency of the recipi- ** ent government having rights of inviolability in the United States or to

b. A U.S. embassy or a U.S. military organization in the recipient ** country or in a third-party country, if applicable, for delivery to a designated representative of the intended recipient government. In either case, the assurance in paragraph 1., above, and a receipt, must be obtained.

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

Shipments Resulting from Foreign Military Sales (FMS). DOD ** a. components authorized to approve an FMS transaction that involves the delivery of U.S. classified materiel to a foreign purchaser shall, at the outset of negotiation or consideration of proposal, consult the DOD component transportation authorities (Military Traffic Management Command, Military Sealift Command, Military Airlift Command, or other, as appropriate) to determine whether secure shipment from the CONUS point of origin to the ultimate foreign destination is feasible. Normally, the United States Government will use the Defense Transportation System (DTS) to deliver classified material to the recipient government. If, in the course of FMS case processing, the foreign purchaser proposes to take delivery and custody of the classified materiel in the United States and use its own facilities and transportation for onward shipment to its territory, the foreign purchaser or its designated representative shall be required to submit a transportation plan. This plan, as a minimum, shall specify the storage facilities, delivery and transfer points, carriers, couriers or escorts, and methods of handling to be used from the CONUS point of origin to the final destination and return shipment when (See Figure 5-IV-4.) The DOD component that initiates the FMS applicable. transaction shall designate the security officials who are authorized to evaluate the transportation plan to determine whether the plan adequately ensures protection of the highest level of classified materiel involved. Unless the DOD component initiating the FMS transaction approves the transportation plan as submitted, or it is modified to meet U.S. security stan-dards, shipment by other than DTS shall not be permitted. Transmission instructions or the requirement for an approved transportation plan shall be incorporated into the security requirements of the United States Department of Defense Letter of Offer and Acceptance (LOA, DD Form 1513).

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

Change No. 9, 31 July 1987

c. <u>Delivery within the United States, Its Territories, or Posses</u> sions. Delivery of classified materiel to a foreign government at a point within the United States, its territories, or its possessions, shall be made only to a person identified in writing by the recipient government as its designated representative as specified above. The only authorized delivery points are:

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

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

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

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

d. <u>Delivery Outside the United States</u>, Its Territories, or Posses- **

(1) Delivery within the recipient country. Classified U.S. materiel to be delivered to a foreign government within the recipient country shall be delivered on arrival in the recipient country to a U.S. Government representative who shall arrange for its transfer to the designated representative of the recipient government. If the shipment is escorted by a U.S. Government official authorized to accomplish the transfer of custody, the

5-6.2

sions.



**

**

**

**

**

**

materiel may be delivered directly to the recipient government's designated representative upon arrival.

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

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

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

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. <u>PURPOSE</u>. 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

[This space left blank intentionally.]

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. <u>Basis for Classification</u>. 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. <u>Declassification</u>. 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. <u>Military Assistance Program (MAP) and International Military</u> <u>Education and Training Program (IMETP)</u>. The dollar levels and content of a program for the budget or a subsequent fiscal year are considered "FOR OFFI-CIAL 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.l.a., above. Unless otherwise authorized by paragraph B.l.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.l.a., above or paragraph (3), below.

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

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

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

(4) <u>Declassification</u>. 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)."

Change No. 4, 1 May 1985

(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. <u>Coproduction</u>. 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. <u>Nonrecurring Cost Recoupment Charges</u>. 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. <u>Section 36(b) Notifications and Section 118 Reports</u>. Specific * classification directions and guidelines for Section 36(b) notifications, Section 118 reports, and input data elements for these documents are specified * in Chapter Seven of this Manual.

C. RELEASE OF INFORMATION.

1. Unclassified.

a. <u>Public</u>. 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. <u>Compilation of FMS Case-level Data</u>. On June 25, 1985, the Secretary of Defense decided that a compilation of FMS case-level data should be classified Confidential. For this purpose, a compilation is defined to consist of data provided to the Congress quarterly pursuant to paragraphs (1) and (2) of section 36(a) of the Arms Export Control Act that covers a single period longer than five consecutive calendar quarters.

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

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

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

c. 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. <u>Tentative Security Assistance Plans and Programs</u>. 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,

7

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. <u>FMS Agreements</u>. 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. <u>Procedures for Release</u>. 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. <u>Approval of Chief of Diplomatic Mission</u>. In-country release of all security assistance information to a foreign government or international organization will be made through or with the approval of the Chief of the U.S. Diplomatic Mission to the government or organization involved after a disclosure decision has been made by the appropriate authority in accordance with paragraph 2c above.

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. <u>Declassification</u>. 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. <u>Codes; Card Columns</u>. 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.

E. FOREIGN COUNTRY INVOLVEMENT IN THE DOD CONTRACTUAL PROCESS.

1. <u>DOD Policy</u>. Procurements made for FMS requirements must comply with U.S. Government acquisition regulations and procedures. Accordingly, such procurements are normally conducted by the same DOD component that would procure the same article or service for a U.S. DOD requirement. The DOD component_responsible_for_the_FMS_offer_and_acceptance_will_assure_that (sufficient details are included in the LCA to enable the U.S. contracting) officer to negotiate and award a contract without foreign_country_representa-(tion_or_direct_involvement_in_the_formal_negotiation_process-(discussions with the foreign purchaser must be undertaken during the development of the LOA and prior to actual implementation in order to assure that the contracting community has all the data required to award a contract consistent (with contracting regulations and the foreign country desires.

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

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

F. FOREIGN GOVERNMENT INFORMATION:

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

2. Classification of foreign government information will be in accord- ** ance with Chapter XI of DOD 5200.1-R.

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

4. Equivalent Foreign and International Organization Security Classifi- ** cations are at Figure 5-IV-5.

**

SECTION IV - EXPORT LICENSE AND CUSTOMS CLEARANCE GUIDANCE FOR FOREIGN MILITARY SALES CUSTOMERS

A. <u>PURPOSE</u>. <u>Paragraphs A through E provide guidance and instructions for ** processing export licenses and customs clearances</u> for items purchased on a government-to-government basis under the FMS program. Paragraph F provides information on the requirement for State Department approval prior to the submission of sales proposals or presentations for SME items and/or technical data. Paragraph G provides information on the export of classified defense articles and services.

B. USDOD SPONSORED SHIPMENTS OF FMS MATERIEL.

1. U.S./DOD Exemption from Export Licensing. Under certain conditions, no license is required for the export of defense articles or defense services made by an agency of the United States Government. 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 with the U.S./DOD retaining custody of the materiel until arrival at the overseas port of discharge of the destination country, the U.S./DOD is exempt from the requirement for an Export License and the completion of the Shipper's Export Declaration. Under no circumstances will these exemptions be extended to shipments made by any foreign government.

2. Annotation of Transportation Documents. When the U.S./DOD retains custody of the shipment and transportation responsibility until arrival of the shipment at the overseas port of discharge of the destination country, under the conditions defined above, and when movement is effected under Delivery Term Codes "6," "7," and "9," all 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 22 CFR 126-4(a) APPLICABLE." 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(s) or other transportation documents for FMS shipments made through or by a forwarding agent or by any representative of a foreign country.

3. <u>Reporting of FMS Export Shipments</u>. 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 the Military Traffic Management 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 abovementioned waiver was granted and to satisfy the export data requirements of the U.S. Department of Commerce.

**

**

C. <u>SHIPMENTS OF UNCLASSIFIED FMS PURCHASED MATERIEL THROUGH COUNTRY REPRE</u>-SENTATIVES OR FREIGHT FORWARDERS.

1. <u>Policy</u>. The Department of State has established policy and procedures in the International Traffic in Arms Regulation (ITAR), Section 126.6, relative to the permanent export of unclassified defense articles purchased on a government-to-government basis under the FMS program. This section of the ITAR provides for Form DSP-94 (Figure 5-IV-1) to be used instead of an export license for shipments through commercial channels of unclassified defense articles sold under the FMS program.

2. <u>Country/Freight Forwarder Requirements</u>. To make use of DSP-94, freight forwarders must be registered with the Office of Munitions Control (OMC), file a letter with OMC from the foreign embassy or government appointing them as forwarding agent for that government's shipments, and file a statement with OMC assuming full responsibility for compliance with the ITAR.

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

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

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

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

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

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

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

(c) Procedures for the Foreign Military Sales Program.

(1) General. District directors of customs are authorized to permit the export of unclassified defense articles, defense services, and technical data without a license if they were sold by the U.S. Department of Defense to foreign governments or international organizations under the Foreign Military Sales (FMS) program of the Arms Export Control Act. This procedure may be used only if a proposed export is: (i) Pursuant to an executed U.S. Department of Defense Letter of Offer and Acceptance (DD Form 1513); and

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

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

(2) Filing of Documents.

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

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

government.

(B) An authorized representative of the foreign

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

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

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

D. FMS CUSTOMER RESPONSIBILITY.

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

2. <u>Export Customs Clearance</u>. It is the foreign country's responsibility to obtain export customs clearance for all FMS materiel exported from the U.S., except when it is moved under U.S. Government auspices. Movement of materiel which remains in the custody of the U.S./DOD is handled by a separate procedure. See Chapter 5, Section IV, Paragraph B.1. a. Export declaration (U.S. Department of Commerce Form 7525-V, Shipper's Export Declaration) must be prepared by the foreign country representative/freight forwarder for all FMS materiel which is not moved by the U.S. Government. Declarations must be filed with and authenticated by a District Director of Customs. Provisions of law and regulations concerning export declarations are found on the reverse side of Commerce Form 7525-V, and in 22 CFR 123.9, 123.25, and 126.6.

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 123.25 and 126.6).

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

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

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

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

4. <u>Overseas Customs Clearance</u>. The FMS customer country is responsible for obtaining overseas customs clearance of all FMS materiel through its customs agencies for receipt of the materiel at the country port of discharge.

5. <u>Reporting of Export Traffic</u>. 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.

E. INTRANSIT SHIPMENTS OF UNCLASSIFIED DEFENSE ARTICLES.

1. <u>General</u>. For the import into, and re-export from, the U.S. of any ** unclassified defense articles, a Temporary Import License DSP-61 (See Figure 5-IV-2) is required. This includes defense articles being temporarily imported to the U.S. for overhaul, repair, modification, and intransit shipments to a third country. An example of an intransit shipment to a third country is a defense article imported to the U.S. for incorporation into another article and is returned to the country of origin or shipped to another country.

2. Procedures for Repair and Return.

a. Department of State and U.S. Customs Service Requirements. The ** foreign government is responsible for obtaining the DSP-61 and the appropriate U.S. Customs clearance in accordance with paragraphs 123.3 and 123.5 of the ITAR. The U.S. Customs Service will accept an approved DSP-61 as authority from the Department of State, for duty-free entry into the U.S. of U.S.-origin

**

**



defense articles which are the property of a foreign government and which are being temporarily imported for repair and maintenance pursuant to an FMS agreement. The DSP-61 must cite the FMS case in block 10 and a copy of the DD Form 1513 must be attached. This will eliminate the need for foreign governments to request separately a duty-free exemption from the Department of State.

b. <u>Shipments Arranged by the U.S. DOD</u>. A DSP-61 is not required * when the shipment arrangements are being made on a U.S. Government Bill of Lading within the Defense Transportation System.

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

F. STATE DEPARTMENT APPROVAL OF PROPOSALS RELATING TO SME.

1. Policy. Before making a proposal or presentation to a foreign person to <u>sell SME</u> valued at <u>\$14 million or more</u> for end-use by foreign armed forces, a <u>commercial</u> company must obtain approval from the Department of State if the identical SME has not been previously approved for export. This requirement does not apply to the NATO countries, Australia, New Zealand, or Japan. This prior approval permits the contractor to conduct unclassified

[This space left blank intentionally.]

Change No. 9, 31 July 1987

[This page left blank intentionally.]

discussions and make a sales proposal in connection with the sale of a specific item of SME to a particular country. The prior approval is not required when the specific item of equipment has been previously approved for export to any foreign country. In such cases, the State Department must be notified in writing thirty days in advance of the proposal or presentation.

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

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

G. PROCEDURES FOR THE EXPORT OF CLASSIFIED DEFENSE ARTICLES AND SERVICES. Application for export license for the export or import of classified defense articles and services must be made on Department of State Form DSP-85 (See Figure 5-IV-3). Application must be made by a U.S. national in accordance with the provisions of Part 125 of the ITAR. Classified materiel may only be * released to a foreign government representative who has been designated in * writing by the recipient government. A foreign government may designate a * freight forwarder as their agent. The written designation shall contain * assurances that the person has a security clearance at the appropriate level * and that the person will assume full security responsibility for the materiel * on behalf of the foreign government. The recipient will be required to exe-* cute a receipt for the materiel, regardless of the level of classification. * Classified shipments resulting from direct commercial sales must comply with * the same security standards that apply to Foreign Military Sales (FMS) con-* Prior to consummation of a commercial contract that will result in tracts. * the shipment of classified materiel, contractors must consult with the pur-* chasing government, the DIS Cognizant Security Office and the responsible DOD * component to obtain approval of the transportation plan. The transportation * plan is at Figure 5-IV-4. In the event the defense contractor is unable to * make suitable arrangements for shipment of classified materiel being procured * under a direct commercial contract, the contractor should notify the foreign customer to make appropriate arrangements for DTS shipment under a foreign * military sales (FMS) Letter of Offer and Acceptance (LOA).

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

FIGURE 5-IV-1

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

**

UNITED STATES OF AMERICA DEPARTMENT OF STATE

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

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

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

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

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

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

	•								
Ι.		VI.		XI.	· · · · · · · · · · · · · · · · · · ·	XVI.	<u> </u>	XXI.	
II.	<u> </u>	VII.		XII.		XVII.			
HA.	····	` VⅢ.	· · · · · · · · · · · · · · · · · · ·	XIII.		XVIII	. <u></u>		
IV.		IX.		XIV		XIX.			
۷		Χ.		XV.	·	XX.			
							•		

12. Exporter's Statement

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

Signature ____

(Authority valid for 24 months from above date.)

Date

FORM DSP-94 1/85

1-AUTHORITY TO EXPORT

FIGURE 5-IV-1. Authority to Export Defense Articles and Defense Services Sold under the Foreign Military Sales Program (Form DSP-94).



FIGURE 5-IV-2

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

UMMENTS REQUEST	LÜÜY	FHUM						
DOD/DRAE	L'I EA/RA			1				
LI ARMY	CI EUR/RPM	D NASA		1				
I I AIN FORCE				1				
LI PM/SAS EI DOD/NSA	ARA/HPP	<u> </u>	CASE NO.	0.000		DATE STAFFED		
	CI DES/SAT	0		RECEIVED				
EPLY HERE AND RE 1.1 approve w/o pro- 1.1 approve w/prove 1.1 approve w/prove 1.2 deny	νιμός Ι _γ	IF MUNITIONS CONTROL, ped nenie/initials.	DEPARTMENT OF ST Communis	TATE, WASHING	TON, D.C. 2062	٥		
Dete prepared	2. PN	I/MC applicant code	3. Foreign coun	try from which sh	ipped 4. U.S. p	ort at import		
XWX 5 Applicant's	name, address, ZIP cud	le, tel. no.	6. Foreign coun destination	try of ultimate	7. U.S. p	U.S. port of export		
TELEPHON	E NUMBER:			and telephone net nal information	mber of epplicar	it contact if U.S. Government		
B. QUANTITY				u []	LIST CATEGORY	12. VALUE		
4 Source or inervited	turer at commodity			13. TOTA rpose for which th a, or transshipmen	e material is imp	\$ Sortod (overhaul, repair, wry)		
6 Name and address physical	DI awner al cummodity	in forsign country from what	ih 17. Name and a	iddress of consigno	or in foreign cou	ntry from which shipped		
18. Name and address	ot consignee in foreign c	country of ultimate destination	in 19. Name and a	iddress of and user	r in foreign coun	try of ultimete destinction		
20 Name and eddrass	of toraign intermediate	COALIGNEE .	21, Name and a or transkip		ermediate consid	nee (overhaul/repair fecility		
	commodity Clives licens	ed to the country in block 3		T'S STATEMENT	See Instructio	nu)		
under license ho	under license Au	; 🖸 was ticsnaed				, hereby apply for a license		
	He country in block 3 un	der voided license no.	· ·	(Typed Name)				
A LICENSE TO BE S	made heren, visions of Titl impused if ti i certify the furnished on a government u	complete the transaction described above; warrent the truth of all statements made heavin, and acknowledge, understand and will comply with the pro- visions of Title 22 CFR 121-128 and 130 and any conditions and limitation impused if the commodity is transmiss or annivation of U.S. manufacture I certify that, based on corroborative avidence, the commodity was no huminets on a grant basis (o, or accurate without hull payment by, a foreign government under a horing assistance program of the U.S. as set forth in Table 22 CFR 121-128 and 130.						

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

i.

FIGURE 5-IV-3

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

		(DEPARTMENT OF	STATE USE ONLY)						
to be permanently ex- from and returned to U.S. and returned to accordance with the This license may be a State without prior	Sign sports of the applicant for the sports of from the U.S., to Lo of the U.S., or to bas empor- be the foreign owner, provide Degartment of Defense ind revoked, suspended or amen notice whenever the Secret REPRODUCE THIS LICENSE	e temporarily exported arily imported into the ad shipment is made in ustrial Security Manual, ded by the Secretary of lary dems such action	C LICENSE NO.			LICENSE VALID FOR 24 MONTHS FROM ABOVE DATE			
A	APPLICATION/LICEM	ATES OF AMERICA SE FOR PERMANE DF CLASSIFIED DEF CLASSIFIED T	NT/TEMPORARY	AND REI	OR TEMPO	RARY			
	2. PM/MC applicant code	3. Check one: Permanant export Temporary export Temporary import	4. Country of ultimate	e destination o	or sojourn	5. Country from which shipped (temporary imports only)			
6. Applicant's name, address, ZIP code, tel. no.			familiar with the co 8. Name, State and te	Names and telephone numbers of U.S. Government personnel (not PM/MC) femiliar with the commodity					
XXXXX TELEPHO	INE NUMBER:		needs additional in	formation					
9. QUANTITY	10, СОММС	arefully)	11. CLASSIFI- CATION	12. MUNITIONS LIST CATEGORY	13. VALUE				
15. Source or manufa	L cturer of commodity		16. Specific purpose f program/end item	for which the	L VALUE: material is requir	s ed, including specific			
17. Name and address	s of seller in United States	,	18. Name and address	s of consignor	in United States				
19. Name and address	of cognizant DIS socurity of	lice .	20, Name and address	e of foreign co	insignee				
21, Name and address	s of foreign end-user	22. Data and level (TS, S or C) of security clearance of facility in item 5 Data: Level: 23. This application represents: □ ONLY completely new shipment;							
24. If commodity is t Grant Aid (GAD) no	□ ONLY the unshipped belance of license no. NOTE: APPLICATION CAN NOT INCLUDE BOTH 25. The IDENTICAL commodity □ was licensed to the country in block 3 under license no. inder license no. :□ was denied to the country in block 3 under voided license no.								
	If yes, explain in a cover let								

FIGURE 5-IV-3. Application/License for Permanent/Temporary Export or Temporary Import of Classified Defense Articles and Related Classified Technical Data (Form DSP-85).

FIGURE 5-IV-4 TRANSPORTATION PLAN

The provisions of DOD 5200.1-R and DOD 5100.76-M require that the trans- ** mission instructions or the requirement for an approved transportation plan be incorporated into the security requirements of the United States Department of Defense Letter of Offer and Acceptance (DD 1513) when the foreign purchaser proposes to take delivery and custody of classified materiel in the United States and use its own facilities and transportation for forward shipment to its territory. The requirement for this plan will be included with any contract, agreement, Letter of Offer and Acceptance (LOA) or other arrangement involving the release of classified materiels to foreign entities.

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

a. A description of the classified materiel together with a brief nar- ** rative as to where and under what circumstances transfer of custody will occur;

b. Identification, by name or title, of the designated representa- ** tive(s) of the foreign recipient government or international organization who will receipt for and assume responsibility for the materiel. In case of U.S. classified materiel, the person(s) so identified must be cleared for access to the level of the classified materiel to be shipped;

c. Identification and specific location of delivery points and any ** transfer points;

d. Identification of commercial carriers and freight forwarders or ** transportation agents who will be involved in the process, the extent of their involvement, and as applicable security clearance status;

e. Identification of any storage or processing facilities to be used ** and, relative thereto, certification that such facilities are authorized by competent government authority to receive, or process the level of classified materiel to be shipped;

f. When applicable, the identification, by name or title, cf couriers ** and escorts to be used and details as to their responsibilities and security clearance status;

g. Description of shipping methods to be used, together with the ** identification of carriers (foreign and domestic). For classified materiel, see Chapter 8, DOD 5200.1-R and for classified sensitive materiels, see Chapter 7, DOD 5100.76-M.

h. In those cases when it is anticipated that the U.S. classified ** materiel or parts thereof may be returned to the United States for repair, service, modification, or other reasons, the plan must require that shipment

FIGURE 5-IV-4. TRANSPORTATION PLAN.

**

shall be via a carrier of U.S. or recipient government registry, handled only by authorized personnel, and that the applicable DOD component (for foreign military sales) or Defense Investigative Service (for commercial sales) will be given advance notification of estimated time and place of arrival and will be consulted concerning inland shipment;

i. The plan shall require the recipient government or international ** organization to examine shipping documents upon receipt of the classified materiel in its own territory and advise the responsible BOD component in the case of FMS, or Defense Investigative Service in the case of commercial sales, if the materiel has been transferred enroute to any carrier not authorized by the transportation plan; and

j. The recipient government or international organization also will be ** required to inform the responsible DOD component or the Defense Investigative Service promptly and fully of any known or suspected compromise of U.S. classified materiel while such materiel is in its custody or under its cognizance during shipment.

FIGURE 5-IV-4. TRANSPORTATION PLAN.

Change No. 9, 31 July 1987

FIGURE 5-IV-5				
Equivalent Foreign and International Pact (Organization			
Security Classifications				

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

FIGURE 5-IV-5.

IV-5. Equivalent Foreign and International Pact Organization Security Classifications.



5-23

Change No. 9, 31 July 1987

DoD 5105.38-M

COUNTRY	TOP SECRET	GURE 5-IV-5 (Con SECRET	CONFIDENTIAL	
Hong Kong	TOP SECRET	SECRET	CONFIDENTIAL	RESTRICTED
Hungary	SZIGORUAN TITKOS	TITKOS	BIZALMAS	
India	TOP SECRET	SECRET	CONFIDENTIAL	RESTRICTED
Indonesia	SANGAT RAHASIA	RAHASIA	TERBATAS	
Iran	BEKOLI SERRI	SERRI	KHEILI	MAHRAMANEH
	، بکلی سری	مىرى	MAHRAMANEH خیلی محرمانه	محرماته
Iraq	سري بللولا (Absolutely secret)	مري (Secret)	مکتو م	محد ود (Limited)
Iceland	ALGJORTI	TRUNADARMAL		
Ireland Gaelic	TOP SECRET AN-SICREIDEACH	SECRET SICREIDEACH	CONFIDENTIAL RUNDA	RESTRICTED SRIANTA
Israel	SODI BEYOTER סורי ביוחר	SODI סורי	SHAMUR TIDe	MUGBAL סוגבל
Italy	SEGRETISSIMO	SEGRETO	RISERVATISSIMO	RISERVATO
Japan	кімптяц 找 至	COKUHI 	HI AD	toriatsukaichui 取极注意 BUGAIHI部外秘
Jordan	ملحوم جدا	م در مر پ	مكتوم	محد ول
	MAKTUM JIDDAN	MAKTUM	SIRRI	MAHDUD
Korea	I 급 비일 KUP PI MIL	II KUP PI MIL 미국 계약	II KUP PI MIL	
Laos	TRES SECRET	SECRET	SECRET/ CONFIDENTIEL	DIFFUSION RESTREINTE
Lebanon	TRES SECRET	SECRET	CONFIDENTIEL	
Mexico	ALTO SECRETO	SECRETO	CONFIDENCIAL	RESTRINGIDO
Netherlands	ZEER GEHEIM	GEHEIM	CONFIDENTIEEL or VERTROUWELIJK	DIENSTGEHEIM
New Zealand	TOP SECRET	SECRET	CONFIDENTIAL	RESTRICTED
Nicaragua	ALTO SECRETO	SECRETO	CONFIDENCIAL	RESERVADO
Norway	STRENGT HEMMELIG	HEMMELIG	KONFIDENSIELL	BEGRENSET
Pakistan	TOP SECRET	SECRET	CONFIDENTIAL	RESTRICTED
Paraguay	SECRETO ·	SECREPO	CONFIDENCIAL	RESERVADO
Peru	ESTRICTAMENTE SECRETO	SECRETO	CONFIDENCIAL	RESERVADO

FIGURE 5-IV-5. Equivalent Foreign and International Pact Organization Security Classifications. (Continued)

	1	FIGURE 5-IV-5 (Co	ntinued)	
COUNTRY	TOP SECRET	SECRET	CONFIDENTIAL	********
Philippines	TOP SECRET	SECRET	CONFIDENTIAL	RESTRICTED
Portugal	MUITO SECRETO	SECRETO	CONFIDENCIAL	RESERVADO
Saudi Arabia	SAUDI TOP SECRET	SAUDI VERY SECRET	SAUDI SECRET	SAUDI RESTRICTED
Spain	MAXIMO SECRETO	SECRETO	CONFIDENCIAL	DIFFUSSION LIMITADA
Sweden (Red Borders)	HEMLIG	HEMLIG		• • •
Switzerland French	[Three languages. Top S TRES SECRET	Secret has a registration nu SECRET DEFENSE	mber to distinguish from Sec CONFIDENTIEL DEFENSE	ret and Confidential.] DIFFUSION RESTREINTE
German	STRENG GEHEIM	GEHEIM	VERTRAULICH	
Italian	SEGRETISSIMO	SEGRETO	RISERVATISSIMO	RISERVATO
Taiwan	絶對機密	插機密	桃峦	峦
Thailand	LUP TISUD อับพิสุด	LUP MAAG มีมาก	LUP 🗊	POK PID UND
Turkey	ÇOK GİZLİ	GIZLÍ	ÖZEL	HIZMET ÖZEL
Union of So. Africa English	TOP SECRET	SECRET	CONFIDENTIAL	RESTRICTED
Afrikaans	UITERS GEHEIM	GEHEIM	VERTROULIK	BEPERK
United Arab Republic (Egypt)	سري ہلئو ک TOP SECRET	سري جدًا VERY SECRET	سري SECRET	محمور OFFICIAL
United Kingdom	TOP SECRET	SECRET	CONFIDENTIAL	RESTRICTED
Uruguay	ULTRA SECRETO	SECRETO	CONFIDENCIAL	RESERVADO
USSR	СОВЕРШЕННО Секретно	CEKPETHO	не подлежащий Оглашению	ДЛЯ СЛЧЖЕБНОГО Пользования
Viet Nam: French	TRES SECRET	SECRET DEFENSE	CONFIDENTIEL - DEFENSE	DIFFUSION RESTREINTE
Vietnamese	TOI-MÂT	Màr	KIN	tu vật
International Organization	TOP SECRET	SECRET	CONFIDENITAL	
NATO	COSMIC TOP SECRET	NATO SECRET	NATO CONFIDENTIAL	NATO RESTRICTED

NOTES:

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

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



FIGURE 5-IV-5. Equivalent Foreign and International Pact Organization Security Classifications. (Continued)

CHAPTER SIX

MILITARY EXPORT SALES POLICIES AND CONSIDERATIONS

SECTION I - POLICY AND BACKGROUND

A. <u>PURPOSE</u>. 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. <u>Military Export Sales Defined</u>. "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. <u>Reasons for Government-to-Government Sales</u>. 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-togovernment basis for one or more of the following reasons:

(1) <u>Government Furnished Equipment (GFE)</u>, <u>or/Materiel (GFM)</u>? Government furnished equipment manufactured in a Government-Owned, Government-Operated (GOGO) facility cannot, <u>except</u> 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, <u>dated 30 JULY 11985</u>. 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) <u>USG Control</u>. 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) <u>Classified Items</u>. The processing of requirements and delivery of classified equipment can normally be accomplished more effectively through FMS channels.

(4) <u>Cooperative Logistics</u>. 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. <u>Purchaser's Options</u>. 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. <u>Sales Guidelines</u>. Except where overriding considerations dictate otherwise, the following guidelines will govern Department of Defense sales activities:

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

b. <u>Responsiveness to Foreign Requests</u>. 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;

host country; and

(b) General advice on tactics for securing sales in the

(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:

Change No. 8, 31 March 1987

(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 military equipment (SME) valued at \$14 million or more for end-use by foreign armed forces, or for manufacturing license or technical assistance agreements for the production or assembly of SME, 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 SME valued at \$14 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 SME, 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. 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 SME 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. <u>Soliciting Consultation with Foreign Countries</u>. 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, baragraph C.

f. <u>Sales Promotion Prohibition</u>. In accordance with Section 515 of ** the Foreign Assistance Act of 1961, as amended,

"The President shall continue to instruct United States diplomatic and military personnel in the United States missions abroad that they should not encourage, promote, or influence the purchase by any foreign country of United States-made military equipment, unless they are specifically instructed to do so by an appropriate offical of the executive branch."

6-4

2

**

5. <u>Criteria Regarding Sale of Military Equipment</u>. 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. <u>Type of Equipment</u>. 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.

[This space left blank intentionally.]

Now

b. <u>Country and Region</u>. 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 exist-ing inventory, and impact on the perceptions and the actions of the buyer's neighbors. of the buyer's

Foreign Policy. The willingness of the U.S. Government to sell с. worder 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. 🥐 1 •

National Disclosure Policy. The National Disclosure Policy d. 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 work 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.

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

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

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

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

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

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

С. POLICIES.

List of Eligible Countries to Purchase or Lease Defense Articles or 1. 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. <u>Designation of Defense Articles and Services</u>. 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 Military Equipment (SME).

3. Foreign Military Design and Construction Sales.

a. <u>Authority</u>. 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. <u>Congressional Reporting</u>. 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. <u>Proper Use of Materiel</u>. 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. <u>Diversions of Materiel</u>. In order to implement the AECA, Section 21(i), 10 U.S.C., Sections 133b and 975, and the SAC, Defense Subcommittee

*

*.

*

*

report, 99-176 of 6 November 1985, the following policies govern the * allocation of defense materiel between U.S. forces and international security requirements in the event of 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). Both offshore procurement (OSP) and Special Defense Acquisition * Fund (SDAF) assets should be considered as alternatives to diversion of U.S. * forces and/or FMS assets. See SAMM, Chapter 9, Section III, paragraph J; and * Chapter 14, respectively.

b. <u>Directed Diversions</u>. 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/RA, pursuant to DoD Directive 1225.6.) If tanks are being withdrawn, a determination will be included in the required Congressional notification that the proposed sale will not increase the shortage of tanks in the U.S. National Guard or Reserve during the current five-year defense plan. Should tanks need to be withdrawn from the U.S; National Guard or Reserve, the Congress shall be advised of the plan to replace the specific tanks.

d. <u>Diversion from FMS</u>. 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. <u>Approval Channels</u>. 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 (Acquisition and Logistics) (ASD(A&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(A&L) when such referral is required.

(3) <u>Report to Congress</u>. The AECA, Section 21(i) requires a <u>report by the President to the Congress</u> "with respect to any proposal to sell, under this section (sales from stocks) or under the <u>authority of Chapter 28</u>. 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(A&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;

ę۶

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

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

(e) In accordance with SAC, Defense Subcommittee report, 99-176 of 6 October 1985, a determination as to whether the sale will increase approximation the shortage of tanks in the Army National Guard and Reserve in the current five-year defense plan. If so, a plan to replace the specific tanks should be^C submitted.

(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), as well as a determination of whether a shortage of tanks will occur in the National Guard of and Reserve with an attantion and Reserve with an attendant replacement plan (if the withdrawal is for tanks), as required by the SAC, Subcommittee report 99-176 of 6 November 1985. This latter tank determination and replacement plan must be included in the President's report to Congress. In this connection, a "proposal to sell" within the meaning of 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 The AECA, Section 21(i) is also interpreted as being make the sale. 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. The report required by 10 U.S.C., Section 118 is covered in SAMM, Chapter 7, Section IV.

The above also applies to secondary (7) Secondary Items. 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 Logistics Supply 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.

Change No. 9, 31 July 1987

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. <u>Follow-On Logistic Support</u>. 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. <u>Materiel Standards</u>. 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. <u>Communications Security (COMSEC) Programs</u>. Discussions relating to COMSEC will not be initiated with foreign governments without obtaining prior approval and specific guidance from DSAA. All foreign government requests for information will be forwarded to DSAA for staffing with cognizant DOD service organizations and definitive guidance. Upon notification of DSAA approval, standard FMS procedures apply to the request for a sale of COMSEC equipment. This includes channels for submission of requests, use of the LOA, financial requirements in DoD 7290.3M, etc. Specifically, the DoD component processing the request is also responsible for assuring that all National Disclosure Policy requirements are satisfied and that the program details are staffed with appropriate security activities before a response is provided to the foreign purchaser. Refer to NACSI 6001, "Foreign Military Sales of Communications, and JCS Memo 131, "Joint and Combined Communications Security," dated 18 July 1983.

[This page left blank intentionally]

.

[This space left blank intentionally]

9. Translation Services.

a. <u>Responsibility</u>. 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. <u>Informal Translations</u>. 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. <u>Other Requests</u>. 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 material 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 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) <u>MDE Items</u>. Any proposed transfer of MDE valued (in terms of its original acquisition cost) at \$14.0 million or more.

(b) <u>Other</u>. 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) <u>Transfers to Other Than NATO, NATO Member Countries</u>, 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) <u>Transfers to NATO, NATO Member Countries, Japan,</u> 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) <u>Emergency Situations</u>. Approval of a transfer may be provided <u>immediately</u> without the 30-day waiting period if the President states in the certification that an emergency exists.

(5) <u>Exceptions</u>. 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 crossservicing;

(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

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. Security Assistance Survey Teams.

a. <u>Definition</u>. The term "security assistance survey" means any survey or study conducted in a foreign country by USG personnel for the purpose of assessing the needs of that country or international organization for security assistance, and includes defense requirement surveys, site surveys, general surveys or studies, and engineering assessment surveys.

b. <u>Financing</u>. When the survey is determined to be dictated by U.S. Government interests rather than those of the foreign country or international organization, it may be financed by the U.S. with each agency represented on the team bearing a pro rata share of the survey costs rather than by the country through an FMS case. 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 on a pro rata basis by the agencies represented on the team.

c. <u>Responsibilities</u>. 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 security assistance surveys which are intended to assess country or international organization capabilities and to identify future needs, e.g., defense requirement surveys. This includes the 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. For survey teams intended to meet a specific requirement rather than overall country international organizations capabilities, e.g., site surveys, a decision relative to the lead agency will be identified during initial staffing of the requirement. All actions shall be coordinated with the JCS and The appropriate regional office or lead agency, as applicable, will DSAA. draft Terms of Reference for the teams. General Terms of Reference for security assistance survey teams are set forth at Table 6-I-2 as a sample. A Security Assistance 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 as a sample. These Tables may be adapted to other types of survey Terms of Reference are required for all security assisteam requirements. tance survey teams.

d. <u>Purpose</u>. The U.S. will use security assistance surveys on a selected basis to further the security interests of the U.S. and to enhance the security of friends and allies. Since security assistance 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 security assistance survey will only be made after the ramifications of undertaking such a survey have

6-13

**

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) Security assistance survey teams will normally be led by the DOD, with the Department of State invited to provide 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 on 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.

e. <u>Reporting Requirements</u>. As required by section 26(b) of the AECA, DSAA will, as a part of the quarterly report required by section 36(a), AECA include a list of all security assistance surveys authorized during the preceding calendar quarter. The report will specify the country, the purpose of the survey, and the number of United States Government personnel who participated in the survey.

(1) DOD Component Responsibility. The DOD component with predominant interest in the survey team is responsible for submitting a report to DSAA Operations (ATTN: Management Division) on a quarterly basis in the format of Figure 6-I-1 not later than 30 days after the end of each quarter. The report will identify all security assistance surveys conducted during the preceding quarter. Negative replies are required.

(2) <u>DSAA Responsibility</u>. The Management Division of the DSAA Operations Directorate will review each submission and, after any required staffing, provide a consolidated report of all security assistance survey teams to the DSAA Comptroller, Data Management Division, for transmission to the Congress with the section 36(a) quarterly report to the Congress.

f. <u>Submission of Survey Reports to Congress</u>. Individual security assistance survey reports need not be provided to the Congress unless a specific request is received. Consistent with Section 26(c), AECA upon a request

of the Chairman of the Committee on Foreign Affairs of the House of Representatives or the Chairman of the Committee on Foreign Relations of the Senate, copies of security assistance surveys will be provided. All such submissions will be forwarded to the Director, DSAA, for submission to the Congress. DOD components will not submit survey reports directly to the Congress. DOD components responsible for the preparation of draft survey reports should consider the possibility of further dissemination of the report during the preparation of the report. Accordingly, necessary staffing should be accomplished before finalization of the survey neport to assure that the report reflects a staffed U.S. Government position. Coordination with the DSAA Operations Directorate is required for each draft survey report within 30 days of its preparation.

[This space left blank intentionally.]

٩,

FIGURE 6-I-1 SECURITY ASSISTANCE SURVEYS AUTHORIZED [Sample Format]

(date/quarter)

RCS: DSAA(Q) 1137

	Inclusive		No. of USG
	Dates of	Purpose	Personnel
Country	Survey	<u>of Survey</u>	Participating
			· · · · · · · · · · · · · · · · · · ·

FIGURE 6-1-1. SECURITY ASSISTANCE SURVEYS AUTHORIZED.

6-14.2

Change No. 8, 31 March 1987

*

*

TABLE 6-I-1

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

AFR	ICA	NEAR EAST AND S	OUTH ASIA	
Benin Botswana Burkina Faso Cameroon Cape Verde Central African Rey Chad Djibouti Equatorial Guinea Gabon Gambia * Ghana Guinea Guinea-Bissau Ivory Coast Kenya Liberia Madagascar	Malawi Mali Mauritania Mauritius Mozambique P. * Niger Nigeria Rwanda Senegal GPR Sierra Leone Somalia Sudan Togo Zaire Zimbabwe	Algeria Bahrain Bangladesh Egypt India Israel Jordan Kuwait Lebanon Morocco	Nepal Oman Pakistan Qatar Saudi Arabia Sri Lanka Tunisia United Arab Emirates Yemen Arab Republic	
EUR	OPE	WESTERN HEMISPHERE		
Austria Belgium Denmark Finland France Germany (Fed Rep of) Greece Iceland Ireland Italy. Luxembourg	Malta Netherlands Norway Portugal Spain Sweden Switzerland Turkey United Kingdom (Incl Crown Agents) Yugoslavia	Antigua and Barbuda Argentina Bahamas Barbados Belize Bolivia Brazil Canada Chile Colombia Costa Rica Dominica Dominican Republic Eucador El Salvador	Grenada Guatemala Haiti Honduras Jamaica Mexico Panama Paraguay Peru St Christopher /Nevis St Lucia St Vincent and the Grenadines Suriname Trinidad and Tobago Uruguay Venezuela	
EAST ASIA AND	PACIFIC	INTERNATIONAL TREAT	Y ORGANIZATIONS	
Australia Brunei Burma China Fiji Indonesia	Malaysia New Zealand Papau – New Guinea Philippines Singapore Tatua	North Atlantic Treaty Organization (NATO) and its Agencies Organization of American States (OAS) International Commission of Control and Supervision in Vietnam International Commission of Control		

and Supervision in Laos

United Nations (UN) and its agencies including the International Civil Aviation Organization

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.

Japan

Korea

Tatwan

Thailand

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 SECURITY ASSISTANCE 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. Ambassadór, 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 Security Assistance 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-I-2. (Continued)

2

TABLE 6-I-3

SECURITY ASSISTANCE SURVEY TEAM CHECKLIST

A. Consideration of providing a security assistance 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 request 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 interagency threat assessment.

H. Information gathered above is incorporated by the Department of State * (PM) 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. Security Assistance Survey Team Checklist.

I. If the decision is made to dispatch a survey team, Terms of Reference and team composition will be developed by DOD in coordination with State Depart- * ment, ACDA, and AID, if appropriate. NSC and OMB must clear terms of * reference and team composition. 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 ten duty days after 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,

0. Approved report will be presented to the host country and to the * Congress, if requested, pursuant to the AECA, Section 26(c).

TABLE 6-I-3. (Continued)

SECTION II - CONTRACTOR PREFERENCE FOR DIRECT COMMERCIAL SALES

A. <u>PURPOSE</u>. 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. <u>APPLICABILITY</u>. 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 <u>actually receives</u> a request from a foreign country to purchase a specific article via FMS.

C. <u>POLICY</u>. 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 of 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. <u>Concurrent FMS and Direct Negotiations</u>. 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. <u>Initiation of Direct Sales Preference Considerations</u>. 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. <u>DSAA Responsibility</u>. 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. <u>DoD Component Recommendation</u>. 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. <u>GUIDELINES</u>. 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. <u>Items_provided_under</u> 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 <u>aircraft flares</u> 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.

1. 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.

o. Programs financed with Military Assistance Program (MAP) funds.

p.___Items for which there are unallocated Special Defense Acquisition Fund (SDAF) assets.

2. <u>Two or More Producers</u>. 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 know to be qualified and currently capable of producing the article.

3. <u>Other Considerations</u>. 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

6-22

1

change f. to ohen "J. All items determined to be and for Drod base." (not saying U.S., prod base." (not saying we would only allow sale via Ens, just want to more H.S. prod base is allowed to compite.

ذ

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. <u>Exceptions</u>. 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. <u>Commercial Source Responsibility</u>. It is the responsibility of the U.S. manufacturer to inform the DSAA Operations Directorate (DSAA-OPS), that it prefers to sell significant military equipment (SME) 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. <u>DoD Component Responsibility</u>. 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 commer-cial 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 military equipment (SME) on the United States Munitions List; and

g. Confirmation that the item in question is in fact solely manufactured without government furnished equipment (GFE) (and if applicable the firms qualifications to purchase GFE under the provisions of DODD 4175.1).

DoD 5105.38-M

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

Grand Siret good & max of

this chapter will be ated article or serreview and continued U.S. manufacturer of

REFERENCE.

centai puried such no five years to help buy files curred, i.e., co much again request NCT 5 yrs from our notifying memo to beep prof in effect. nent concerned, upon Offer and Acceptance sting of articles or iteria in paragraph E d is considered for DoD component will le preference and of service. Such notiger within three weeks at 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.

Format. When it has been determined that a purchaser should be a. notified that the article or service requested is eligible for direct sale preference, a letter or message to the foreign purchaser will be prepared. The letter content will be determined based on the DOD components capability to determine the status of production by the commercial firm. Four letter formats to cover the various alternative situations are identified below. The appropriate letter will be selected by the DOD component and utilized to notify the foreign purchaser of commercial sales preference. All commercial

Ł

sales preference notifications will be coordinated with the DSAA Operations Directorate before dispatch. DSAA initiated correspondence utilizing these formats will be coordinated with the applicable DOD component, as required.

EORMAT_1 = Letter_for_current_DOD_producer/

(COMPANY) has advised the DoD that it has the capability of providing the (ARTICLE OR SERVICE) which you have requested to purchase via FMS and prefers to market it on a direct commercial basis. The DOD has no preference as to whether (this/'items) is/www procured through FMS or on a direct commercial basis. We have confirmed that this company is capable of producing this item, and that it is currently in production for DOD requirements. If a commercial transaction is undertaken, the U.S. Government will not be a party to the contract; therefore, all apects of contract performance must be between your Government and the company. Should you not desire to pursue a direct commercial purchase, please advise us of your rationale.

FORMAT 2 - Letter for current producer (other than for DOD) /

(<u>COMPANY</u>) has advised the DoD that it has the capability of providing the (<u>ARTICLE OR SERVICE</u>) which you have requested to purchase via FMS and prefers to market it on a direct commercial basis. The DOD has no preference as to whether this items is procured through FMS or on a direct commercial basis. We are not aware of any current contract for this item between the U.S. DOD and this company, although we are aware of previous direct commercial sale for this item between other countries and this company. If a commercial transaction is undertaken, the U.S. Government will not be a party to the contract; therefore, all apects of contract performance must be between your Government and the company. Should you not desire to pursue a direct commercial purchase, please advise us of your rationale.

FORMAT 3 - Letter for prior producer for DOD

(<u>COMPANY</u>) has advised the DoD that it has the capability of providing the (<u>ARTICLE OR SERVICE</u>) which you have requested to purchase via FMS and prefers to market it on a direct commercial basis. The DOD has no preference as to whether this items is procured through FMS or on a direct commercial basis. We are not aware of any current contract for this item between the U.S. DOD and this company, although we are aware of a previous contract between the U.S. DOD and this company for this item. If a commercial transaction is undertaken, the U.S. Government will not be a party to the contract; therefore, all apects of contract performance must be between your Government and the company. Should you not desire to pursue a direct commercial purchase, please advise us of your rationale.



FORMAT-4 - Letter=for=producer=not-known by DOD

(<u>COMPANY</u>) has advised the DoD that it has the capability of providing the (<u>ARTICLE OR SERVICE</u>) which you have requested to purchase via FMS and prefers to market it on a direct commercial basis. The DOD has no preference as to whether this items is procured through FMS or on a direct commercial basis. We are not aware of any current contract for this item between the U.S. DOD and this Company. 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 services the commercial firm states it can provide. Should you not desire to pursue a direct commercial purchase, please advise us of your rationale.

b. <u>Previous Commercial History</u>. 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. <u>Coordination</u>. 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 in- Λ formed 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, <u>DoD components should query the foreign government</u> 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.) 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. <u>Exceptions</u>. 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. <u>Commercial Source Responsibility</u>. It is the responsibility of the U.S. manufacturer to inform the DSAA Operations Directorate (DSAA-OPS), that it prefers to sell significant military equipment (SME) 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. <u>DoD Component Responsibility</u>. 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 military equipment (SME) on the United States Munitions List; and

g. Confirmation that the item in question is in fact solely manufactured without government furnished equipment (GFE) (and if applicable the firms qualifications to purchase GFE under the provisions of DODD 4175.1).

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. <u>Semi-Annual Summary</u>. 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.

DoD Component Responsibility. The DoD component concerned, upon 1. 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. The letter content will be determined based on the DOD components capability to determine the status of production by the commercial firm. Four letter formats to cover the various alternative situations are identified below. The appropriate letter will be selected by the DOD component and utilized to notify the foreign purchaser of commercial sales preference. All commercial

Grand Since prof & max of centai puried anch no fine ! years to help buy files auried, i.e., co much again request NCT 5 yr from over nstifning memo 20 bege prof in effect.

CHAPTER 7

PREPARATION AND PROCESSING OF FOREIGN MILITARY SALES CASES

SECTION I - GENERAL INFORMATION, FOREIGN MILITARY SALES AGREEMENTS

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

B. BACKGROUND/DEFINITIONS.

Depending upon the nature of the requirement, Types of Requests. 1. foreign countries or international organizations may request preliminary data (generally Planning and Review (P&R)) or an FMS agreement (Letter of Offer and Acceptance (LOA)) for the purchase of defense articles or services. In exceptional circumstances, as described below, the provision of Price and Availability (P&A) data may be considered. However, unless a unique situation exists P&R data will be provided when the purchaser's requirement is for only preliminary data. All country requests, no matter how informal, must be processed consistent with the provisions for processing P&R, P&A, or LOA requests. This includes requests received in program management reviews, or other meetings or discussions with foreign country representatives. See paragraph C.1.b. below for channels of submission and release approval channels.

Planning and Review (P&R) Data. Planning and Review (P&R) data a. 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 is not valid for use in preparation of a Letter of Offer and Acceptance (LOA - DD Form 1513) and will not be provided on a DD Form DOD components should ensure that the P&R information provided is 1513. sufficiently accurate to serve the planning purposes (although not necessarily the budgetary purposes) of the foreign country or international organization, and will include applicable integrated logistics support (ILS) element data whenever possible. DOD components will provide P&R data to the requesting foreign country or international organization normally within 45 days after receipt of the request. Note that for MDE items the cognizant DOD component must assure that approval from DSAA has been received for preparation and release of the P&R data before providing any data to the requesting country or international organization. When DSAA approval is provided within five working days of receipt of the request, unless otherwise advised, no further staffing with DSAA is required.

b. <u>Price and Availability (P&A) Data</u>. P&A is data which should be detailed to the degree that the information could be transferred without further modification to an LOA. In general, P&R data will be used in lieu of P&A data when the purchaser requirement is for preliminary data rather than for an LOA. DOD components will prepare P&A only in exceptional circumstances when acceptable overriding rationale is provided by the purchaser. For P&A data for MDE items the cognizant DOD component must assure that approval has

been received from DSAA for preparation and release of the P&A data before providing any data to the requesting country or international organization. When DSAA approval is provided within five working days of receipt of the request, unless otherwise advised, no further staffing with DSAA is required. An information copy of the P&A data which is provided to foreign countries and international organizations will be furnished 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 properly justified requests. Any country request for P&A preparation on a DD Form 1513 will be considered as a request for an LOA.

c. Letter of Offer and Acceptance (LOA). The DD Form 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, provides the terms and conditions of the sale, and requires the signature of the representative of the foreign country or international organization to indicate acceptance. The DOD component will forward LOAs for DSAA countersignature no later than 60 days after receipt of properly justified requests.

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

2. Categories of Items and Services.

a. Defense Articles and <u>Defense Services</u>. Categories of defense articles and services are identified in the <u>International Traffic In Arms</u> <u>Regulations (ITAR)</u>, 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) <u>Significant Military Equipment</u>. Articles in those defense articles and services on the U.S. Munitions List which are preceded by an asterisk are referred to as "Significant Military Equipment (SME)."

(2) <u>Major Defense Equipment (MDE)</u>. A U.S. defense article is considered to be an item of major defense equipment when it is identified as Significant Military 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 candidate MDE items on a quarterly basis to reach DSAA 30 days following the end of the quarter and provide the information cited in Figure 7-I-1 as available. Report Control Symbol (RCS) DSAA (Q) 1126 is assigned. 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. <u>Standard Foreign Military Sales (FMS) Cases</u>. 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. <u>Defined Order Cases</u>. 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. <u>Blanket Order Cases</u>. 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) Except for maintenance blanket order cases, the ordering period of a blanket order case will normally be 12 months and will not exceed 24 months. For maintenance cases, the ordering period can exceed 24 months if the contract under which the service is being performed also exceeds 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.

Change No. 9, 31 July 1987

(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) <u>Spare and Repair Parts</u>. 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) <u>Publications</u>. The LOA for forms, catalogs, manuals, stock lists, 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. Technical data will not be provided on a blanket order case.

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

(e) <u>Technical Assistance Services</u>. 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) <u>Training</u>. 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) <u>Training Aid Devices</u>. 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) <u>Repair of Reparable Items</u>. 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 reparable 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) <u>Items Restricted from Blanket Order Cases</u>. Under Blanket Order FMS cases, certain restrictions are imposed. The following specific types of requirements <u>may not</u> 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 Military Equipment (SME).
- (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) <u>FMSO I</u>. 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.

d. <u>Non-Standard Support</u>. DSAA/Plans-Support Division provides ** assistance for rehabilitation, training and logistics support of non-standard or foreign military equipment. This program furnishes interim solutions to

Change No. 9, 31 July 1987

Attohn 2

countries that desire new U.S. equipment but cannot acquire it due to production lead times, funding constraints or technology transfer considerations. The program is not a new source of funding. Interested countries must use MAP, FMS credits or cash. Requests for both unclassified and classified projects should be sent via U.S. Embassies to DSAA/Plans-Support Division for initial coordination and further routing.

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. <u>Channels of Submission of LOR</u>. The Department of State has statutory responsibility for approving all requests for Foreign Military Sales to eligible countries and international organizations. All requests for P&R, P&A, or an LOA are divided into one of two categories: "Significant Military 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:

(1) <u>Significant Military Equipment (SME)</u>. Requests to purchase SME, 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 to the cognizant DOD component with an information copy to the Bureau of Politico-Military Affairs, Department of State (SECSTATE-PM) and the Office of the Secretary of Defense, Defense Security Assistance Agency (SECDEF/DSAA), and the unified command. Requests to purchase SME which originate with purchaser country representatives in the United States should also be addressed to the cognizant DOD component with an information copy to the Bureau of Politico-Military Affairs, Department of State, and the Secretary of Defense, Defense Security Assistance Agency. For MDE items, the cognizant DoD component will provide the applicable unified command and SAO with a copy or details of the purchaser's request, as appropriate. The following must be addressed in transmission of the request by the U.S. Embassy:

vices.

(a) The reason the nation desires the articles or ser-

(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 acquisition.

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

(2) <u>All Other Foreign Military Sales (non-SME)</u>. Requests for P&R, P&A, or an LOA which originate in the purchaser's country should be transmitted either by the customer country's authorized representative or the DoD element of the U.S. country team directly to the cognizant DoD component, with an information copy to the Unified Command, Bureau of Politico-Military Affairs, Department of State, and Department of Defense, Defense Security Assistance Agency. Requests originated by foreign representatives of the customer country 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 Office of the Secretary of Defense, Defense Security Assistance Agency.

(3) Exceptions.

**

(a) <u>Direct Submission to State or DSAA</u>. In exceptional ** circumstances requests for P&R, P&A, and LOAs may be submitted directly to the Bureau of Politico-Military Affairs, Department of State, and the Secretary of Defense, Defense Security Assistance Agency. Such submission should be used only when the U.S. embassy in-country or the purchaser's representative in the U.S. believes that the request is sensitive enough to require a higher level policy determination.

(b) <u>Requirement for Copies Furnished</u>. DoD components ** receiving requests for P&R, P&A, or an LOA will assure that the Department of State and DSAA are on distribution for copies of the purchaser's request. If copies have not been furnished, immediate action is required to furnish the copies. Further, for MDE requests received from the purchaser's representative in the U.S., the DoD component will provide the unified command and SAO with a copy or details of the purchaser's request, as appropriate.

(c) <u>Unknown DoD Component</u>. When the cognizant DoD com- ** ponent cannot be readily determined by the purchaser or the SAO/U.S. embassy, the P&R, P&A, or LOA request should be submitted to SECSTATE/PM and SECDEF/ DSAA for further dissemination.

(4) DSAA and State Department Approval. Based upon receipt of ** the information copy of the P&R, P&A, or the LOA request, DSAA and the State Department will, within five working days, initiate the necessary coordination to determine if the request is approved, disapproved, or if further correspondence by the DoD component with the requestor should be suspended until completion of the required coordination. For MDE items, DSAA will immediately advise the DoD component of the initial approval or if difficulties are foreseen. For any MDE or non-MDE request that is not approved, DSAA will

immediately advise the cognizant DoD component to stop further processing on the purchaser's request, the rationale for the decision, and of the further actions required with regard to a response to the purchaser. In the absence of such notification by DSAA, all requests will be processed for DSAA final coordination and countersignature in accordance with Chapter 7, Section II, paragraphs C9 and C10.

(5) <u>DOD Component Recommendations</u>. In the event the cognizant ** DOD component recommends that the purchaser's request be disapproved, the DSAA Operations Directorate will be notified. DSAA will coordinate the disapproval with the Bureau of Politico-Military Affairs, Department of State.

2. Responses to Letters of Request.

a. <u>General</u>. Normally, when preliminary data is required by a foreign country or international organization for planning or in anticipation of a purchase under FMS, P&R data will be provided. P&A data will be provided only in exceptional situations. See Paragraph B.1. above for a description of P&R and P&A data and paragraph C.1.b. above for the channels of submission of requirements for data.

b. <u>Discussions with Foreign Governments and International Organi-</u> <u>zations</u>. Economic, production, and budget uncertainties all contribute to DOD component difficulties in making accurate cost and delivery estimates. The large volume of P&R estimates which are processed also increases the likelihood of human error. In any event the utmost discretion must be exercised by members of the country team or other U.S. officials in discussion of P&R data with foreign government or international organization officials. Only specific data approved and provided by the DOD component or the DSAA should be used. This same discretion must be exercised in those exceptional circumstances where P&A data is provided.

c. Format for P&R Data. 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 integrated logistics support (ILS) element items in addition to those in subparagraph (2) above which are necessary to support the system, e.g., training, publications, etc.

(4) Estimated accessorial charges.

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

(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 and/or ILS elements necessary to support the quantity of items requested.

(b) Training and publication 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 may rise substantially and new data will be required.

(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 and may not be adequate for budgetary purposes. It is planning information for review purposes only, to assist in your government's determination of the feasibility of requesting an LOA.

(11) The DD Form 1513 will not be used to provide P&R data.

d. <u>Format for P&A Data</u>. P&A data will be prepared along the same guidelines as an LOA. P&A information normally will be provided separately from an LOA. An information copy of P&A data provided to all foreign countries and international organizations will be furnished the DSAA, Operations Directorate. Any country request for P&A preparation on a DD Form 1513 will be considered as a request for an LOA. P&A data should include the following statement:

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

e. <u>P&R and P&A Estimates are not Commitments</u>. 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."

Constant and the

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) <u>Purpose</u>. 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) <u>Periods of Effectiveness</u>. 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) <u>Acceptance</u>. 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. <u>Response to Requests Which Involve Less Than Economic Order</u> <u>Quantity (EOQ)</u>. 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. <u>Negative Responses</u>. 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.

a. The Director, Joint Staff, Office of 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:

(1) All requests for Coproduction or Licensing Agreements for Major Defense Equipment as defined in paragraph B.2.a.(2) above.

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

b. The receipt of the information copy by DSAA of the P&R, P&A, or LOA request required by paragraph C.1.b. will be the basis for the above notification.

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) <u>Types of LOI</u>. 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 FAR 52.232-20 and 52.232-21). That clause may be deleted by contract amendment after the purchaser's acceptance of the LOA.

(3) <u>Approval of the DSAA</u>. 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) <u>Amendment to the LOI</u>. 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.

(6) <u>DSAA Countersignature</u>. DSAA countersignature is required prior to the submission of any DD Form 2012, DD Form 2012-1, and DD Form 2012-2 to the purchaser.

7-10

[This page left blank intentionally.]

Change No. 6, 1 March 1986

PREVIOUS UNIT CHARGE Section C un reverse la regurad RECOMMENCED PRO RATA UNIT CHARGE ROTE/PRODUCT.ON/TOTAL DATE PREPARED AS OF DATE In maringany 14101 TOTAL WAP/FUS/O.ALCT SALE NO TORIONA PRODUCTION QUANTITY ANTITIES ECTION B A.RFORCE SECTION A RECOUPMENT OF NONRECURRING COSTS OF MAJOR DEFENSE EQUIPMENT ACTUAL DIRET SALE -----TOTALS 1 3 NONRECURAING COSTS. 10064 ROTE WÉAPON SYSTEM OR COMPONENT

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

L		SECTION C
	QUA	NTITY PROJECTION BREAKOUT
		MAP
COUNTRY/ INT'L ORGN	PROJECTED	EXPLANATION FOR PROJECTIONS
h		
TOTAL MAP		
		DIRECT SALES
	·····	
TOTAL DIRECT SALES		
······································		₽MS
		1
ļ		
ļ	ł	
TOTAL FMS	1	1
TUTAL PMD		
TOTALS		
	L	L

FIGURE 7-I-1. (Continued)

Change No. 8, 31 March 1987

.....

*

FIGURE 7-I-2

MEMORANDUM FOR: THE CHAIRMAN, JOINT CHIEFS OF STAFF UNDER SECRETARY OF DEFENSE, ACQUISITION

SUBJECT: Security Assistance Request for Major Defense Equipment (MDE) or Equipment of a Sensitive Nature

(*) The attached request from <u>(Insert Country or International Organization)</u> for <u>(Insert Identification of Articles)</u> which is identified as MDE or is considered to be of a sensitive nature has been received by this Agency.

(*) (Insert additional information, if required).

(*) 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, Acquisition (IP&T) OJCS, Director, J-5 DUSD-TSP Applicable Security Assistance Organization in country Applicable DoD component

* Normally, memos will be classified Confidential.

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

7-14

Change No. 8, 31 March 1987

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

UNITED STATES DEPARTMENT OF DEFENSE LETTER OF INTENT	Form 1513) within and Letter of Offer and Accept tion Letter of Offer and Accept tion Letter of Offer and Accept be estimated costs of such ticular, Conditions B.8, B.9, nce and made an integral pon Purchaser's signature of ned Letter of Offer and Accept immediately with the purcha the United States Department r obligations and expend up to ion costs) on an FMS depend- r either a Court or Board which ized obligations and to make	
The Government of	Form 1513) within and Letter of Offer and Accept tion Costs) on an FMS depend- tion costs) on an FMS depend- reither a Court or Board whice the stimediately with the purcha the United States Department robligations and expend up to tion costs) on an FMS depend- reither a Court or Board whice the time a court or market the stime and to make	
The Government of	Form 1513) within and Letter of Offer and Accept tion Costs) on an FMS depend- tion costs) on an FMS depend- tion costs) on an FMS depend- tion costs of and to make the stimulation of the sum of the set the stimulation of the set the stimulation of the set the stimulation of the set the set of the set of the set the set of the s	
acting through its Ministry of Defense (hereina/ter referred to as the "Purchaser") hereby d firm intent to procure, under United States Arms Export Control Act (AECA) procedures, Government of the United States, the following defense articles and defense services. Intersection of the United States, the following defense articles and defense services. Intersection of the United States, the following defense articles and defense services. Intersection of the United States, the following defense articles and defense services. Intersection of the United States, the following defense articles and defense services. Intersection of the United States, the following defense articles and defense services. Intersection of the United States Department of the	<i>ECA</i>) procedures, from the ense services. <i>Form 1513</i>) within ad Letter of Offer and Accept tent directly inconsistent with 'DD Form 1513 will the estimated costs of such ticular, Conditions B.8, B.9, nce and made an integral pon Purchaser's signature of ned Letter of Offer and Accept and Letter of Offer and Accept ned Letter of Offer and Accept the United States Department robligations and expend up to <i>ion costs</i>) on an FMS depend- reither a Court or Board whice zed obligations and to make	(Purchaar's Reference)
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 ince not later than days after secolet. Except to the extent directly incons the provisions hereof, the terms and conditions set forth on Annex A of DD Form 1513 wipply to all activities undertaken pursuant to this Letter of Intent, and the estimated costs and C on Annex A of DD Form 1513 are hereby incorporated by reference and made an in part of this Letter of Intent. This Letter of Intent shall be superseded upon Purchaser's sign the Letter of Offer and Acceptance. 2. In anticipation of the Purchaser's signature of the above-mentioned Letter of Offer ance the Purchaser commits his Government to the following: (a) In order to permit the United States Government to proceed immediately with of long lead time items and to cover associated administrative expenses, the United States of the sum of \$	aid Letter of Offer and Accept tent directly inconsistent with "DD Form 1513 will the estimated costs of such ticular, Conditions B.8, B.9, nce and made an integral pon Purchaser's signature of ned Letter of Offer and Accept and Letter of Offer and Accept immediately with the purchat the United States Department r obligations and expend up to ion costs) on an FMS depend- r either a Court or Board which ized obligations and to make	rough its Ministry of Defense (hereinafter referred nt to procure, under United States Arms Export (
 ance the Purchaser commits his Government to the following: (a) In order to permit the United States Government to proceed immediately with of long lead time items and to cover associated administrative expenses, the United States I of the	I immediately with the purcha the United States Department robligations and expend up to <i>ion costs)</i> on an FMS depend- either a Court or Board whic ized obligations and to make	oresent to the Purchaser a Letter of Offer and Acc r signature of this Letter of Intent. Purchaser int later than days after receipt. Exc sions hereof, the terms and conditions set forth o all activities undertaken pursuant to this Letter o will be included in the Letter of Offer and Accep Annex A of DD Form 1513 are hereby incorpor nis Letter of Intent. This Letter of Intent shall be
of long lead time items and to cover associated administrative expenses, the United States I of the	the United States Department r obligations and expend up to <i>ion costs</i>) on an FMS depend- <i>v</i> either a Court or Board whice ized obligations and to make	
funds available in such amounts and at such times as may be requested by the United State for expenditures against such obligations. (c) It is estimated that the cost of the long lead time items, associated administration and estimated termination costs will not exceed the amount set forth in subparagraph (a) of graph. However, if at any time prior to Purchaser's signature of the above-mentioned Letture and Acceptance, the United States Department of the <u>subparagraph</u> (a) of reason to believe that the costs which it expects to incur in the performance of this Letter will exceed the amount set forth in subparagraph (a) of this paragraph, it shall promptly no Purchaser in writing to that effect. The notice shall state the estimated amount of and the		ad time items and to cover associated administra is herewith auth of \$(which includes all estim ertaking basis, to be exceeded only in the event o
and estimated termination costs will not exceed the amount set forth in subparagraph (a) c graph. However, if at any time prior to Purchaser's signature of the above-mentioned Lette and Acceptance, the United States Department of the <u>set</u> reason to believe that the costs which it expects to incur in the performance of this Letter will exceed the amount set forth in subparagraph (a) of this paragraph, it shall promptly ne Purchaser in writing to that effect. The notice shall state the estimated amount of and the		ulable in such amounts and at such times as may
DD 1 MAR 79 2012 EDITION OF 1 FEB 76 IS OBSOLETE	subparagraph (a) of this para- ve-mentioned Letter of Offer has ance of this Letter of Intent it shall promptly notify the	hated termination costs will not exceed the amou lowever, if at any time prior to Purchaser's signate optance, the United States Department of the
	LETE	RM 2012 EDITION OF 1

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.

Dated _____

Accepted this ______ day of ______, 19_____.

U.S. Department of the _____

Countersignature (Office of the Comptroller, DSAA) (Date)

(Typed Name and Title)

FIGURE 7-I-3. (Continued)

**

FIGURE 7-I-4

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

UNITED STATES DEPARTMENT OF DEFENSE	PURCHASER (Name and address)	
(Purchager's Beforence)	(Case identisier)	

1. A Letter of Offer and Acceptance (DD Form 1513) for such defense articles and defense

visions here of, the terms and conditions are 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.B, 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 Depart-ment 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 para-graph. 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

DD . 500 2012-1

EDITION OF 1 FEB 76 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.

Dated _____

.

Accepted this _____ day of _____, 19 ____.

U.S. Department of the _____

**

Countersignature (Office of the Comptroller, DSAA) (Date)

(Typed Name and Title)

FIGURE 7-I-4. (Continued)

DoD 5105.38-M ·

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)

Reference is made to the Letter of Inter	t 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 pa	ragraph 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)

Countersignature (Office of the Comptroller, DSAA) (Date) DD FORM 2012-2

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

TABLE 7-I-1MAJOR DEFENSE EQUIPMENT LIST

Ren 🗸

	DSAA Approved Pro Rata Nonrecurring Cost (NRC) Recoupment Charge \$	Date NRC Charge Approved
CATEGORY I - FIREARMS Rifle, 5.56mm M-16 Series (A) Gun, Machine, 7.62mm, M240 (A)	[No Charge] (a)	
<u>CATEGORY II - ARTILLERY AND</u> <u>PROJECTILES</u>		
Gun, M-61, 20mm (AF)	1,342.00	6 Dec 84
Gun, GAU-8, 30mm (AF)	27,881.00	22 Jun 81
Gun Pod, GPU-5/A, 30mm (AF)	60,239.00	11 Aug 82
Gun, Machine, 50 CAL, M-2 (A)	1.82	-
Howitzer, Towed, 1055mm, M101A1 (A)	850.00	11 Jun 87
CATEGORY III - AMMUNITION		
Cartridge, 20mm (A)	(a)	
Cartridge, 30mm (GAU-8) (AF)	.50	
Cartridge, 40mm, HE (A)	.11	
Cartridge, 40mm, HE, M406 (A)	(a)	
Cartridge, 60mm, HE (A)	.47	
Cartridge, 60mm, HE, M49A2/A3/A4 (A)	(a)	
Cartridge, 81mm, ILLUM (M301)(only) (A)	.04	7 May 81
Cartridge, 81mm, HE, M374A2/A3 (A)	(a)	
Cartridge, 105mm, APFSDS-T M735 (A)	68.00	
Cartridge, 105mm, APFSDS-T M833	<u>(a)</u>	
Cartridge, 105mm, M490 (A)	.57	7 May 81
Cartridge, 105mm, M724A1 (A)	1.42	7 May 81
Cartridge, 105mm, APFSDS-T M774 (A)	(a)	
Cartridge, 105mm, HEAT-T MP M456 (A)	3.59	7 May 81
Cartridge, 105mm, HE, HEP-T, M393A2 (A		
Cartridge, 4.2", HE (A)	(a)	•
Cartridge, 4.2", HE, M329 (A)	· (a)	
Cartridge, 4.2", ILLUM (M335) (includes M		20 Jan 82
Projectile, 5"/38 CAL (N)	15.60	9 Jul 84
Projectile, 5"/54 CAL (N)	74.42	4 May 84
Projectile, 155mm, M107)(A)	3.22	21 May 79
Projectile, 155mm, M483/M483A1) (A)	2.20	2 Mar 82
Projectile, 155mm, HE RAP (M549) (A)	13.76	5 Feb 81
Projectile, 155mm, CLGP, M-712 COPPERI		17 Sep 81
Projectile, 155mm, HE, ADAM M692/M731		30 May 86
Projectile, 155mm, HE, RAAMS M718/M74	· ·	30 May 82
Projectile, 155mm, M483Al (A)	2.41	10 Sep 80
Projectile, 175mm, HE (A)	2.33	26 Mar 80
Projectile, 175mm, HE M437 (A)	(a)	
Projectile, 8", HE M106 (A)	.04	21 May 79
Projectile, 8", HE, ICM (A)	15.48	21 May 79

TABLE 7-I-1. (Continued)

Change No. 9, 31 July 1987

DOD 3103.30 III	DOD	51	05	.38	8-M
-----------------	-----	----	----	-----	-----

TABLE 7-I-1)R DEFENSE EQUIPMENT LIST

why is this also in TABLE 7 DEFENSE FO	D	OD 5105.38-M
$also \sim TABLE 7$ R DEFENSE EQ		
TABLE 7 DOD 7290,3-M (Appondix b)?)	DSAA Approved Pro Rata Nonrecurring Cost (NRC) Recoupment Charge	Date NRC Charge <u>Approved</u>
4) 10 (A)	[No Charge] (a)	
<u>K AND</u>	· ·	
Gun, M-61, 20mm (AF) Gun, GAU-8, 30mm (AF) Gun Pod, GPU-5/A, 30mm (AF) Gun, Machine, 50 CAL, M-2 (A) Howitzer, Towed, 1055mm, M101A1 (A)	$1,342.00 \\ 27,881.00 \\ 60,239.00 \\ 1.82 \\ 850.00$	6 Dec 84 22 Jun 81 11 Aug 82 11 Jun 87
CATEGORY III - AMMUNITION Cartridge, 20mm (A) Cartridge, 30mm (GAU-8) (AF) Cartridge, 40mm, HE (A) Cartridge, 40mm, HE, M406 (A) Cartridge, 60mm, HE (A)	(a) .50 .11 (a) .47	
Cartridge, 60mm, HE, M49A2/A3/A4 (A) Cartridge, 81mm, ILLUM (M301)(only) (A) Cartridge, 81mm, HE, M374A2/A3 (A) Cartridge, 105mm, APFSDS-T M735 (A)	(a) .04 (a) 68.00	7 May 81
Cartridge, 105mm, APFSDS-T M833 Cartridge, 105mm, M490 (A) Cartridge, 105mm, M724Al (A) Cartridge, 105mm, APFSDS-T M774 (A)	(a) .57 1.42 (a)	7 May 81 7 May 81
Cartridge, 105mm, HEAT-T MP M456 (A) Cartridge, 105mm, HE, HEP-T, M393A2 (A) Cartridge, 4.2", HE (A) Cartridge, 4.2", HE, M329 (A)	3.59 (a) (a) · (a)	7 May 81
Cartridge, 4.2", ILLUM (M335) (includes M57 Projectile, 5"/38 CAL (N) Projectile, 5"/54 CAL (N) Projectile, 155mm, M107)(A) Projectile, 155mm, M483/M483A1) (A)		20 Jan 82 9 Jul 84 4 May 84 21 May 79 2 Mar 82
Projectile, 155mm, HE RAP (M549) (A) Projectile, 155mm, CLGP, M-712 COPPERHE Projectile, 155mm, HE, ADAM M692/M731 (A Projectile, 155mm, HE, RAAMS M718/M741 (Projectile, 155mm, M483A1 (A)	13.76 (A) 4,152.00 (A) 111.00 (A) 57.00 2.41	5 Feb 81 17 Sep 81 30 May 86 30 May 82 10 Sep 80
Projectile, 175mm, HE (A) Projectile, 175mm, HE M437 (A) Projectile, 8", HE M106 (A) Projectile, 8", HE, ICM (A)	2.33 (a) .04 15.48	26 Mar 80 21 May 79 21 May 79

TABLE 7-I-1. (Continued)

63

FIGURE 7-I-5

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

UNITED STATES DEPARTMENT OF DEFENSI	Ē
AMENDMENT TO LETTER OF INTENT	

(Date)

		. '			
		<u>-</u> -		······································	
	· ·	· · · · ·		······································	
<u></u>	<u></u>		· · · · · · · · · · · · · · · · · · ·		

Dear Sirs:

Reference is made to the Letter of Inte	nt 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 pa	aragraph 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 \$	
said Case.	

(Typed Name and Title)

Countersignature (Office of the Comptroller, DSAA) (Date) DD FORM 2012-2

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

DOD 5105.38-M

	DSAA Approved Pro Rata Nonrecurring Cost (NRC) Recoupment Charge \$	Date NRC Charge <u>Approved</u>
Projectile, 8", HE, ICM M509 (A) Projectile, 8", HE, M650 (A)	(a) 83.04	21 May 79
CATEGORY IV - LAUNCH VEHICLES, GU MISSILES, BALLISTIC MISSILES, RO TORPEDOES, BOMBS, AND MINES		
Bomb, Anti-Armor Cluster Munition CBU-90 (A Bomb, Combined Effects Bomblet, CBU-87 (AF Bomb, Cluster, TMD/Gater Mines, CBU 80 (N)	F) 1,080.00	6 Dec 84
Bomb, Cluster, TMD/Gator Mines, CBU-89 (N) Bomb, MK-20, Cluster Bomb, Rockeye (N) Bomb, MK-82, 500#, General Purpose (N)	(a) 117.39 3.29	25 Mar 83 25 Mar 83
Bomb, MK-83, 1,000#, General Purpose (N) Bomb, MK-84, 2,000#, General Purpose (N)	10.40 12.80	25 Mar 83 25 Mar 83
Bomb, M-117, 750#, General Purpose (AF) Bomb, Guided, Walleye Series (N) Fuel Air Explosive Weapon, FAE II (N)	20.00 6,183.00 (a)	6 Dec 84 6 Dec 84
Gun Mount, 5"/54, MK-45 MOD1 (N) Gun Mount, 76mm Gun, MK-75 (N)	142,566.00 62,749.00	1 Oct 84 6 Dec 84
Launcher, HARPOON, Baseline, AN/SWG-1(V Launcher System, HARPOON Shipboard Comm and Launch Control, AN/SWG-1A(V) (N)		20 Jan 78 11 Dec 86
Launcher, HELLFIRE (A) Launcher, TOW (A)	14,715.00 3,029.00	14 May 85 16 Sep 77
Launcher, MK-13 (N) Launcher, PATRIOT (A) Launcher, ROLAND (A)	78,125.00 214,782.00 324,828.00	17 Nov 78 18 Nov 78 24 Sep 80
Launcher, Multiple Launch Rocket System (MLF Launcher, Vertical, MK-41 (N) Light, Antitank Weapon, 66mm, LAW M72 Seri Missile, AIM-120, AMRAAM (AF)	RS) (A) 173,000.00 (a)	2 Dec 85
Missile, AIM-4A-G, FALCON (AF) Missile, AIM-7, SKYFLASH Portion (N) Missile, AIM-7, SPARROW C/D/E (N)	3,321.ÒÓ 820.30 2,733.00	12 Mar 82 7 May 81
Missile, AIM/RIM-7F/M, SPARROW (N) Missile, NATO SEASPARROW Surface Missile System (NSSMS) (N)	7,646.00 (a)	2 Jun 82
Missile, AIM-9/J/P/N, SIDEWINDER (AF) Missile, AIM-9L SIDEWINDER (N)	334.00 2,604.00	12 Mar 82 18 May 78
Missile, AIM-9H SIDEWINDER (N) Missile, AIM-9M SIDEWINDER (N) Missile, AIM-54A-C, PHOENIX (N)	3,457.00 6,368.00 71,295.00	26 Oct 78 25 Mar 83 10 Jan 83
(Includes Front End - 35,019; Aft End - 36,2) Missile, AGM-45, SHRIKE (N) Missile, AGM-65A/B, MAVERICK (AF)	76) (a) 3,722.00	3 Feb 81
Missile, AGM-65D (AF) Missile, AGM-65E, LASER MAVERICK (AF)	3,811.00 24,213.00	6 Dec 84
Missille, AGM-65F (AF)	(a)	

TABLE 7-I-1. (Continued)

7-21

Char

· · · · · · · · · · · · · · · · · · ·	DSAA Approved Pro Rat Nonrecurring Cost (NRC Recoupment Charge \$	
Missile, AGM-88, HARM (N)	21,249.00	20 Apr 82
Missile, MIM-72 CHAPARRAL Series (A)	5,445.00	10 Nov 79
Missile, DRAGON, HEAT and Practice (A)	378.00	24 Mar 80
Missile, R/U/AGM-84 HARPOON (N)	44,083.00	20 Jan 78
Missile, HELLFIRE, HEAT (A)	4,124.00	14 May 85
Missile, HELLFIRE, Dummy (A)	531.00	14 May 85
Missile, HELLFIRE, Training (A)	2,719.00	14 May 85
Missile, I-HAWK Series (A)	7,053.00	12 Nov 80
Missile, LANCE (A)	76,205.00	21 May 82
Missile, NIKE HERCULES (A)	448,055.00	21 Wiay 02
Missile, MIM-104 PATRIOT (includes canister)		18 Nov 82
	128,378.00	10 1000 02
Missile, PERSHING Series (A)	·	
Missile, REDEYE (A)	(a)	24 Car 90
Missile, ROLAND (A)	4,422.00	24 Sep 80
Missile, Shore Defense, RBS-17 (Derivative of	3 300 00	20.14 07
HELLFIRE) (A)	3,300.00	20 May <u>8</u> 7
Missile, AGM-78, STANDARD ARM (N)	(a)	
Missile, RGM-66D, STANDARD ARM, MR (N) (a)	
Missile, RIM-66B-266B, RIM-66E(MR),		
RIM-67A-13(ER), Block V STANDARD SM-I		15 Sep 77
Missile, RIM-66D and RIM-67B STANDARD I		• • • • • •
MR, ER, SM-2 (N)	89,651.00	6 Dec 84
Missile, 5" Rolling Airframe, RAM, X-RIM-116	A (N) (a)	
Missile, STINGER (A)	5,480.00	28 Jul 79
Missile, TOMAHAWK (N)	(a)	
Missile, BGM-71A, Basic TOW HEAT and Prace		16 Sep 77
Missile, I-TOW (A)	487.00	3 Nov 81
Missile, BGM-71D, TOW II (A)	658.00	19 Dec 83
Missile, M-65 Subsystem, Airborne TOW (A)	28,578.00	7 May 81
Rocket, Antisubmarine, ASROC (N)	855.00	20 Dec 84
Rocket, 2.75" Series (A)	.87	26 Mar 80
Rocket, M-77, Multiple Launch Rocket System (MLRS)	
Tactical, Practice, and Training (A)	615.00	2 Dec 85
Torpedo, MK-46 MOD 2 (N)	8,993.00	
Torpedo, MK-46, NEARTIP O/A Kit		
(Converts MK-46 MODs 1/2 to MOD 5) (N)	3,795.00	26 Jun 80
Torpedo, MK-46 MOD 5 (N)	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
rospodo, max to meetin isit (it)	100,044.00	20 INVY OU

CATEGORY V - PROPELLANTS, EXPLOSIVES AND INCENDIARY AGENTS

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

TABLE 7-I-1. (Continued)

DOD 5105.38-M

	DSAA Approved Pro Rata Nonrecurring Cost (NRC) Recoupment Charge	Date NRC Charge <u>Approved</u>
CATEGORY VI - VESSELS OF WAR AND	Ø	Approved
SPECIAL NAVAL EQUIPMENT		
CG - Guided Missile Cruiser (N)	(a)	
DD-963 (N)	(a)	
DD - Destroyer (N)	(a)	
DDG - Guided Missile Destroyer (N)	(a)	
FFG - Guided Missile Frigate (N)	3,591,379.00	18 Oct 78
LCAC - Landing Craft Air Cushion (N)	(a)	10 000 70
LHD - Amphibious Assault Ship (N)	(a)	
LPD - Amphibious Transport Dock (N)	(b)	
LSD - Dock Landing Ship (N)	(b)	
LSD - Dock Landing Ship (N) LST - Tank Landing Ship (Newport Class)(N)	824,840.00	25 Jan 84
LKA - Amphibious Cargo Ship (N)	(b)	25 Jail 04
LPA - General Purpose Amphibious Assault Shi		·
MSO - Minesweeper, Ocean, Nonmagnetic (N)	(b)	
PHM - Patrol Combatant Missile, Hydrofoil (N)	(a)	
SS - Submarine, Conventionally Powered (N)	(b)	
CATEGORY VII - TANKS AND MILITARY	VEHICIES	
	<u>688.00</u>	11 Sam 79
Carrier, Armored Personnel, M-113 Series (A)	688.00	11 Sep 78
Carrier, Mortor, M-106A1/2 (A)		11 Sep 78
Carrier, Mortor, M-125A1 (A)	688.00	11 Sep 78
Carrier, M-667, LANCE (A)	688.00	11 Sep 78
Carrier, M-730, CHAPARRALL (A)	688.00	11 Sep 78
Carrier, M-741, VULCAN (A)	688.00	11 Sep 78
Carrier, M-727, HAWK (A)	688.00	11 Sep 78
Carrier, Cargo, M-548 Series (A)	688.00	11 Sep 78
Carrier, Command Post, M-577 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 Mar 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-109A1-A3		
includes cannon assembly (A)	8,771.00	23 Jun 87
Howitzer, Self-propelled, 155mm, M-109A1-A3		
without cannon assembly (A)	7,447.00	23 Jun 87
Howitzer, Med, Towed, 155mm, M-198 (A)	47,483.00	14 Feb 86
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 TTŠ (A)	21,939.00	3 Mar 80
Tank, M-1, ABRAMS (A)	132,162.00	20 Aug 84
Tank, M-1A1 (A)	237,048.00	20 Aug 84
Tank Engine, AVDS-1790 (M60A1 Tank)(A)	2,066.00	3 Mar 80
Vehicle, Assault Amphibion, AAV7A1 (N)	91,426.00	20 Apr 82
		P- 02

TABLE 7-I-1. (Continued)

7-23

Change No. 9, 31 July 1987

DOD 5105.38-M

	DSAA Approved Pro Rata Nonrecurring Cost (NRC) Recoupment Charge	Date NRC Charge <u>Approved</u>
Vehicle, Armored Reconnaissance Assault, M-55	1 (A) 33,213.00	
Vehicle, Combat Engineering Vehicle (CEV), M-		
Vehicle, Fire Direction Control Center (FDCV) (A		21 May 86
Vehicle, Fire Support Team (FISTV), M-981 (A)		3 Feb 86
Vehicle, Infantry Fighting (IFV), M2 (A) (w/o 25mm Cannon)	74,715.00	25 Jun 82
Vehicle, Infantry Fighting (IFV), M2 (A) (with 25mm Cannon)	79,392.00	25 Jun 82
Vehicle, Infantry Fighting (IFV), M3 (A) (w/o 25mm Cannon)	73,678.00	25 Jun 82
Vehicle, Infantry Fighting (IFV), M3 (A) (with 25mm Cannon)	78,355.00	25 Jun 82
Vehicle, Light Armored LAV-25 (A)	(2)	
Vehicle, Mechanized Infantry Combat, M-723 (A)	. (a)	
		13 Feb 80
Vehicle, Recovery, M-88 Series (A)	15,089.00	13 160 80
Vehicle, Recovery, M578 (A) Vulcan Air Defense System, M-163 and M-167 S	(a) Series (A) 29,439.00	26 Mar 80
CATEGORY VIII - AIRCRAFT, SPACECRA	FT	
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 (w/o FLIR) (N)	243,881.00	8 Sep 83
A-10 THUNDERBOLT II Airframe (AF)	388,786.00	12 Mar 82
A-37 (AF)	19,651.00	1= 1.144 0=
AH-1S includes T-53-L-703 engine COBRA(A)	150,856.00	7 Mar 81
AH-1J Airframe, SEACOBRA (N)	52,245.00	11 Oct 85
AH-1T Airframe, SEACOBRA (N)	486,665.00	11 Oct 85
AH-64 includes 2 T-700 engines, APPACHE (A		30 Dec 83
AV-8B (w/o UK Assessment) (N)	867,373.00	26 Jun 81
C-5A, GALAXY (AF)	12,661,728.00	12 Mar 82
C-130, HERCULES (AF)	102,520.00	3 Aug 83
C-141A/B, STARLIFTER (AF)	892,254.00	12 Mar 82
CH-47A/B/C includes T-53-L-11A engine (A)	100,000.00	12 10141 02
CH-47D CHINOOK	(a)	
CH-53E/MH-53E (without Engine) (N)	1,023,079.00	12 May 83
E-2C (N)	2,625,904.00	18 May 78
E-3A, U.S./NATO Standard, SENTRY (AF)	33,021,000.00	26 Oct 81
(Total U.S. NRC charge \$27.43M; Total NATO NRC charge \$5.59M)	55,021,000.00	
U		
EA-6(N)	(a) 129,712.00	20 Oct 83
F-4A (N)		20 Oct 83
F-4B (N)	70,450.00	20 001 05

TABLE 7-I-1. (Continued)

· · · · ·	DSAA Approved Pro Rata Nonrecurring Cost (NRC) Recoupment Charge \$	Date NRC Charge <u>Approved</u>
F-4J (N)	122,089.00	20 Oct 83
F-4E (N) (includes engines) (25% discounted for		
useful life) (N)	159,408.00	20 Oct 83
F-4G WILD WEASEL (MOD only) (AF)	667,241.00	12 Mar 82
F-5A, TIGER (AF)	40,000.00	1 Nov 71
F-5E, TIGER II (AF)	68,000.00	1 Nov 71
F-5F, TIGER II (AF)	207,000.00	25 Nov 75
F-8 (N)	56,859.00	12 May 81
F-14 (N)		29 Nov 76
	1,600,000.00	
F-15, EAGLE (AF)	1,600,000.00	29 Nov 76
F-16 A/B (without EPG special NRC)	640,000,00	4 7 00
FIGHTING FALCON (AF)	640,000.00	4 Jun 80
F-16A Simulated Aircraft Maintenance Trainer		
(SAMT) (AF)	172,220.00	3 Jul 85
F-16 C/D (AF)	713,750.00	12 Apr 84
F-16/79 (AF)	456,934.00	1 May 81
F-18 (N)	1,117,281.00	30 Mar 87
F-100A (AF)	37,840.00	6 Dec 84
F-100C (AF)	25,800.00	6 Dec 84
F-100D (AF)	25,440.00	6 Dec 84
F-100F (AF)	27,840.00	6 Dec 84
F-101B/F (AF)	65,560.00	6 Dec 84
F-102 (AF)	38,320.00	6 Dec 84
F-104A STARFIGHTER (AF)	42,080.00	6 Dec 84
F-104B/C/D (AF)	91,040.00	6 Dec 84
F-104G/J (AF)		0 Dec 64
	(a)	6 Dec 94
F-105B, THUNDERCHIEF (AF)	168,000.00	6 Dec 84
F-105D/F(AF)	78,400.00	6 Dec 84
F-106A/B, DELTA DART (AF)	159,200.00	6 Dec 84
F-111A/C/D/E/F (AF)	605,320.00	6 Dec 84
H-3E (N)	(a)	
H-46 (N)	(a)	
H-53 (S-65) (N)	166,029.00	27 Feb 79
KC-10, EXTENDER (AF)	1,176,667.00	12 Mar 82
KC-135A, STRATOTANKER (AF)	217,034.00	12 Mar 82
OH-6, CAYUSE (A)	18,000.00	11 Jun 87
OH-58A, KIOWA (A)	22,000.00	11 Jun 87
OH-58C, KIOWA (A)	48,000.00	11 Jun 87
OV-1A/B/C, MOHÀWK (A)	199,590.00	
OV-10 (N)	41,930.00	9 Jun 78
P-3A/B (N)	382,750.00	<i>y</i> vun <i>v</i> v
P-3C (N)	592,219.00	3 Jan 78
P-3C AEW&C (N)	1,761,974.00	25 Feb 87
Remotely Piloted Vehicle (RPV), ACQUILA (A)	· · · · · · · · · · · · · · · · · · ·	201007
RF-4B (N)		20 0 + 92
	104,566.00	20 Oct 83
RF-4C, PHANTOM II (AF)	108,000.00	6 Dec 84

TABLE 7-I-1. (Continued)

DOD 5105.38-M

	DSAA Approved Pro Rata Nonrecurring Cost (NRC) Recoupment Charge	Date NRC Charge <u>Approved</u>
S-2 (N)	85,449.00	28 Aug 81
S-3 (N)	3,502,643.00	26 Jun 81
SH-2/2D/2F LAMPS, MARK I) (Includes	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	20000000
2 T-58-GE Engines) (N)	325,423.00	6 Dec 84
SH-60B (LAMPS, MARK III Airframe without	859,636.00	15 Oct 82
T-700-GE-401 Engines (N)	057,050.00	15 001 02
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	
T-37 (AF)		12 Mar 82
T-38A (AF)	19,651.00	10 1 (
	80,972.00	12 Mar 82
TH-55, OSAGE (A)	6,000.00	11 Jun 87
UH-1H, IROQUOIS (A)	4,501.00	1 May 81
UH-1N (N)	48,032.00	12 Jul 85
UH-60A includes 2 T-700-GE-700 Engines	208,986.00	3 Oct 81
(Airframe only - \$169,692.00) BLACKHAW	/K (A)	
Engines		
CFM-56 (AF)	39,677.00	6 Mar 84
CT7-2D (Derivative of T-700-GE-401/700 engin		23 Jun 87
CT7-5 (Derivative of T-700-GE-700 engine) (A)	19,647.00	4 Apr 86
CT-58 (Derivative of T-58) (N)	20,045.00	11 Jun 87
F-100-100/200 (AF)	221,705.00	12 Mar 82
F-100-220 (AF)	379,725.00	12 Mar 87
F-101 (AF)	·	13 IVIAL O/
F-101X (AF)	(a)	
	(a)	
F-107 (N)	(a)	12) 6 05
F-110-100 (AF)	379,725.00	13 Mar 87
F-404 (N)	63,840.00	30 Mar 87
J-47 (AF)	2,168.00	12 Mar 82
J-52P-6A/B (N)	7,370.00	8 Sep 83
J-52P-8A/B (N)	30,658.00	8 Sep 83
J-52P-408 (N)	33,106.00	8 Sep 83
J-57P-6B (N)	4,600.00	8 Sep 83
J-57P-10 (N)	4,120.00	8 Sep 83
J-60P-3/3A (N)	2,520.00	8 Sep 83
J-75 (AF)	28,999.00	12 Mar 82
J-79-GE-8/10 (N)	6,400.00	8 Sep 83
J-79-GE-17/17A/119 (AF)	27,464.00	1 Oct 83
J-85 (AF)	17,901.00	23 Mar 83
PW-1120 (Derivative of F-100-200) (AF)	155,194.00	20 Oct 83
T-33-P-100 (AF)	(a)	
	\- /	

TABLE 7-I-1. (Continued)

• •	DSAA Approved Pro Rata Nonrecurring Cost (NRC) Recoupment Charge	Date NRC Charge Approved
T-53 (N)	1,542.00	
T-53-L-703 (A)	2,626.00	7 May 81
T-55 (A)	6,400.00	•
T-56 (N)	13,313.00	12 May 83
T-58 (N)	20,045.00	11 Jun 87
T-64 (N)	38,578.00	12 May 83
T-700-GE-700 (A)	19,647.00	12 Oct 83
T-700-GE-401 (NRC is additive to T-700-GE-70	00	
engine) (N)	78,039.00	15 Oct 83
TF-30 (N)	43,866.00	20 Jun 79
TF-34 (N)	20,705.00	12 Mar 82
TF-39 (AF)	441,707.00	12 Mar 82
TF-41-A-2A/-2B/-400/-402/-402B (N)	48,249.00	6 Dec 84

Other

Modular Integrated Communication Navigation System Ground Data Terminal (MICNS GDT) (A)

(a)

CATEGORY IX - MILITARY TRAINING EQUIPMENT

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

CATEGORY X - PROTECTIVE PERSONNEL EQUIPMENT

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

CATEGORY	XI -	MILITARY	AND SPACE	ELECTRONICS

11	TEGORI AI - MIDITARI AND DIACE ELE	CINUMUS	
	Avionics Intermediate Shop (AIS) (F-16A/B) (AF)	1,190,000.00	12 Apr 84
	Avionics Intermediate Shop (AIS) (F-16C/D) (AF)	2,400,000.00	12 Apr 84
	Countermeasure System Torpedo Ex Set 1 (N)	(a)	-
	Countermeasures, AN/ALQ-126, SPJ System (N)	26,631.00	5 Jun 85
•	Countermeasures, AN/ALQ-165, ASPJ (N)	111,425.00	6 Dec 84
	Countermeasures, ALQ-119 (AF)	6,138.09	6 Dec 75
	Countermeasures, ALQ-131 w/receiver (AF)	26,970.00	28 Sep 79
	Countermeasures, ALQ-131 w/o receiver (AF)	24,108.00	28 Sep 79
	Countermeasures, AN/SLQ-32(V)1 (N)	115,000.00	25 Apr 86
	Countermeasures, AN/SLQ-32(V)2 (N)	250,350.00	25 Apr 86
	Countermeasures, AN/SLQ-32(V)3 (N)	381,803.00	25 Apr 86
	Engagement Control System (ECS),	548,311.00	15 Nov 82
	PATRIOT, AN/MSQ-104 (A)		
	Joint Tactical Information Distribution System,	50,828.00	30 Oct 82
	JTIDS (AF)		
	NAVSTAR Global Positioning System (GPS) (AF)	1,000.00	
	Ocean Surveillance Information System (OSIS)		
	Baseline Upgrade (OBU) (N)	7,873,000.00	26 Sep 86
	Radio, AN/ARA-54 (A)	39.84	-

TABLE 7-I-1. (Continued)



DOD 5105.38-M

	DSAA Approved Pro Rata Nonrecurring Cost (NRC) Recoupment Charge	Date NRC Charge <u>Approved</u>	
Radio, AN/VRC-12 Series (12, 43 through 49) (A Radio, AN/TRC-170 (AF)	60,622.00	15 Feb 84	·
Sonar, AN/SQR-18A (N) Sonar, AN/SQR-18A (CV) 1(N)	267,069.00 601,837.00	24 May 84	
Sonar, AN/SQR-19 (N) Sonar, AN/SQR-56 (N)	1,349,593.00 (a)	29 Mar 82	
Tactical Flag Command Center (N)	(a)		
Telephone, AN/TTC-38, Central (A) Telephone, AN/TTC-39, (A)	(a) (a)		
Telephone, AN/TTC-42, Unit Level Circuit Switc Versatile Avionics Shop Test (VAST), AN/USM-	h (N) (a)		
CATEGORY XII - FIRE CONTROL, RANGE			
<u>FINDER, OPTICAL AND GUIDANCE</u> <u>AND CONTROL EQUIPMENT</u>			
AEGIS Weapon System, MK-7, w/o Standard Mi	issile		
and MK-41 Wertical Launch Systems (N)	16,288,000.00	25 Feb 87	
Close in Weapon Systems, CIWS, PHALANX	287,842.00	28 Oct 78	
(NRC is per gun mount) (N) Computer, Fire Control, MK1A (N)	(a)		
Director, Fire Control, MK51-2 (N)	(a)	•	
Fire Control Gun System, MK-37 (N)	24,800.ÒÓ	6 Dec 84	
Fire Control System, Missile MK-74 MOD 4 (N)	(a)		
Fire Control Gun System, MK-56 (N)	15,400.00	6 Dec 84	
Fire Control Gun System, MK-68 (N)	60,000.00) 324,828.00	6 Dec 84	
Fire Control, System, ROLAND AN/GSG-11 (A) Fire Control System, MK-86 (N)) 324,828.00 (a)	24 Sep 80	
Fire Direction System, AN/GSG-10 TACFIRE (A			
Goggles, Night Vision, AN/PVS-5 (A)	157.49	31 Jan 80	
Guided Bomb Unit, GBU-10/12 w/o fuze (AF)	203.00	15 Jun 87	
Guided Bomb Unit, GBU-10/12 w/FMU-81 fuze	(AF) 243.00	15 Jun 87	
Guided Bomb Unit, GBU-10/12 w/FMU-139A A	/B fuze (AF) 217.00	15 Jun 87	
Guided Bomb Unit, GBU-15 (AF)	12,528.00		
Guided Bomb Unit, GBU-16 (N)	(a)		
Laser Target Designator, AN/AVQ-36,			
PAVE TACK (AF)	643,071.00	11 Jun 87	•
MFCS MK-92 (N) Managal System Single Channel LILE AN/DSC	(a)		
Manpack System, Single Channel UHF, AN/PSC and AN/PSC-7 (A)	(a)		
Manpack, LOREN, AN/PSN-6 (A)	(a) (a)		
Marine Integrated Fire and Air Support System	(4)		
(MIFASS) (N)	(a)		
Missile Minder, AN/TSQ-73 (A)	715,687.00		
Mission Payload Subsystem (MPS), Daylight (A)	•		
MPS, Forward Lookling InfraRed (FLIR) (A)	(a)		

TABLE 7-I-1. (Continued)

7-27.1

Change No. 9, 31 July 1987

Modular Tactiocal Communications Center (MTCC) (A)(a)PATRIOT Antenna Mast Set (A)131,906.0018 Nov 78PATRIOT Electrical Power Plant (EPPII) (A)339,464.0018 Nov 78Position Location Reporting System,6,564.00Radar, AN/APG-63 (AF)410,407.00Radar, AN/APG-65 (F-18) (N)29,471.00Radar, AN/APG-65 (F-16A/B) (AF)30,400.0012 Apr 84Radar, AN/APG-68 (F/16C/D) (AF)101,120.0012 Apr 84Radar, AN/APG-68 (F/16C/D) (AF)10,78,582.00Radar, AN/APS-145 (N)1,078,582.00Radar, AN/APS-145 (N)102,047.00Radar, AN/APS-46 (N)(a)Radar, AN/SPS-46 (N)305,719.00Is Mar 84252,968.00Radar, AN/TPQ-36 (A)252,968.00Radar, AN/TPQ-37 (A)920,149.00Radar, AN/TPS-63 (USMC Baseline) (N)31,890.00Radar, AN/TPS-63 (USMC Baseline) (N)45,557.00Radar, AN/TPS-63 (USMC Baseline) (N)31,890.00Radar, AN/TPS-63 (USMC Baseli		DSAA Approved Pro Rata Nonrecurring Cost (NRC) Recoupment Charge \$	Date NRC Charge <u>Approved</u>
PATRIOT Antenna Mast Set (A)131,906.0018 Nov 78PATRIOT Electrical Power Plant (EPPII) (A)339,464.0018 Nov 78Position Location Reporting System,339,464.0018 Nov 78AN/TSQ-129 (A)6,564.00Radar, AN/APG-63 , (AF)410,407.00Radar, AN/APG-65 (F-18) (N)29,471.0030 Mar 87Radar, AN/APG-66 (F-16A/B) (AF)30,400.0012 Apr 84Radar, AN/APG-68 (F/16C/D) (AF)10,120.0012 Apr 84Radar, AN/APS-145 (N)1,078,582.0025 Feb 87Radar, Antenna, AN/APS-138 (AN/APS-145) (N))162,047.0025 Feb 87Radar, AN/MQ-9 (PHOENIX) (AF)338,403.00Radar, AN/SPS-46 (N)(a)Radar, AN/SPS-46 (N)(a)Radar, AN/SPS-49E (N)(a)Radar, AN/SPS-49E (N)(a)Radar, AN/SPS-49E (N)(a)Radar, AN/SPS-49E (N)(a)Radar, AN/SPS-49E (N)(a)Radar, AN/TPQ-36 (A)252,968.00Radar, AN/TPQ-36 (A)27,361.00(Derivative of AN/TPQ-36 Radar) (A)73,361.00(Derivative of AN/TPQ-36 Radar) (A)73,361.00(Derivative of AN/TPQ-36 (A)27,462.00S Feb 86Radar, AN/TPS-63 (USMC Baseline) (N)45,557.00Radar, AN/TPS-63 (USMC Baseline) (N)31,890.00Radar, AN/TPS-63 (USMC Baseline) (N)31,890.00SAFTCOM GND System , AN/TSC-85 (A)(a)SAFTCOM GND System , AN/TSC-85 (N)(a)Tactical Air Operations System (TOS) AN/UYQ-19 andAN/UYQ-36 (A)AN/UYQ-36 (A)	Modular Tactiocal Communications Center (MTC	C(A) (a)	
PATRIOT Electrical Power Plant (EPPII) (A) $339,464.00$ 18 Nov 78Position Location Reporting System, AN/TSQ-129 (A) $6,564.00$ Radar, AN/APG-63 , (AF) $410,407.00$ Radar, AN/APG-65 (F-18) (N) $29,471.00$ 30 Mar 87Radar, AN/APG-66 (F-16A/B) (AF) $30,400.00$ 12 Apr 84Radar, AN/APG-66 (F-16A/B) (AF) $101,120.00$ 12 Apr 84Radar, AN/APG-66 (F-16A/B) (AF) $101,120.00$ 12 Apr 84Radar, AN/APG-66 (F-16A/B) (AF) $101,120.00$ 12 Apr 84Radar, AN/APG-63 (AF) $101,120.00$ 12 Apr 84Radar, AN/APG-64 (F/16C/D) (AF) $101,120.00$ 25 Feb 87Radar, AN/APS-145 (N) $1078,582.00$ 25 Feb 87Radar, AN/APG-53 (PATRIOT) (A) $2,383,426.00$ 18 Nov 82Radar, AN/SPS-46 (N)(a)Radar, AN/SPS-46 (N)(a)Radar, AN/SPS-40B (N) $216,746.00$ 7 May 82Radar, AN/SPS-49(V)5/(V)7 (N) $305,719.00$ 15 Mar 84Radar, AN/TPQ-36 (A) $252,968.00$ 25 Jul 79Radar, AN/TPQ-37 (A) $920,149.00$ 19 May 81Radar, AN/TPS-63 (USMC Baseline) (N) $45,557.00$ 7 May 87Radar, AN/TPS-63 (Derivative configuration) (N) $31,890.00$ 7 May 87Radar, AN/TPS-63 (DSMC Baseline) (N) $45,557.00$ 7 May 87Radar, AN/TPS-63 (USMC Baseline) (N) $45,557.00$ 7 May 87Radar, AN/TPS-63 (DSMC Baseline) (N) $31,890.00$ 7 May 87Radar, AN/TPS-63 (DSMC Baseline) (N) $31,890.00$ 7 May 87Radar, A			18 Nov 78
Position Location Reporting System, AN/TSQ-129 (A)6,564.00Radar, AN/APG-63 , (AF)410,407.00Radar, AN/APG-65 (F-18) (N)29,471.0030 Mar 87Radar, AN/APG-66 (F-16A/B) (AF)30,400.0012 Apr 84Radar, AN/APG-68 (F/16C/D) (AF)101,120.00Radar, AN/APS-145 (N)1,078,582.00Radar, An/APS-145 (N)1,078,582.00Radar, An/APS-138 (AN/APS-145) (N))162,047.00Radar, AN/APS-138 (AN/APS-145) (N))162,047.00Radar, AN/APS-3, (PATRIOT) (A)2,383,426.00Radar, AN/SPS-40B (N)(a)Radar, AN/SPS-40B (N)(a)Radar, AN/SPS-48E (N)(a)Radar, AN/SPS-48E (N)(a)Radar, AN/SPS-49(V)5/(V)7 (N)305,719.00Radar, AN/SPS-49(V)5/(V)7 (N)305,719.00Radar, AN/TPQ-36 (A)25,968.00Radar, AN/TPQ-37 (A)920,149.00Radar, AN/TPS-63 (USMC Baseline) (N)31,890.00T May 87Radar, AN/TPS-63 (USMC Baseline) (N)Radar, AN/TPS-63 (Derivative configuration) (N)31,890.00SATCOM GND System, AN/TSC-85 and AN/TSC-93 (A)(a)SATCOM GND System, AN/TSC-85 (N)(a)Tactical Operations Center, TAOC-85 (N)(a)Tactical Operations System (TOS) AN/UYQ-19 and AN/UYQ-36 (A)121,128.00Target Acquisition Designation Sight (TADS) (A)202,591.00Target Acquisition Designation Sight (TADS) (A)202,591.00Target Acquisition System (TAS), MK-23 Mods 0-8 (N)(a)Terminal, Light for AN/TSC-86 (A)<			
$\begin{array}{cccccccccccccccccccccccccccccccccccc$		<i>,</i>	
Radar, AN/APG-63, (AF) $410,407.00$ Radar, AN/APG-63, (F-18) (N) $29,471.00$ 30 Mar 87Radar, AN/APG-66, (F-16A/B) (AF) $30,400.00$ 12 Apr 84Radar, AN/APG-68, (F/16C/D) (AF) $101,120.00$ 12 Apr 84Radar, AN/APS-145 (N) $1,078,582.00$ 25 Feb 87Radar, AN/APS-145 (N) $1,078,582.00$ 25 Feb 87Radar, AN/APS-138 (AN/APS-145) (N)) $162,047.00$ 25 Feb 87Radar, AN/APG-68 (PHOENIX) (AF) $338,403.00$ $238,403.00$ Radar, AN/SPS-46 (N)(a)(a)Radar, AN/SPS-40B (N) $216,746.00$ 7 May 82Radar, AN/SPS-40B (N)(a)(a)Radar, AN/SPS-48E (N)(a)Radar, AN/SPS-49(V)5/(V)7 (N) $305,719.00$ Radar, AN/SPS-49(V)5/(V)7 (N) $305,719.00$ Radar, AN/TPQ-36 (A) $252,968.00$ Radar, AN/TPQ-37 (A) $920,149.00$ Radar, AN/TPS-63 (Derivative configuration) (N) $31,890.00$ <tr< td=""><td></td><td>6,564.00</td><td></td></tr<>		6,564.00	
Radar, AN/APG-65 (F-18) (N)29,471.0030 Mar 87Radar, AN/APG-66 (F-16A/B) (AF)30,400.0012 Apr 84Radar, AN/APG-68 (F/16C/D) (AF)101,120.0012 Apr 84Radar, AN/APS-145 (N)1,078,582.0025 Feb 87Radar, Antenna, AN/APS-138 (AN/APS-145) (N)162,047.0025 Feb 87Radar, AN/AWG-9 (PHOENIX) (AF)338,403.002383,426.00Radar, AN/SPS-46 (N)(a)(a)Radar, AN/SPS-40B (N)216,746.007 May 82Radar, AN/SPS-48E (N)(a)Radar, AN/SPS-49(V)5/(V)7 (N)305,719.0015 Mar 84Radar, AN/TPQ-36 (A)252,968.0025 Jul 79Radar, AN/TPQ-37 (A)920,149.0019 May 81Radar, AN/TPS-63 (USMC Baseline) (N)45,557.007 May 87Radar, AN/TPS-63 (USMC Baseline) (N)45,557.007 May 87Radar, AN/TPS-63 (USMC Baseline) (N)31,890.007 May 87Radar, AN/TPS-63 (USMC Baseline) (N)45,557.007 May 87Radar, AN/TPS-63 (USMC Baseline) (N)45,557.007 May 87Radar, AN/TPS-63 (USMC Baseline) (N)31,890.007 May 87Radar, AN/TPS-63 (USMC Baseline) (N)30 Dec 8330 Dec 83Tactical Air Operations Center, TAOC-85 (N)(a)30 Dec 83Tactical Air Operatio			
Radar, AN/APG-66 (F-16A/B) (AF) $30,400.00$ 12 Apr 84Radar, AN/APG-68 (F/16C/D) (AF) $101,120.00$ 12 Apr 84Radar, AN/APG-68 (F/16C/D) (AF) $101,120.00$ 12 Apr 84Radar, AN/APS-145 (N) $1,078,582.00$ 25 Feb 87Radar, Antenna, AN/APS-138 (AN/APS-145) (N)) $162,047.00$ 25 Feb 87Radar, AN/AWG-9 (PHOENIX) (AF) $338,403.00$ 25 Feb 87Radar, AN/MQ-9 (PHOENIX) (AF) $338,403.00$ 8 Adar, AN/SPS-46 (N) (a) Radar, AN/SPS-46 (N) (a) (a) Radar, AN/SPS-48E (N) (a) Radar, AN/SPS-49(V)5/(V)7 (N) $305,719.00$ 15 Mar 84Radar, AN/TPQ-36 (A) $252,968.00$ 25 Jul 79Radar, AN/TPQ-37 (A) $920,149.00$ 19 May 81Radar, AN/TPS-63 (USMC Baseline) (N) $45,557.00$ 7 May 87Radar, AN/TPS-63 (Derivative configuration) (N) $31,890.00$ 7 May 87Radar, AN/TPS-63 (Derivative configuration) (N) $31,890.00$ 7 May 87Radar, AN/TPS-63 (Derivative configuration) (N) $31,890.00$ 7 May 87Radar, Fire Control, MK-25 (N) (a) 30 Dec 83Aratical Air Operations Center, TAOC-85 (N) (a) 30 Dec 83Aractical Operations System (TOS) AN/UYQ-19 and AN/UYQ-36 (A) $121,128.00$ 30 Dec 83Target Acquisition Designation Sight (TADS) (A) (a) 30 Dec 83Target Acquisition System (TAS), MK-23 Mods 0-8 (N) (a) a Terminal, Light for AN/TSC-86 (A) (a) a			30 Mar 87
Radar, AN/APG-68 (F/16C/D) (AF)101,120.0012 Apr 84Radar, AN/APS-145 (N)1,078,582.0025 Feb 87Radar, Antenna, AN/APS-138 (AN/APS-145) (N))162,047.0025 Feb 87Radar, AN/AWG-9 (PHOENIX) (AF)338,403.00238,403.00Radar, AN/SPS-46 (N)(a)(a)Radar, AN/SPS-46 (N)(a)Radar, AN/SPS-46 (N)(a)Radar, AN/SPS-46 (N)(a)Radar, AN/SPS-46 (N)(a)Radar, AN/SPS-49 (V)5/(V)7 (N)305,719.00Radar, AN/SPS-49 (V)5/(V)7 (N)305,719.00Radar, AN/TPQ-36 (A)252,968.00Padar, Low Altitude Surveillance Radar (LASR)10 Ct 84(Derivative of AN/TPQ-36 Radar) (A)73,361.00(Derivative of Chornative configuration) (N)31,890.00Radar, AN/TPS-63 (USMC Baseline) (N)45,557.00Radar, AN/TPS-63 (Derivative configuration) (N)31,890.00Radar, AN/UYQ-36 (A)(a)Tactical Air Operations Center, TAOC-85 (N)(a)Tactical Air Operations Center, TAOC-85 (N)(a)Tactical Air Operations Sight (TADS) (A)202,591.00Target Acquisition Designation Sight (TADS) (A)(a)Target Acquisition Designation Sight (TADS) (A)(a) <td< td=""><td></td><td></td><td></td></td<>			
Radar, AN/APS-145 (N)1,078,582.0025 Feb 87Radar, Antenna, AN/APS-138 (AN/APS-145) (N))162,047.0025 Feb 87Radar, AN/AWG-9 (PHOENIX) (AF)338,403.00338,403.00Radar, AN/APS-3, (PATRIOT) (A)2,383,426.0018 Nov 82Radar, AN/SPS-46 (N)(a)(a)Radar, AN/SPS-40B (N)216,746.007 May 82Radar, AN/SPS-40B (N)(a)(a)Radar, AN/SPS-40B (N)(a)Radar, AN/SPS-40B (N)(a)Radar, AN/SPS-48E (N)(a)Radar, AN/TPQ-36 (A)252,968.00Radar, Low Altitude Surveillance Radar (LASR)(b)(Derivative of AN/TPQ-36 Radar) (A)73,361.00(Derivative of AN/TPQ-36 Radar) (A)920,149.0019 May 81Radar, AN/TPS-63 (USMC Baseline) (N)45,557.007 May 87Radar, AN/TPS-63 (Derivative configuration) (N)31,890.007 May 87Radar, Fire Control, MK-25 (N)(a)SATCOM GND System, AN/TSC-85 and AN/TSC-93 (A)(a)AN/UYQ-36 (A)121,128.00Target Acquisition Designation Sight (TADS) (A)(a)Target Acquisition Designation Sight (TADS) (A)(a)Target Acquisition Designation Sight (TADS) (A)(a)Terminal, Light for AN/TSC-86 (A)(a)Terminal,		101,120.00	
Radar, Antenna, AN/APS-138 (AN/APS-145) (N))162,047.0025 Feb 87Radar, AN/AWG-9 (PHOENIX) (AF)338,403.00338,403.00Radar, AN/MPQ-53, (PATRIOT) (A)2,383,426.0018 Nov 82Radar, AN/SPS-46 (N)(a)(a)Radar, AN/SPS-40B (N)216,746.007 May 82Radar, AN/SPS-48E (N)(a)Radar, AN/SPS-49(V)5/(V)7 (N)305,719.0015 Mar 84Radar, AN/TPQ-36 (A)252,968.0025 Jul 79Radar, Low Altitude Surveillance Radar (LASR)(Derivative of AN/TPQ-36 Radar) (A)73,361.001 Oct 84(Derivative of AN/TPQ-36 Radar) (A)920,149.0019 May 81Radar, AN/TPS-63 (USMC Baseline) (N)45,557.007 May 87Radar, AN/TPS-63 (USMC Baseline) (N)31,890.007 May 87Radar, AN/TPS-63 (Derivative configuration) (N)31,890.007 May 87Radar, AN/TPS-63 (Derivative configuration) (N)31,890.007 May 87Radar, Air Operations Center, TAOC-85 (N)(a)30 Dec 83Taretical Air Operations Center, TAOC-85 (N)(a)30 Dec 83Target Acquisition Designation Sight (TADS) (A)(a)30 Dec 83Target Acquisition Designation Sight (TADS) (A)(a)30 Dec 83Target Acquisition System (TAS), MK-23 Mods 0-8 (N)(a)30 Dec 83Terminal, Light for AN/TSC-86 (A)(a)(a)Terminal, Medium, AN/GSC-39(V) DSCS (A)(a)30 Dec 83			
Radar, AN/AWG-9 (PHOENIX) (AF) $338,403.00$ Radar, AN/MPQ-53, (PATRIOT) (A) $2,383,426.00$ 18 Nov 82Radar, AN/SPS-46 (N)(a)Radar, AN/SPS-40B (N) $216,746.00$ 7 May 82Radar, AN/SPS-48E (N)(a)Radar, AN/SPS-48E (N)(a)Radar, AN/SPS-49(V)5/(V)7 (N) $305,719.00$ 15 Mar 84Radar, AN/TPQ-36 (A) $252,968.00$ 25 Jul 79Radar, Low Altitude Surveillance Radar (LASR)(Derivative of AN/TPQ-36 Radar) (A) $73,361.00$ 1 Oct 84Radar, AN/TPQ-37 (A) $920,149.00$ 19 May 81Radar, AN/TPS-63 (USMC Baseline) (N) $45,557.00$ 7 May 87Radar, AN/TPS-63 (Derivative configuration) (N) $31,890.00$ 7 May 87Radar, AN/TPS-63 (Derivative configuration) (N) $31,890.00$ 7 May 87Radar, Fire Control, MK-25 (N)(a)(a)SATCOM GND System, AN/TSC-85 and AN/TSC-93 (A)(a)Tactical Air Operations Center, TAOC-85 (N)(a)Tactical Air Operations System (TOS) AN/UYQ-19 andAN/UYQ-36 (A)AN/UYQ-36 (A)121,128.00Target Acquisition Designation Sight (TADS) (A)202,591.00Target Acquisition System (TAS), MK-23 Mods 0-8 (N)(a)Terminal, Light for AN/TSC-86 (A)(a)Terminal, Medium, AN/GSC-39(V) DSCS (A)(a)		J)) 162,047.00	25 Feb 87
Radar, AN/SPS-46 (N)(a)Radar, AN/SPS-40B (N)216,746.00Radar, AN/SPS-48E (N)(a)Radar, AN/SPS-48E (N)(a)Radar, AN/SPS-49(V)5/(V)7 (N)305,719.00Radar, AN/TPQ-36 (A)252,968.00Radar, Low Altitude Surveillance Radar (LASR)(b)(Derivative of AN/TPQ-36 Radar) (A)73,361.00Radar, AN/TPQ-37 (A)920,149.00Radar, AN/TPS-63 (USMC Baseline) (N)45,557.00Radar, AN/TPS-63 (USMC Baseline) (N)45,557.00Radar, AN/TPS-63 (Derivative configuration) (N)31,890.00Radar, AN/TSC-86 (A)(a)Tactical Air Operations Center, TAOC-85 (N)(a)Tactical Operations System (TOS) AN/UYQ-19 andAN/UYQ-36 (A)AN/UYQ-36 (A)121,128.00Target Acquisition Designation Sight (TADS) (A)202,591.00Target Acquisition System (TAS), MK-23 Mods 0-8 (N)(a)Terminal, Light for AN/TSC-86 (A)(a)Terminal, Medium, AN/GSC-39(V) DSCS (A)(a)			
Radar, AN/SPS-46 (N)(a)Radar, AN/SPS-40B (N)216,746.00Radar, AN/SPS-48E (N)(a)Radar, AN/SPS-48E (N)(a)Radar, AN/SPS-49(V)5/(V)7 (N) $305,719.00$ 15 Mar 84Radar, AN/TPQ-36 (A) $252,968.00$ Cherivative of AN/TPQ-36 Radar) (A) $73,361.00$ Radar, AN/TPS-43 w/basic antenna (AF) $27,462.00$ Radar, AN/TPS-63 (USMC Baseline) (N) $45,557.00$ Radar, AN/TPS-63 (Derivative configuration) (N) $31,890.00$ Radar, AN/TPS-63 (Derivative configuration) (N) $31,890.00$ Radar, Fire Control, MK-25 (N)(a)SATCOM GND System, AN/TSC-85 and AN/TSC-93 (A)(a)SATCOM GND System (TOS) AN/UYQ-19 and(a)AN/UYQ-36 (A) $121,128.00$ Target Acquisition Designation Sight (TADS) (A) $202,591.00$ Target Acquisition System (TAS), MK-23 Mods 0-8 (N)(a)Terminal, Light for AN/TSC-86 (A)(a)Terminal, Light for AN/TSC-86 (A)(a)Terminal, Medium, AN/GSC-39(V) DSCS (A)(a)			18 Nov 82
Radar, AN/SPS-48E (N)(a)Radar, AN/SPS-49(V)5/(V)7 (N) $305,719.00$ 15 Mar 84Radar, AN/TPQ-36 (A) $252,968.00$ 25 Jul 79Radar, Low Altitude Surveillance Radar (LASR)(Derivative of AN/TPQ-36 Radar) (A) $73,361.00$ 1 Oct 84Radar, AN/TPQ-37 (A) $920,149.00$ 19 May 81Radar, AN/TPS-43 w/basic antenna (AF) $27,462.00$ 5 Feb 86Radar, AN/TPS-63 (USMC Baseline) (N) $45,557.00$ 7 May 87Radar, AN/TPS-63 (Derivative configuration) (N) $31,890.00$ 7 May 87Radar, Fire Control, MK-25 (N)(a) 3 SHF System, Multichannel, AN/TSC-85 and AN/TSC-93 (A)(a)SATCOM GND System, AN/TSC-86 (A)(a)Tactical Air Operations Center, TAOC-85 (N)(a)Tactical Operations System (TOS) AN/UYQ-19 and $AN/UYQ-36$ (A) $121,128.00$ Target Acquisition Designation Sight (TADS) (A) $202,591.00$ 30 Dec 83Target Acquisition System (TAS), MK-23 Mods 0-8 (N)(a) 7 Terminal, Light for AN/TSC-86 (A)(a) 7 Terminal, Medium, AN/GSC-39(V) DSCS (A)(a) 7		(a)	
Radar, AN/SPS-48E (N)(a)Radar, AN/SPS-49(V)5/(V)7 (N) $305,719.00$ 15 Mar 84Radar, AN/TPQ-36 (A) $252,968.00$ 25 Jul 79Radar, Low Altitude Surveillance Radar (LASR)(Derivative of AN/TPQ-36 Radar) (A) $73,361.00$ 1 Oct 84Radar, AN/TPQ-37 (A) $920,149.00$ 19 May 81Radar, AN/TPS-43 w/basic antenna (AF) $27,462.00$ 5 Feb 86Radar, AN/TPS-63 (USMC Baseline) (N) $45,557.00$ 7 May 87Radar, AN/TPS-63 (Derivative configuration) (N) $31,890.00$ 7 May 87Radar, Fire Control, MK-25 (N)(a) 3 SHF System, Multichannel, AN/TSC-85 and AN/TSC-93 (A)(a)SATCOM GND System, AN/TSC-86 (A)(a)Tactical Air Operations Center, TAOC-85 (N)(a)Tactical Operations System (TOS) AN/UYQ-19 and $AN/UYQ-36$ (A) $121,128.00$ Target Acquisition Designation Sight (TADS) (A) $202,591.00$ 30 Dec 83Target Acquisition System (TAS), MK-23 Mods 0-8 (N)(a) 7 Terminal, Light for AN/TSC-86 (A)(a) 7 Terminal, Medium, AN/GSC-39(V) DSCS (A)(a) 7	Radar, AN/SPS-40B (N)	216,746.00	7 May 82
Radar, AN/TPQ-36 (A)252,968.0025 Jul 79Radar, Low Altitude Surveillance Radar (LASR) (Derivative of AN/TPQ-36 Radar) (A)73,361.001 Oct 84Radar, AN/TPQ-37 (A)920,149.0019 May 81Radar, AN/TPS-43 w/basic antenna (AF)27,462.005 Feb 86Radar, AN/TPS-63 (USMC Baseline) (N)45,557.007 May 87Radar, AN/TPS-63 (Derivative configuration) (N)31,890.007 May 87Radar, Fire Control, MK-25 (N)(a)7 May 87SHF System, Multichannel, AN/TSC-85 and AN/TSC-93 (A)(a)Tactical Air Operations Center, TAOC-85 (N)(a)Tactical Operations System (TOS) AN/UYQ-19 and AN/UYQ-36 (A)121,128.00Target Acquisition Designation Sight (TADS) (A)202,591.00Target Acquisition System (TAS), MK-23 Mods 0-8 (N)(a)Terminal, Light for AN/TSC-86 (A)(a)Terminal, Medium, AN/GSC-39(V) DSCS (A)(a)	Radar, AN/SPS-48E (N)	(a)	•
Radar, Low Altitude Surveillance Radar (LASR) (Derivative of AN/TPQ-36 Radar) (A)73,361.00 73,361.001 Oct 84Radar, AN/TPQ-37 (A)920,149.0019 May 81Radar, AN/TPS-43 w/basic antenna (AF)27,462.005 Feb 86Radar, AN/TPS-63 (USMC Baseline) (N)45,557.007 May 87Radar, AN/TPS-63 (Derivative configuration) (N)31,890.007 May 87Radar, Fire Control, MK-25 (N)(a)(a)SHF System, Multichannel, AN/TSC-85 and AN/TSC-93 (A)(a)SATCOM GND System, AN/TSC-86 (A)(a)Tactical Air Operations Center, TAOC-85 (N)(a)Tactical Operations System (TOS) AN/UYQ-19 and AN/UYQ-36 (A)121,128.00Target Acquisition Designation Sight (TADS) (A)202,591.0030 Dec 83Target Acquisition System (TAS), MK-23 Mods 0-8 (N)(a)30 Dec 83Terminal, Light for AN/TSC-86 (A)(a)(a)Terminal, Medium, AN/GSC-39(V) DSCS (A)(a)(a)	Radar, AN/SPS-49(V)5/(V)7 (N)	305,719.00	15 Mar 84
Radar, Low Altitude Surveillance Radar (LASR) (Derivative of AN/TPQ-36 Radar) (A)73,361.00 73,361.001 Oct 84Radar, AN/TPQ-37 (A)920,149.0019 May 81Radar, AN/TPS-43 w/basic antenna (AF)27,462.005 Feb 86Radar, AN/TPS-63 (USMC Baseline) (N)45,557.007 May 87Radar, AN/TPS-63 (Derivative configuration) (N)31,890.007 May 87Radar, Fire Control, MK-25 (N)(a)(a)SHF System, Multichannel, AN/TSC-85 and AN/TSC-93 (A)(a)SATCOM GND System, AN/TSC-86 (A)(a)Tactical Air Operations Center, TAOC-85 (N)(a)Tactical Operations System (TOS) AN/UYQ-19 and AN/UYQ-36 (A)121,128.00Target Acquisition Designation Sight (TADS) (A)202,591.0030 Dec 83Target Acquisition System (TAS), MK-23 Mods 0-8 (N)(a)30 Dec 83Terminal, Light for AN/TSC-86 (A)(a)(a)Terminal, Medium, AN/GSC-39(V) DSCS (A)(a)(a)	Radar, AN/TPQ-36 (A)	252,968.00	25 Jul 79
Radar, AN/TPQ-37 (A) $920,149.00$ 19 May 81Radar, AN/TPS-43 w/basic antenna (AF) $27,462.00$ 5 Feb 86Radar, AN/TPS-63 (USMC Baseline) (N) $45,557.00$ 7 May 87Radar, AN/TPS-63 (Derivative configuration) (N) $31,890.00$ 7 May 87Radar, Fire Control, MK-25 (N)(a)SHF System, Multichannel, AN/TSC-85 and AN/TSC-93 (A)(a)SATCOM GND System, AN/TSC-86 (A)(a)Tactical Air Operations Center, TAOC-85 (N)(a)Tactical Operations System (TOS) AN/UYQ-19 and $121,128.00$ AN/UYQ-36 (A) $121,128.00$ Target Acquisition Designation Sight (TADS) (A) $202,591.00$ Target Acquisition System (TAS), MK-23 Mods 0-8 (N)(a)Terminal, Light for AN/TSC-86 (A)(a)Terminal, Medium, AN/GSC-39(V) DSCS (A)(a)		4	
Radar, AN/TPS-43 w/basic antenna (AF)27,462.005 Feb 86Radar, AN/TPS-63 (USMC Baseline) (N)45,557.007 May 87Radar, AN/TPS-63 (Derivative configuration) (N)31,890.007 May 87Radar, Fire Control, MK-25 (N)(a)SHF System, Multichannel, AN/TSC-85 and AN/TSC-93 (A)(a)SATCOM GND System, AN/TSC-86 (A)(a)Tactical Air Operations Center, TAOC-85 (N)(a)Tactical Operations System (TOS) AN/UYQ-19 and121,128.00AN/UYQ-36 (A)121,128.00Target Acquisition Designation Sight (TADS) (A)202,591.00Target Acquisition System (TAS), MK-23 Mods 0-8 (N)(a)Terminal, Light for AN/TSC-86 (A)(a)Terminal, Medium, AN/GSC-39(V) DSCS (A)(a)	(Derivative of AN/TPQ-36 Radar) (A)	73,361.00	1 Oct 84
Radar, AN/TPS-43 w/basic antenna (AF)27,462.005 Feb 86Radar, AN/TPS-63 (USMC Baseline) (N)45,557.007 May 87Radar, AN/TPS-63 (Derivative configuration) (N)31,890.007 May 87Radar, Fire Control, MK-25 (N)(a)(a)SHF System, Multichannel, AN/TSC-85 and AN/TSC-93 (A)(a)SATCOM GND System, AN/TSC-86 (A)(a)Tactical Air Operations Center, TAOC-85 (N)(a)Tactical Operations System (TOS) AN/UYQ-19 and121,128.00AN/UYQ-36 (A)121,128.00Target Acquisition Designation Sight (TADS) (A)202,591.00Target Acquisition System (TAS), MK-23 Mods 0-8 (N)(a)Terminal, Light for AN/TSC-86 (A)(a)Terminal, Medium, AN/GSC-39(V) DSCS (A)(a)	Radar, AN/TPQ-37 (A)	920,149.00	19 May 81
Radar, AN/TPS-63 (Derivative configuration) (N)31,890.007 May 87Radar, Fire Control, MK-25 (N)(a)SHF System, Multichannel, AN/TSC-85 and AN/TSC-93 (A)(a)SATCOM GND System, AN/TSC-86 (A)(a)Tactical Air Operations Center, TAOC-85 (N)(a)Tactical Operations System (TOS) AN/UYQ-19 and121,128.00AN/UYQ-36 (A)121,128.00Target Acquisition Designation Sight (TADS) (A)202,591.00Target Acquisition System (TAS), MK-23 Mods 0-8 (N)(a)Terminal, Light for AN/TSC-86 (A)(a)Terminal, Medium, AN/GSC-39(V) DSCS (A)(a)	Radar, AN/TPS-43 w/basic antenna (AF)	27,462.00	
Radar, AN/TPS-63 (Derivative configuration) (N)31,890.007 May 87Radar, Fire Control, MK-25 (N)(a)SHF System, Multichannel, AN/TSC-85 and AN/TSC-93 (A)(a)SATCOM GND System, AN/TSC-86 (A)(a)Tactical Air Operations Center, TAOC-85 (N)(a)Tactical Operations System (TOS) AN/UYQ-19 and121,128.00AN/UYQ-36 (A)121,128.00Target Acquisition Designation Sight (TADS) (A)202,591.00Target Acquisition System (TAS), MK-23 Mods 0-8 (N)(a)Terminal, Light for AN/TSC-86 (A)(a)Terminal, Medium, AN/GSC-39(V) DSCS (A)(a)	Radar, AN/TPS-63 (USMC Baseline) (N)	45,557.00	7 May 87
Radar, Fire Control, MK-25 (N)(a)SHF System, Multichannel, AN/TSC-85 and AN/TSC-93 (A)(a)SATCOM GND System, AN/TSC-86 (A)(a)Tactical Air Operations Center, TAOC-85 (N)(a)Tactical Operations System (TOS) AN/UYQ-19 and(a)AN/UYQ-36 (A)121,128.00Target Acquisition Designation Sight (TADS) (A)202,591.00Target Acquisition System (TAS), MK-23 Mods 0-8 (N)(a)Terminal, Light for AN/TSC-86 (A)(a)Terminal, Medium, AN/GSC-39(V) DSCS (A)(a)	Radar, AN/TPS-63 (Derivative configuration) (N	31,890.00	
SHF System, Multichannel, AN/TSC-85 and AN/TSC-93 (A)(a)SATCOM GND System, AN/TSC-86 (A)(a)Tactical Air Operations Center, TAOC-85 (N)(a)Tactical Operations System (TOS) AN/UYQ-19 and(a)AN/UYQ-36 (A)121,128.00Target Acquisition Designation Sight (TADS) (A)202,591.00Target Acquisition System (TAS), MK-23 Mods 0-8 (N)(a)Terminal, Light for AN/TSC-86 (A)(a)Terminal, Medium, AN/GSC-39(V) DSCS (A)(a)	Radar, Fire Control, MK-25 (N)	(a)	•
SATCOM GND System, AN/TSC-86 (A)(a)Tactical Air Operations Center, TAOC-85 (N)(a)Tactical Operations System (TOS) AN/UYQ-19 and(a)AN/UYQ-36 (A)121,128.00Target Acquisition Designation Sight (TADS) (A)202,591.00Target Acquisition System (TAS), MK-23 Mods 0-8 (N)(a)Terminal, Light for AN/TSC-86 (A)(a)Terminal, Medium, AN/GSC-39(V) DSCS (A)(a)	SHF System, Multichannel, AN/TSC-85 and AN		
Tactical Air Operations Center, TAOC-85 (N)(a)Tactical Operations System (TOS) AN/UYQ-19 and AN/UYQ-36 (A)121,128.00Target Acquisition Designation Sight (TADS) (A)202,591.0030 Dec 83Target Acquisition System (TAS), MK-23 Mods 0-8 (N)(a)Terminal, Light for AN/TSC-86 (A)(a)Terminal, Medium, AN/GSC-39(V) DSCS (A)(a)	SATCOM GND System, AN/TSC-86 (A)		
Tactical Operations System (TOS) AN/UYQ-19 and AN/UYQ-36 (A)121,128.00Target Acquisition Designation Sight (TADS) (A)202,591.0030 Dec 83Target Acquisition System (TAS), MK-23 Mods 0-8 (N)(a)Terminal, Light for AN/TSC-86 (A)(a)Terminal, Medium, AN/GSC-39(V) DSCS (A)(a)			
AN/UYQ-36 (A)121,128.00Target Acquisition Designation Sight (TADS) (A)202,591.00Target Acquisition System (TAS), MK-23 Mods 0-8 (N)(a)Terminal, Light for AN/TSC-86 (A)(a)Terminal, Medium, AN/GSC-39(V) DSCS (A)(a)			
Target Acquisition Designation Sight (TADS) (A)202,591.0030 Dec 83Target Acquisition System (TAS), MK-23 Mods 0-8 (N)(a)Terminal, Light for AN/TSC-86 (A)(a)Terminal, Medium, AN/GSC-39(V) DSCS (A)(a)			
Target Acquisition System (TAS), MK-23 Mods 0-8 (N)(a)Terminal, Light for AN/TSC-86 (A)(a)Terminal, Medium, AN/GSC-39(V) DSCS (A)(a)			30 Dec 83
Terminal, Light for AN/TSC-86 (A)(a)Terminal, Medium, AN/GSC-39(V) DSCS (A)(a)			
Terminal, Medium, AN/GSC-39(V) DSCS (A) (a)			
			· · ·
			·

CATEGORY XIII - AUXILIARY MILITARY EQUIPMENT

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

NOTES:

- (a) Approval for pro rata nonrecurring cost recoupment charge will be requested from the Director, DSAA, at a time of actual demand for FMS or commercial sales proposals.
- (b) For older ships designed, a percentage charge (3.5%) for recoupment of nonrecurring cost will be established at a time of actual demand for FMS or commercial sales proposals.

TABLE 7-I-1. (Continued)





DoD 5105.38-M

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.

Change No. 9, 31 July 1987

C. PROCEDURES.

1. Consistent with the provisions of Chapter 7, Section I, Paragraph C.1.b., the DoD component should proceed with the development of the LOA upon receipt of the LOR from an FMS customer, American embassy, or Security Assistance Organization (SAO).

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 Chapter 15, Section IV, 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. <u>Identification of End Items</u>. 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. <u>Identification of Dollar Items</u>. The LOA will group generically into a single Tine 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. <u>General</u>. 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) <u>Checklist</u>. Figure 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) <u>Related Chapters</u>. Refer to Chapter 8, Section III, this Manual, for detailed transportation information and Chapter 5 for export licensing and customs clearance requirements.

(b) <u>Understanding Between the U.S. Government and the</u> <u>Purchaser of Method of Shipment</u>. 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 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) <u>Method of Transportation</u>. 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/MI&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) <u>Aircraft Transportation</u>. 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.

<u>2.</u> 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.

<u>3. Additional Terms and Conditions</u>. Additional terms and conditions for transportation and services which may apply in certain cases are at Table 7-II-5.

(3) <u>Delivery Schedule of Items</u>. 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) <u>Qualifications Regarding Price and Availability Data</u>. 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) <u>Personnel Movement to and from country</u>. 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) <u>General</u>. 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) <u>Sample Terms and Conditions</u>. 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) <u>Statement of Facilities, Services, or Personnel to be</u> <u>Provided by the Purchasing Country</u>. 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) <u>Memorandum of Understanding or Statement of Work</u>. 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) <u>Schedules Included in DD Form 1513</u>. 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) <u>Purchasing Nation's Responsibilities</u>. LOAs must specify purchasing nation's responsibilities such as providing pay and allowances, housing, qualified students, and any required supervision thereof.

(c) <u>Blanket Order Cases</u>. 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) <u>Supplemental Conditions to DD 1513</u>. 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 "Supplemental Conditions" 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) <u>Configuration</u>. 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) <u>Concurrent Spare/Repair Parts</u>. The DoD components authorized to make offers will assure that at least a one-year supply of "incountry" 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) <u>Spare Parts Support Availability</u>. 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) <u>Sole Source Procurement</u>. 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) <u>Basis for Logistics Support Cost Estimates</u>. 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) <u>Critical Long Lead Items</u>. 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) <u>Financial Information</u>. (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, cash prior to delivery, FMS credit, MAP, or any combination thereof will include a payment schedule. This payment schedule will:

payment is required.

a. Include specific calendar dates when each

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) <u>Condition Must be Specified</u>. 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. <u>Present Condition</u>. 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. <u>Repair Costs</u>. 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) <u>Identification of Equipment to be Supported</u>. 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) <u>Description of Services to be Provided</u>. 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.

formed.

(b) Statement of where and how the services will be per-

(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) <u>Single Selling Price</u>. 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) <u>Royalties and Non-Recurring Cost (NRC) Recoupment Charges</u>. 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. <u>However</u>, 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) <u>Identification of Responsibility</u>. 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) <u>Instructions for Purchaser</u>. 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) <u>Repair and Return</u>. 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.

<u>2.</u> 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) <u>Ammunition Sales</u>. When a sale of ammunition is requested, DoD components should include the following note on the LOA:

The U.S. Government is a self-insurer, and in this connection your NOTE: 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) <u>Requirement for Special Notes</u>. 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) <u>Security Assurances</u>. The following should be included as a note in all LOAs:

(a) LOAs with Foreign Governments.

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 If such security agreements do not exist, the the purchaser. 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.

(b) LOAs with NATO (excluding NATO member governments) and NATO Commands and Agencies.

All U.S. classified material/information (to include articles, plans, designs, specifications and technical data) described in the Letter of Offer and Acceptance shall be protected as NATO classified information of an equivalent classification level in accordance with the policy and procedures contained in NATO document C-M(55)15 (Final), "Security Within the North Atlantic Treaty Organization."

(c) LOA with Purchaser Who Proposes to Take Delivery and Custody of Classified Materiel. When the purchaser proposes to take delivery and custody of classified materiel and complies with the provisions of Chapter 5, Section II, Paragraph K.3.(a) and Chapter 8, Section III, Paragraph F.2.i.(1) and (2), the DOD Component will incorporate the transmission instructions (an alternate for shipment of classified materiels) or the requirement for an approved transportation plan (see Figure 5-IV-4) into the security requirements of the U.S. Department of Defense Letter of Offer and Acceptance (LOA, DD Form 1513).

(21) <u>Travel Costs for Foreign Personnel</u>. The purchasing country or international organization is responsible for all transportation and travel costs for its personnel on assignment in the United States, or required in conjunction with FMS programs. In no circumstances are such expenses authorized for reimbursement under FMS LOAs. Instead, the funding of transportation and travel costs must be arranged directly between the foreign traveler and his government without U.S. Department of Defense involvement.

c. Documents to be Included with DD Form 1513.

(1) Financial Analysis.

(a) <u>Purpose</u>. 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 countersignature.

(b) <u>Requirement</u>. 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 nonexcess stocks, when no replacement is required.

2. Recoupments of nonrecurring RDT&E and/or production costs.

<u>3.</u> Asset use charges (including contractor rental <u>payments</u> for U.S. Government-owned plant and production equipment).

4. A total case value of \$14.0 million or more.

the following:

(c) <u>Exceptions</u>. A Financial Analysis is not required for

1. Individual line items of \$50,000 or less.

[This space left blank intentionally.]

[This page left blank intentionally.]

7-39.2

Change No. 9, 31 July 1987

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, except as required by paragraph C.8.c(1)(b) above.

(d) <u>Data Required</u>. 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).

Prime and Government Furnished Equipment

e. Production.

3. Source of price estimates. Examples are:

a. Prime contractor quote.

(GFE) contractor quotes.

c. Standard Price.

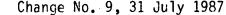
b.

participation, $\frac{1}{2}$, based on recent sale or similar experience, or in accordance with DoD 7290.3-M.

4. The basis for making or adjusting estimates from any of the above sources. Examples are:

<u>a</u>. Agent's fees or commissions included in the FMS case and the amount thereof. The DoD component certification of reasonableness in accordance with Subpart 3.4, FAR and DOD FAR Supplement, Section 25.7305(B) 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.

1/ In this connection, notice should be taken of Section 25.7303(A)(2) of the DOD Federal Acquisition Regulation (FAR) Supplement 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.



Inclusion of nonrecurring RDT&E and producb. tion cost recoupment in accordance with DoD Directive 2140.2.

Inclusion of adjustments for estimated

Asset use charge as described in DoD

inflation or other risk factors. Replacement cost in accordance with the <u>d</u>. provisions of DoD 7290.3-M.

e.

7290.3-M.

f. g. h. First destination transportation costs.

Recurring support costs.

Unfunded costs.

Ŧ. Application of factors for estimating "dollar line items" such as concurrent spare parts.

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.

A comparison of LOA prices with budgeted or on-6. going DoD component procurement prices, e.g., the Selected Acquisition Report (SAR).

Source for Schedule of Payments, includina 7. estimated date of contract award.

A comparison of LOA prices with all other LOAs 8. 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 T/L Worksheets to be Included with Selected Letters of Offer. 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.

Note: For amendments and modifications exempt from countersignature, implementing agencies should provide copies of Termination Liability Worksheets (TLW) directly to the DSAA Comptroller (FMD) and SAAC (FSRC).

(a) Offers of \$7 Million or More. LOAs (DD Form 1513) with a total case 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 countersignature. Any modifications or amendments to these cases that contain a revised payment schedule will also contain a revised termination liability worksheet.

(b) <u>Information to be Included</u>. The following information will be included on the worksheet:

<u>1.</u> <u>Deposit Date</u>. Normally quarterly, in accordance with the schedule of payments.

<u>2. Total Payment</u>. Amount required to be deposited for both disbursements and reserves.

3. <u>Estimated Disbursements</u>. Anticipated payments to contractors or suppliers during the period covered by the scheduled payment (i.e., the next 3 months after payment date).

<u>4.</u> <u>Reserve Requirements</u>. Amounts required to be collected in advance and held in reserve during the period covered by the scheduled payment (i.e., the next 3 months after payment date). Reserve requirements consist of:

a. <u>Contractor Holdback</u>. Amount earned by contractors or suppliers during the period.

b. <u>Termination Liability</u>. Amount required to cover the financial liability of the USG should the contract be terminated during the period.

(c) <u>Format for Use</u>. 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) <u>Exclusions</u>. T/L worksheet are not required for cases in the following categories:

1. Cooperative Logistics (FMSO I and II).

2. Blanket order spare parts requisitions.

3. Other equipment or services, including training to be provided from Department of Defense inventories (i.e., Source of Supply "S").

4. FMS cases for which prepayment termination liability has been waived. (NOTE: Such waivers to date have been extremely rare and no additional waivers are currently anticipated).

tance."

5. Cases with payment terms of "Cash with Accep-

(e) <u>Distribution</u>. Implementing Agencies will provide two copies of the Termination Liability Worksheet with each applicable DD Form 1513, 1513-1, or 1513-2 presented to DSAA/COMPT (FMSCD) for countersignature.

The two copies will be attached to the cover letter forwarding the 1513series document. DSAA/COMPT (FMSCD) will provide one copy of the T/L worksheet to DSAA/COMPT (FMD) and forward the other to SAAC/FSRC with the advance copy of the LOA. Upon receipt of the LOA and T/L worksheet, SAAC should ensure that the T/L worksheet is separated from the advance LOA copy and retained after the purchaser-signed copy is received. The T/L worksheet must be loaded into DIFS prior to implementation of the case, amendment, or modification.

Note: For amendments and modifications exempt from countersignature, ** implementing agencies should provide copies of termination liability worksheets (TLW) directly to the DSAA Comptroller (FMD) and SAAC (FSRC).

(f) <u>Quality Control</u>. Implementing Agencies must ensure that adequate quality controls exist to assure the mathematical integrity of Termination Liability Worksheets. Termination liability/contractor holdback reserve requirements must be projected to liquidate by the last scheduled payment.

(3) <u>Nonrecurring Cost (NRC) Recoupment Summary</u>. 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.

<u>Note:</u> For amendments and modifications exempt from countersignature, implementing agencies should provide copies of the NRC recoupment summary worksheet directly to DSAA Comptroller (FMD) and SAAC (FSRC).

9. <u>Coordination of Letters of Offer and Acceptance (LOAs)</u>, Amendments, ** Notices, and Letters of Intent (LOIs).

a. <u>DoD Component Coordination</u>. All LOAs and LOIs should indicate a coordination by the comptroller and Tegal counsel of the appropriate DoD component.

b. DSAA Coordination. DSAA coordination will be accomplished by the Operations Directorate (DSAA-OPS) on all LOAs, amendments, notices, and LOIs which require countersignature during the countersignature process. DSAA-OPS is responsible for obtaining all internal DSAA coordination and the coordination of all appropriate OSD staff elements. While DSAA coordination occurs during the countersignature process, it is not synonymous therewith and constitutes a separate function. The DSAA point of entry for coordination of the aforementioned documents is the DSAA Comptroller (FMS Control Division).

10. <u>Countersignature</u>. All LOAs and LOIs require DSAA countersignature. All amendments and notices except as specifically exempted in Chapter 8 also

**

require countersignature. Note that no exemptions will apply to amendments or notices which involve Congressional notification [Sec. 36(b)] or FMS credit, MAP, or third country financing.

a. <u>Procedures</u>. Upon DOD component finalization of the foregoing documents and in the case of Section 36(b) AECA Congressional notification actions, five days prior to the expiration of the Congressional review period, DOD components will forward to the DSAA-Comptroller (FMS Control Division) the signed original and two copies of all documents for DSAA coordination and countersignature. For documents involving FMS credit or MAP financing, the signed original and three copies will be forwarded. The DSAA-Comptroller will routinely forward all submissions to DSAA-OPS for coordination prior to countersignature. The DSAA Comptroller will take action to process and enter appropriate data extracts into the DSAA FMS data base.

b. <u>Return to Preparing DoD Component</u>. Subsequent to DSAA coordination and processing, the DSAA Comptroller will: countersign the document and return the original copy to the originating DoD component for onward processing to the prospective purchaser; forward a copy to the SAAC with the termination liability worksheet, nonrecurring cost recoupment worksheet, and financial analysis, if applicable; and retain a copy in order to enter the appropriate information into the DSAA FMS data base.

11. Incomplete Documentation. FMS transactions submitted for DSAA coun- ** tersignature which do not include the proper documentation will be returned to the preparing DoD component without countersignature. If the urgency of the situation requires processing without waiting for the required documents, the matter should be referred to the Director or Deputy, DSAA-OPS. DSAA-OPS, following its review, will coordinate with the Comptroller. If approved, the transaction will be processed and countersigned.

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 one copy to the Security Assistance Accounting Center (SAAC) along with any required initial deposit before the expiration date listed on the offer.

a. <u>Requests for Extension</u>. 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. <u>Receipt and Recording of Acceptance</u>. 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).

c. <u>SAO Notification of Acceptance or Rejection</u>. 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. <u>Pen-and-Ink Changes - DD Forms 1513 and 1513-1</u>. Pen-and-ink changes are modifications to a DD 1513 or DD 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 possible. The change may be at the request of the purchaser or at the initiative of the issuing DoD component. If the change authorizes any increase in scope or any revision of the terms of sale or total costs, DSAA-Comptroller, FMS Control Division, must concur prior to authorization. The issuing agency must authorize the pen-and-ink change by message or letter to the purchaser with a copy to SAAC/FSR and DSAA-Comptroller, FMS Control Division. Extensive changes must be made by issuance of a new or restated DD 1513 or DD 1513-1 (after acceptance of the basic case) rather than by a pen-and-ink change. Copies of all DD 1513s and DD 1513-1s (including revised termination liability worksheets, if applicable) that have been modified by authorized pen-and-ink changes must be disseminated to the required organizations (for example, SAAC).

*(deletion)

14. Addresses of Military Department Central Activities Responsible for FMS Transactions.

a.	<u>Army</u> :	Department of the Army U.S. Army Security Assistance Center 5001 Eisenhower Avenue Alexandria VA 22333
b.	<u>Navy</u> :	Department of the Navy Chief of Naval Operations (OP-63) Washington DC 20350
с.	<u>Air Force</u> :	Department of the Air Force Director of Military Assistance and Sales (AF/PRI) Headquarters, U.S. Air Force Washington DC 20330

ł

United States Department of Defense Offer and Acceptance (DD Form 1513)

UN	ITED STATES DEPA OFFER AND		-	SE	(1) PU	RCHASER (A	ians and Address) (2	ip Codej		
(2) M	IRCHASER'S REFERENCE	(3) CASE IDE	NTIFIER							
cles an	nt to the Arme Export Contro d defense services listed below the terms contained harm ar ad to, this Offer and Accepte	i litersmetter rela 1d conditions all	ured to colle	clively a	States (L	* and Individu	elly as "defense articl	les" or "defense	BETVICES'	"), sub-
	Signature (US Dept./Aponsy /	Lutherland Repre	estative)		5	aun persigne tur	e (Office of the Comp	waller, DRAA)	(Date)	
(4)	Typed Name and Title				110	rped Name an	d Tige			
(4)	ADDRESS:				(13)0	BAA ACCOUI	TING ACTIVITY			
(7)	DATE:	<u> </u>			-					
	THIS OFFER EXPIRES:	not later than the	. data abawa	In block		m Rum (B) dam	of the second second second	u must notife the	0/844	
Come	E: This offer must be accepted broller, DSAA. Otherwise, this of such cancellation. Request	Offer is cancelled prompt notificat	i and retentio ion if this of	a of initi ler is reje	al depen	t by offerer p	nating disposition Las		t be des	med a
11686 08	ITEM DESCRIPTI	Can		UNET	—	ESTIN	ATED	AVAL A-	OFFER NE	DE LIVERY TERM
84 80 13	alasiang Secrit Man gangkenika (128		Quantity (He)	04 18500 1160		IT COST	TOTAL COST	96.04.04.5	LEASE CODE INE	CODE
(21)	ESTIMATED COST				6			_		-
—	ESTIMATED PACKING, CR			OST	•			4		
(23)	ESTIMATED GENERAL AC				!- -					
(24)	ESTIMATED CHARGES FOR		RTARRANO	SEMENT	· • _	······		-1		
(26)	OTHER ESTIMATED COST	•			•					
	(26) ESTIMA	TED TOTAL CO	STŞ							
Q7)	TERMS						F INITIAL DEPOSIT	ſ -\$		
-				ACCE	PTANC				. <u></u>	
(20)	i am a duly authorized repres	intative of the Go	overnment of , and upon bi		· •	MARK FOR FREIGHT F	ORWARDER CODE			
1940 C	iovernment, accept the offer u				1 040	PROCURIN				
	s (30) this day			IØ		DESIGNATI	D PAYING OFFICE			
	SIGNATURE				- 	ADDRESS (F DESIGNATED PA	VING OFFICE		
(32)					$\downarrow =$			·		
	TYPED NAME AND TITLE	PD- 1051-845-978/2	PREVIO					PAGE 1 of	p/	GES
DD		PRI 1861-848-678/	UNTIL I	EXHAU	ITEO.	AT BE USED		FAGE 01	~	1052

FIGURE 7-II-1. United States Department of Defense Offer and Acceptance (DD Form 1513).

General Conditions

GENERAL CONDITIONS

A. THE GOVERNMENT OF THE UNITED STATES:

A. THE GOVENMENT UP THE UNITED STATES: 1. Agress to femal book income from as Department of Defense (bereinafter referred to as "DOD") stocks and resources, or to procure them outer terms and conditions commarks from as Department of Defense (bereinafter referred to as "DOD") stocks and resources, or to procure them outer terms and conditions commarks from as Department of Defense (bereinafter referred to as "DOD") stocks and resources, or to procure region the sume contract classes, the same contract definition and procedures. When procuring for the Furchaser, the DOD shall, in general angles the sume contract classes, the same contract definition terms and the same inspection procedures as would be used in procuring for itself, storps as otherware requested by the Furchaser and as agreed to by the DOD. Unless the purchaser has requested that a sole source contractor be designated, and this Letter of Offer and Acceptance reflects acceptance of such designation by the DOD, the Purchaser inderistands this selection of the contractor source to full this requeriment is usedly the responsibility of the dependent of the United States cheretaster referred to as "USG Further, the Furchaser, egrees that the United States qDD is ability responsibility of the generation and conditions of all contractor generation to the short the States of Offer. 2. Advent the tends to the Offer. eleciwn ++ +*USG").

1. Advises that when the DOD procures for itself, its contracts include warranty clauses only on an exceptional basis. However, the USG shall, with respect to items bring procured, and upon timely notice, attempt to the extent possible to obtain any particular or special too iterat provisions and warranties desired by the Purchart. The USG enther agrees to exercise, upon the Purcharts request, any rights (include those errang under any warranties) the USG may have under any contract connected with the procurement of any items. Any additional cost items obtaining special costs, and purposition of warranties, for share under any contract connected with the procurement of any items. Any additional cost the tuSG may have under any contract connected with the versions of registion obtaining special contract, growshows or warranties, or any other to be the USG may have under any the procurement of items, shall be charged to the Purchaster. any other rights

3.a. Shall, unless the condution is otherwise specified herein (e.g., "As is"), repair or replace at no extra cost defense articles supplied from DOD stocks which are damaged or found to be defective in respect of material or worknamiship, when it is established that there 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 iters designed. Qualified representatives of the USG and of the Furchase, upon notification pursuant to paragraph B.4. below, shall aggree on the lability of the USG heremolar and the corrective steps to be taken.

b. With respect to liens being produced for sale to the Purchaser, the USG agrees to exercise warranties on behalf of the Purchaser pus-sumnt to A.2, above to gauge, to the extent provided by the warranty, replacement or correction of such items found to be defective.

c. In addition, the USG warrants the little of all literals sold to the Purchaser hereunder. The USG, however, makes no warranties other times specifically set forth herein, in perticular the USG disclams any lability resulting from patent infringement occasioned by the use of volcature by or for Purchaser outside the United States of literal supplied hereinder.

Agrees to deliver and pass rate to the liens to the functions of the provided for the provided for the second seco

Advises that: a Unless otherwise specified, USG standard items will be furnished without regard to make or model. s.

b. The parties that is Only organize spectrum, soo spectrum with the USG Unless otherwise specified, the cost estimates of items to be do a systemity determination, payment schedule, and detivery projections quoted are estimates based on current swiphble data. The USG will be at efforts to advise the Parchaser or its authorized representatives by DD Form 1513-2:

(1) of any identifiable cost increase that might result in an increase in the "Estimated Total Costs" in excess of 10 percent:

(2) of any changes in the payment schedule(s): and

(3) of any delays which might significantly affect the estimated delivery dates;

but its failure to so advise of the above shall not affect the Purchaser's obligation under paragraphs B.1. and B.1. below: The USG will, however, use its best efforts to deliver stems or render services for the amount and at the times quoted.

6 Under ususual and competing circumstances when the national interest of the United States so requires, the USC reserves the right to cancel or suppend all or part of this Offer and Acceptance at any time prior to the delivery of defense articles or performance of services (including rimmung). The USC shall be responsible for all termination causo of its suppliers resulting from cancellations or suspensions under this paragraph.

7. Shall refund to the Purchaser any payments received horcunder which prove to be in excess of the final total cost of delivery and performance of this Offer and Acceptances and are not required to cover arearages on other open Offers and Acceptances of the Purchaser.

8. Advises that personnel performing defense services provided under this (Xfer and Acceptance will not perform any duties of a com-bation noture, including any duties relating to training, advang, or otherwise providing assistance regarding compatiactivities, outside the United States in concerction with the performance of these defense services.

9. Advises that in the assignment or employment of United States personnel for the performance of this Offer and Acceptance, the USG will not take into account race, religion, national origin or sex.

In any term and account race, reaged, national origin of set. 10. Advises that, notwithstanding Purchaser's agreement to pay interest on any net amount by which Purchaser may be in arrests on pay-nents (as purched for an payraph B.J., below). USE funds will not be used for disbursements by DOD to its contractors in the event of any such arrests in payments. Accordingly, failure by the Purchaser to make timely payments in the amounts due may result in drays in contract par-formany by DOD contractors, chaims by contractors for interest counts (including the above meinted interar cours), chaims by contractors for termination liability for breach of contracts or termination of contracts by the USG under the or other open Offers and Acceptionses of the Purchaser at Purchaser's captors.

THE PURCHASER: ß.

Shall pay to the USG the total cost to the USG of the ttems, even if the fingl total cost exceeds the amounts estimated in this Offer and Acceptance.

2. Shall make payment(s) for the mems by check(s) or by wire transfer payable in United States dullars to the Treasurer of the United 🖗

3. Shall, if "Terms" specify "cash with acceptance", forward with this Offer and Acceptance a check or wire transfer in the full amound shown as the estimated total cost, and agrees to make such additional payment(s) as may be specified upon notification of cost increase(s) and request(s) for loss to cover such increases.

b. Agrees if "Tenis" specifies payment to be "cash prior to delivery" to pay to the USG such amounts at such times as may be specified from time to time by the USG (including any initial deposit set forth under "Termis") in order to meet payment requirements for articles or services to be fournished from the resources of the US Departments to Defense. USG requests for funds and be develored on estimated requirements to over for casted deliveres of articles or caste to provide define services. It is USG policy to obtain (unds 90 days in advance of the time BOD plans such eleveres).

c. Agrees, if "fermit" 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 USC (including any finital deposit set forth under "Fermi") in order to meet payments required by contracts under while times are being proceed, and any damages and cans that may accure, or have accured. It for termination of contracts by the USC by the USC by the USC including any finital deposit set forth under "Fermi") in order to meet payments required by contracts under while times are been and any damages and cans that may accure, or have accured. It on termination of contracts by the USC by the USC by the USC by the USC because of Parchard's concellation of this Offer and Acceptance under pargraph B.7. hereof. USC requests for funds may be based upon estimated requirements for above accured by payments to supplicits, assiminated area of the USC requests for funds may be based upon estimated requirements for above accured by constructive delivery, as the case may be, it is USC policy to ubtain such thinks 40 days in advoce of the time USC makes payments on behalf of the Parchard.

d. Agrees, d "Terms" specify "payment on delivery" that bils may be dated as of the date(s) of delivery of the defense or renden ug of the defense services, or upon forecests of the date(s) thereof.

e. Agrees, if "Terms" specify payment under a Credit Agreement between the Purchaser and DOD, to pay to the USG on a "dependable undertaking" basis, in accurdance with B 3.c. abuve, such custs as may be in eacess of the amount funded by the Credit Agreement.

f. Agres, that requests for founds or billings under paragraphing B.3., though c, above are due and payable in fail on presentation, or, if a payment date is specified in the request for founds or bill, on the payment date so specified, even if such payment date is not in accord with the retimeted payment schedule, if any, contained in this Offer and Accordance theoration leading or even if such payment date is not in accord with the due, documentation concerning advance and progress payments, estimated termination liability or evidence of constructive delivery or sbipment appoint of request for funds or bills will be made available to the Payment date request. When appropriate, Parchaser by DOD upon request. When approximate, Parchaser by CodD upon request. When approximate, Parchaser by CodD upon request.

g Agrees to pay interest on any net uncount submanor or requests unauppancy reports in accordance with paragraph Bio. Delow. g Agrees to pay interest on any net uncount by which it is in arrans on payments, determined by considering collectively all of the Purchaser's upen Offers and Acceptances with the NOD, Interest shall be calculated on a daily basis. The principal-amount of the arressage shall due to the access of computed in the purchaser over found computer payments the quartery billing payment do dues. The tate of interest peal abilities that be not less than a rate decrement by the Secretary of the Treasary taking into consideration the cu-everage market yield on outstanding short-term obligations of the USG as of the last day of the mough preceding the net arreages and shall be computed into the date of the arreages.

DD FORM 1513

PAGES PAGE 2 of

FIGURE 7-11-2. General Conditions.

•

Annex A s. Shall designate the Procering Agency and responsible Hyring Office and address thereof to which the USC shall subzuit requests for a and bills under this Offer and Acceptance.

4. Shall furnuh shipping instructions for the items with its acceptance of this (Mer and Acceptance, Such instructions shall include (a) Otfar/Helasan Code, (b) Freight Forwarder Code, and (c) the Mark for Code, as applicable. 5. Shall be responsible for domaining the appropriate namence coverage and customs clearances, and, except for Hems exported by the USC, appropriate should be cases.

USO, paper prior in summa.
a. Shall accept the to the defense articles at the initial point of shipment (see A.4, above). Purchaser shall be responsible for in-transit accounting and settlement of claims against common carters. This to defense articles its imported by perceipost shall pess to the Purchaser on data of parcet post shall be at the burchaser on data of parcet post shall be at the burchaser on data of parcet post shall be at the burchaser on data of parcet post shall be at the burchaser on data of parcet post shall be at the burchaser on data of parcet post shall be at the burchaser on data of parcet post shall be at the burchaser on data of parcet post benefit and and be at the burchaser of burchaser of the burchaser of the burchaser of b

7. May cannot thus Offer and Acceptance with respect to any or all of the items listed in this Offer and Acceptance as any time prior to the delayery of defense attacks or performance of services (including training). It shall be responsible for all costs resulting from cancellation under this paragraph.

Shall, except as may otherwise be mutually agreed in writing, use the items sold hereunder only: ٨.

For the purposes specified in the Mutual Defense Assistance Agreement, if any, between the USG and the Purchasor;

b. For the purposes specified in any bilatural or regional defense treaty to which the USG and the Purchaser are buth parties, M subpara-graph a, of this paragraph is mapplicable, or

c. For internal security, individual self-defense, and/or civic action, if subparagraphs a, and b, of this paragraph are inapplicable.

c. For internel security, individual self-defense, and/or civic action, if tubparagraphe a, and b, of this paragraph are inapplicable.
9. Shall not transfer title to, or possession of, the defense article, components and associated support material, related training or other defense articles components and associated support material, related training or other defense articles (southout or the functioner (activity) individual self-defense articles, components and associated support material, related training or other defense articles, components and associated support material, related training or other defense articles, components and associated support material, related training or other defense articles (activities) and activity agencies), and shall not use or permit their and Acceptance to anyone, or individual to be table, above, unless the written concept of the USC has first been obtained. To the extent their sup items, plent, pecifications, or information functional defense articles (activity) and and the defense articles (activity) approaces other than those authorized by the addition of the exact the shall near the support exception of the defense articles (activity) approaces other than those authorized by the addition of the exact the addition of the defense articles and any plans, specifications, or information functional defense articles and energy at an associated any addition of the defense article and asy plans, specifications, are information of the support and and any plan.

C. INDEMNIFICATION AND ASSUMPTION OF RISKS:

Is a understood by the Purchaser that the USC in procuring and furnishing the items specified in this Offer and Acceptance does so on a nonprofit basis for the Purchaser. The Purchaser therefore undertakes, solicet (a X), shove, to indominfy and hold the USC, its gents, officers, and employees harades from any and all has or habitity (whether in tort or no contract) which might arise in connection with the Offer and Acceptance to ease of (a), injury to or deals of all or a polyeer or no contract) which might arise in connection with the Offer and Acceptance to ease of (a) (n) injury to or deals of property of the HOD furnabed to Purchaser or suppliers specificity to implement this Offer and Acceptance, (B) property of Purchaser pursuant to this Offer and Acceptance, before or alter passage of title to Purchaser), or (C) property of third partie, (a) patient infingement.

2. Subject to any express, special contractual warranties obtained for the Purchaser is accordance with A.2, above, the Purchaser agrees to releve the contractors and subcontracture of the USC from habitaty for, and will assume the track of, loss or damage to: (i) Purchaser's property (including the track proceed pursuant to the Offer and Acceptance, before or after passage of title to Purchaser) and (ii) property of the ODD furthed to suppliers specifically to supplement this Offer and Acceptance, to the same estant that USC would assume for its property if it were procuring for its relevant to the Offer and Acceptance.

D. ACCEPTANCE:

1. To accept the Offer and Acceptance, the Purchaser will not later than the aspiration date of the Offer and Acceptance, as set forth herein, return these copies projectly agend to the security assistance accounting center designated herein, accompassicd by such initial deposit or other payment as may be required by the Franch herein. In addition, Purchaser will concurrently return there copies projectly agend to the security assistance accounting center designated herein, accompassicd by such initial deposit or other payment as may be required by the Franch herein. In addition, Purchaser will concurrently return there copies projectly saided to the U.S. Midiary Dependent or Defense Agency making the offer. When projectly accepted and returned as specified herein, the provisions of this Offer and Acceptance and the Purchaser.

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 pittablepoint or payment of full estimated cost, as the case may be, may require resumon or relaw of the Offer and Acceptance.

Unless a written request for extension is made by the Purchaser and granted in writing by au authorized representative of the appropri-ate U.S. Multary Department or Defense Agency, this Offer and Acceptance shall terminute on the capiration date set forth berein.

ENCLOSURES: E.

Enclosures attached hereto are, by this reference, incurporated hereis and are made a part hereof as though set forth is full.

F. PUBLIC INSPECTION:

The (Mfor and Acceptance well be made available for public superiors to the fullest extent puppible consistent with the national security of the United States.

EXPLANATORY NOTES

 The lism or reference numbers appearing in the "ITEM OR REF. RO." column may not correspond with references used in Parchasers' original request. However, this number, together with the case identifier shown should always be used as reference in future correspondence.
 A which has been been as a set of the original request. However, this number, together with the case identifier shown should always be used as a reference in future correspondence.
 A which has been as a set of the original request of bounds are optical diverse of the steat() as a correspondence.
 A which is a set of acceptance of the Offer parameter of bounds requested for complete difference of the steat() as a correspondence of the offer parameters. However, after except of acceptance of the Offer parameter to School D. of the Conditions, and the conclusion of appropriate funancial arrangements for each increaser, where applicable. Hence to diverse the increase diverse of the original leading to the reach increaser, where applicable. Hence to diverse the increase of the original statement in the acceptance of the original statement of the statement of the original diverse of the original leading to the react increaser, where applicable. Hence to diverse the increase in the interval of the statement of the original diverse of the original diverse of the original diverse of the statement of the statement of the statement of the original diverse of the original diverse of the statement of the statement of the statement of the original diverse of the original diverse of the statement of the statement of the original diverse of the statement of the s The planned source of supply for each gem is expressed in the following codus: r

- - XE
 - Service Stocks
 Proceerment
 Recuerment
 Recuerment, e.g., initial repair parts
 Suck and proceerment, e.g., initial repair parts
 "Mumes" major iteous in long supply or excess
- *Availability a stated is months.

м

Tra

Condition of the defense articles above in the "AVAILABILITY AND REMARKS" column is expressed in the following codes

- ... -
 - -
- 8 0 s u
- of the detease articles above in the "AVALADILITY AND REMARKS" column is expressed in the following code: licena to be provided is exacting condition without repay, restoration or rehabilitation which may be required. Unificities indicated in item description. Articles of mixed conditions (new, reverbed, and rehabilitation) may be commingled when issued. Example: repay parts, annual-tion, art assembles, but, tool acts and shop arts. Serve coble defense articles and shop arts. Obsolve or non-expanded neem in an "AS IS" condition for which repay parts support may not be available from IOD. Substitute, Suitable advantations may be adjoped for invariable defense articles uselses otherwise advacd by the Purchaer. Reverted or rehabilitated defense articles possessing organi appearancy materials includes in the cont-safere cobling to the content of which parts and/or assembles. Only parts and components not meeting US Armed burces briving columns and tandards will have been replaced; in all instages such defense articles with avere US Armed burces standards of servezability.
 - -
- AP SP NC SC NB
- Annual Training Program, Special Training designed to support purchases of US squipment, This offet desises but constitute a commitment to provide US training. US Training concurrently bring addressed in separate (Meet and Acceptance, No US training b required in apport of this purchase.
- ig of delivery codes, see Multary Assistance Program Address Directory (MAPAD). 2 LOS
- The use of Offer/Science Codes "Y" and "Z" will incur a storage for of .125% per month for shipment delays in excess of 15 days.

DD FORM 1513

PAGE 3 of PAGES

FIGURE 7-II-2. (Continued)

Ô

	INITED STATES DEPARTMENT C CONTINUATION SHEET I DD FORMS 1613, 1513-1 AND	FOR											
EM			ESTIMATED AVAILA OFFER D										
DA 16 <i>F</i> . 10.	ITEM DESCRIPTION (Including Stock Number U applicable)	QUANTITY	UNIT OF ISSUE	UNIT COST	TOTAL COST	BILITY AND REMARKS	RE LEASE CODE	DE- LIVERY TERM CODE					
		1											
							ŀ						
				: 									
							[`						
								,					
	Голы Мал 7р 1513 с	PREVIOUS E				1							

FIGURE 7-II-3 United States Department of Defense Continuation Sheet

FIGURE 7-II-3. United States Department of Defense Continuation Sheet.

	FIGURE 7-II-4
	FINANCIAL ANALYSIS WORKSHEET
CC Case	
Syst Case	em Line Date Prepared
	PRICING TECHNIQUE
Α.	NSN
B.	QTY
C.	Source of Item (Check One):
	<pre>1 Excess Inventory 2 Inventory (without replacement) 3 Inventory (replacement with same item) 4 Inventory (replacement with improved item) 5 Production 6 Other</pre>
D.	Source of Price (Check One):
	 Prime Contractor Price and GFE Contractor Standard Price Major Subordinate Command Estimate Other (explain)
E.	Source Unit Price
F.	Adjusted Price (explain source and computations in Remarks)
	 Agent's Fees or Commissions Nonrecurring Costs (RDT&E) Recoupment Charges Nonrecurring Costs (production) Recoupment Charges Replacement Costs Adjusted for Inflation Asset Use Charge Contractor Rental Payments for USG-Owned Plant and Production Equipment CAS/Audit Recurring Support Costs Contract Government First Destination Transportation Other (explain)

FIGURE 7-II-4. Financial Analysis Worksheet.

7-51

Change No. 8, 31 March 1987

Adjusted Unit Price G. Η. Source for Schedule of Payments 1. Prime Contractor Prime and GFE Contractor 2. Major Subordinate Command Estimate Other (explain) 3. 4. 5 Estimated date of contract award ** 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-II-4. (Continued)

Change No. 8, 31 March 1987

.

FIGURE 7-II-5

TERMINATION LIABILITY WORKSHEET

Case Ider	tification:	(Agency, Co	ountry, Case	Designator)	Date:	
	(a)	(b)	(c)	(d)	(e)	(f)
PAYMENT DATE	TOTAL F QTR	AYMENT CUM	ESTIMA DISBURSE QTR		TERMINATION CONTRACTO QTR	LIABILITY/ R HOLDBACK CUM
Initial Deposit	88,000	88,000	88,000	88,000	0	0
15Jun85	216,000	304,000	124,800	212,800	91,200	91,200
15Sep85	344,000	648,000	208,400	421,200	135,600	226,800
15Dec85	528,000	1,176,000	343,200	764,400	184,800	411,600
15Mar86	752,000	1,928,000	488,800	1,253,200	263,200	674,800
15Jun86	1,000,000	2,928,000	737,840	1,991,040	262,160	936,960
15Sep86	1,192,000	4,120,000	1,016,560	3,007,600	175,440	1,112,400
15Dec86	1,256,000	5,376,000	1,400,720	4,408,320	(144,720)	967,680
15Mar87	1,128,000	6,504,000	1,640,400	6,048,720	(512,400)	455,280
15Jun87	816,000	7,320,000	[.] 1,124,880	7,173,600	(308,880)	146,400
15Sep87	472,000	7,792,000	618,400	7,792,000	(146,400)	0
15Dec87	208,000	8,000,000	208,000	8,000,000	0	0

Notes:

. .

(a) Columns a and b must be identical to payment schedule in LOA financial annex.

- (b) Column a = c + e.
- (c) Column b = d + f.

· · ·

- (d) At end of worksheet, column b = column d; column f must be zero (0).
- (e) In initial deposit, columns e and f are zero (0) unless contract will be let before first scheduled payment.

FIGURE 7-II-5. Termination Liability Worksheet.

**

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:

LINE/SUB-LINE	IDENTIFY	PRO RATA		TOTAL
NOMENCLATURE	MDE/NON-MDE	CHARGE	QUANTITY	INCLUDED

SIGNATURE OF MILDEP CASE MANAGER (OFFICE/TELEPHONE/DATE)

FIGURE 7-II-6. NONRECURRING COST RECOUPMENT CHARGES SUMMARY.

SUPPLEMENTARY INFORMATION FOR LETTERS OF OFFER

SUPPLEMENTARY INFORMATION	Mespons Systems Packege Sale	Comunications Sys- tems Peckege Sale	Coproduct Ion/Co- assembly	End Item	SSA Stock Level Case	Requisition Cases inci SSA Req	Definitized Spare Perts or Supplies (incl ammunition)	Excesses "As-is, Where-is"	Modifications	Publications, Charts, Film	Training	Maintenance and Overhaul	Contractual Services CETS	Military Services Overseas, e.g., TAFT	Military Services in CONUS (1.e., Project Management Office)	Alrcraft Flíght Deilvery	Transportation Sar- vices MC & MSTS	ROTAE Services	Technical Dafa Package	Pro-Rata R&D or Royalty Cases	Non-Standard Military Equipment
Mode and Destination of Shipments	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
Agreements to Safeguard Status of U.S. Government or Contractor Personnel While in Host Country	A/R	A/R	A/R		A/R				∧⁄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	∧/R	A∕R	A/R								×		∧/R	A∕R							A/R
Logistical information	x	x	x	∧/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	∧⁄R	A∕R	A∕R	A∕R	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	∧/R	A∕R				A/R	A/R		∧/R	a∕r	∧/R	A/R	A/R	∧/R	A/R	A/R	A∕R	A/R	A/R
Responsibility for initiation of Regulations	x	×	×	x		x	x		A/R	A/R		x									A/R
Payment Schedules	x	x	x	A∕R			A/R	A∕R	A∕R	A∕R	A∕R	a/R	A/R	A/R	A/R	A/R	A/R	A/R	A∕R	A/R	A∕R
Administrative Charge 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 7-11-7. Supplementary Information for Letters of Offer.

		Validation						
	Action	1	T					
,	Officer	Service	DSAA					
ltem	(Last Name, Phone, Date)	(Last Name, Phone, Date)	(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								

OFFER AND ACCEPTANCE PREPARATION CHECKLIST

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. <u>BLOCK (2) PURCHASER'S REFERENCE</u>. 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. <u>BLOCK (3) CASE IDENTIFIER</u>. Enter the appropriate country or organization code, implementing agency code and case designator (e.g., UK-P-DLG).

D. <u>BLOCK (4) SIGNATURE</u>. This block should be filled in by an authorized U.S. <u>Military Department</u> or Defense Agency representative prior to forwarding the LOA to the DSAA Comptroller for the required countersignature.

E. <u>BLOCK (5) TYPED NAME AND TITLE</u>. Type or stamp the name and title of the U.S. representative who signed Block (4).

F. <u>BLOCK (6) ADDRESS</u>. Enter the name of the issuing organization along with the address (e.g., DA, DACS-SA, Pentagon, Wash., D.C. 20150).

G. <u>BLOCK (7) DATE</u>. Enter the day, month and the year that the LOA is submitted to DSAA for countersignature.

H. <u>BLOCK (8) THIS OFFER EXPIRES</u>. Enter the appropriate expiration date, normally 85 days from the date in Block (7).

I. <u>BLOCK (9) COUNTERSIGNATURE</u>. 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. <u>BLOCK (10) TYPED NAME AND TITLE</u>. Type the name and title of the DSAA Comptroller authorized representative for countersignature who signed Block (9).

K. <u>BLUCK (11) DSAA ACCOUNTING ACTIVITY</u>. 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.

7-57 Change No. 2, 2 Jan 1985

L. <u>BLOCK (12) ITEM OR REFERENCE NO</u>. 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. <u>BLOCK (13) ITEM DESCRIPTION</u>. 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 complimenting/supporting materiel and services should be described.

N. <u>BLOCKS (14 THROUGH 17)</u>. Quantity, unit of issue, unit cost, and total cost are self-explanatory. Enter information or N/A, as appropriate.

0. <u>BLOCK (18) AVAILABILITY AND REMARKS</u>. 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. <u>BLOCK (19) AND (20)</u>. Offer Release Code and Delivery Term Code -- See instructions contained in Table 7-II-2 of this section.

Q. <u>BLOCK (21) ESTIMATED COST</u>. Enter estimated material/services costs in whole dollars. These costs should not include any administrative or accessorial charges.

R. <u>BLOCK (22) ESTIMATED PACKING, CRATING, AND HANDLING COST</u>. 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. <u>BLOCK (23) ESTIMATED GENERAL ADMINISTRATIVE COSTS</u>. 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. <u>BLOCK (24) ESTIMATED CHARGES FOR SUPPLY SUPPORT ARRANGEMENT</u>. 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. <u>BLOCK (25) OTHER ESTIMATED COSTS</u>. 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. <u>BLOCK (26) ESTIMATED TOTAL COSTS</u>. Enter the costs in whole dollars (total of Blocks (21) through (25)).

TABLE 7-II-1. (Continued)

*

*

W. <u>BLOCK (27) TERMS</u>. Enter appropriate terms of sale in accordance with the guidance contained in Chapter 7, Section III, paragraph K. 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 FMS credit or MAP funding is used, insert the words "FMS Credit" or "MAP Merger" as appropriate. If the sales agreement is financed by a combination of sources, each term of sale and the applicable amount will be cited.

X. <u>BLOCK (28) AMOUNT OF INITIAL DEPOSIT</u>. 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. <u>BLOCKS (29) THROUGH (37)</u>. 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 Comptroller (FMS Control Division) is the point of entry within DSAA for coordination and countersignature of LOAs, LOIs (and amendments thereto), and notices to LOAs. In connection with the countersignature process, DSAA coordination will be accomplished by DSAA-OPS. See Chapter 7, Section II, Paragraphs C.9. and C.10.

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 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. <u>Block (19) Offer Release Code</u>. Enter one of the following codes opposite each materiel line item, as applicable:

Code

Α

Y

Х

Explanation

- Freight and parcel post shipments will be released automatically by the shipping activity without advance notice (Notice of Availability).
 - 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.
 - The U.S. Service and country representative have agreed that the:
 - U.S. Service will sponsor the shipment to a country address. Under this agreement Block (34) (Freight Forwarder Code) must contain "X" and a customerwithin-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. <u>Block (20) Delivery Term Code (for other than repair and return</u> <u>procedures)</u>. Enter one of the following codes opposite each materiel line item, as applicable:

Code	Explanation
2	Delivery to Destination (Inland Origin to Inland Destina- tion Within CONUS or Within the Same Overseas Geographic Area).
3	Delivery Alongside Vessel at Port of Exit.
4	Collect Commercial Bill of Lading for movement within * CONUS, or contractor delivery of materiel procured off- * shore to designated freight forwarder or country represen- * tative. *
5	Delivery to Commercial Port of Exit by GBL.
6	Delivery to Overseas Port of Discharge (Shipment by Capa- bility 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. <u>Block (33) MARK FOR Code</u>. 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. <u>Block (19) Offer Release Code</u>. 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. <u>Block (20) Delivery Term Code (for repair and return proce-</u> <u>dures</u>. Enter one of the following Codes opposite each materiel line item as applicable:

Explanation

<u>Code</u> A

В

- 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.
- 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.
 - 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.
 - 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.
 - Customer country is responsible for all transportation from overseas point of origin to CONUS activity and return to an overseas destination.
 - 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.
 - 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)

7-62

Change No. 8, 31 March 1987

D

С

F

E

G

К

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. <u>Block (33)</u>. 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.

4. <u>Block (34)</u>. 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. <u>Block 19</u>. If more than one offer/release code is applicable, Block 19 will contain "See <u>Note</u> " and appropriate explanatory notes will be included in the DD Form 1513.

b. <u>Block 20</u>. If more than one Delivery Term Code is applicable, Block 20 will contain "See <u>Note</u> " and appropriate explanatory notes will be included in the DD Form 1513.

c. <u>Block 33</u>. If more than one MARK FOR Code is applicable, Block 26 will contain "See <u>Note</u> " and appropriate explanatory notes will be included in the DD Form 1513.

d. <u>Block 34</u>. 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 <u>Note</u>" 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 USG/purchaser splits in crews. Any USG/Purchaser split in crew composition must be approved by based upon a request submitted by the Purchaser setting forth the reasons for the request, the desired crew composition, and the aircraft qualifications of proposed crew members of the Purchaser. If split crews are used, the aircraft commander must be an officer of the USG who will have command and control over the aircraft. If more than one aircraft is being ferried, the designated flight leader will be an officer of the USG and will have command and control over all aircraft.

TABLE 7-II-3. Additional Terms and Conditions -- Aircraft.

Change No. 6, 1 March 1986

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 USG/purchaser splits in crews. Any USG/Purchaser split in crew composition must be approved by based upon a request submitted by the Purchaser setting forth the reasons for the request, the desired crew composition, and the aircraft qualifications of proposed crew members of the Purchaser. If split crews are used, the aircraft commander must be an officer of the USG who will have command and control over the aircraft. If more than one aircraft is being ferried, the designated flight leader will be an officer of the USG and will have command and control over all aircraft.



TABLE 7-II-4. Additional Conditions -- Aircraft Ferrying (Purchaser-Owned).

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.

ADDITIONAL TERMS AND CONDITIONS SAFEGUARDS FOR CONTRACTOR PERSONNEL

A. PASSPORTS, VISAS, LICENSES, AND PERMITS

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

2. To ensure the effective and timely performance of this contract, the Government of (country) (G0) 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/ e.g., Government of Turkey (GOT)

 TABLE 7-II-6.
 Additional Terms and Conditions -- Safeguards for

 Contractor Personnel.

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.

H. If the purchaser proposes to take delivery and custody of the classified ** matter in this case in the United States and use its own facilities and transportation for onward shipment to its territory, the purchaser agrees to submit a transportation plan as outlined in the "Security Assistance Management Manual," Chapter 5, Section IV, Figure 5-IV-4. Further, the purchaser agrees to notify the cognizant DOD component of any changes as they occur to the transportation plan. The purchaser will be notified of the approval or disapproval of this plan. If disapproved, the purchaser will be notified of the reason for disapproval and be required to provide a revised transportation plan that will be acceptable to the U.S. Government or the USG will ship the classified materiel by the Defense Transportation System.

TABLE 7-II-5. Additional Terms and Conditions -- Transportation and Services.

ADDITIONAL TERMS AND CONDITIONS SAFEGUARDS FOR CONTRACTOR PERSONNEL

A. PASSPORTS, VISAS, LICENSES, AND PERMITS

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

2. To ensure the effective and timely performance of this contract, the Government of (country) (G0) 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 <u>(country)</u> 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 <u>(country)</u> 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)

TABLE 7-II-6. Additional Terms and Conditions -- Safeguards for Contractor Personnel. 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 GC 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 <u>(country)</u> Labor or Social Insurance Laws, provided such actions were not caused by conduct prescribed by other laws or willful contravention of <u>(country)</u> 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 G0_____ under this LOA.

TABLE 7-II-6. (Continued)

SECTION III - FINANCIAL PRINCIPLES AND PROCEDURES

A. <u>PURPOSE</u>. 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.

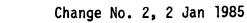
B. RESPONSIBILITIES AND REQUIREMENTS.

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. <u>Full Recovery of Costs</u>. 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. <u>Payment to Cover All Costs</u>. 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. <u>Trust Funds</u>. 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.

Excess Payments. Cash payments received for an individual FMS d. 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. Implementing agencies should not enter any remarks on FMS documents in regard to transferring Purchaser funds from * one case to another. Such remarks can be misleading, contradictory to in-* structions given to SAAC by the Purchaser, and not effective if crosslevelling * is required. Any excess funds on a case are processed to the Purchaser's * Trust Fund and can only be applied to another case at the Purchaser's request. *

D. PRICING OF FMS TRANSACTIONS.

1. <u>General</u>. 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. <u>Authority</u>. 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. <u>Pricing Principles</u>. 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. <u>Quotation of Firm Prices</u>. 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. <u>Authority</u>. 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. <u>Purchaser Obligations and Contracting Principles</u>. 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 DoD Federal Acquisition Regulation Supplement, 25.7304(c)).

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. <u>Authorized Surcharges</u>. Prices of defense articles and services sold to eligible foreign countries and international organizations will include the following surcharges when applicable:

a. <u>Accessorial Charges</u>. 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 Tabor, materiel, or services in preparing the materiel for shipment from the storage or distribution point.

(2) <u>Transportation</u>. 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) <u>Port Loading and Unloading</u>. These are costs for labor, materiel or services at ports of embarkation or debarkation.

(4) <u>Prepositioning</u>. 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) <u>Staging</u>. These costs are for aggregation or prepositioning of materiel in U.S. facilities within the CONUS.

7-76

¥

÷ . • .

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) <u>Cancellations</u>. 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.

-- <u>Standard Defined Order Cases</u>. 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. For offers on or after 1 October 1983, the administrative charge shall not be applied to case management lines.

-- <u>Non-Standard Defined Order Cases</u>. 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) <u>Approval to Assess a Cancellation Charge</u>. The DSAA Comptroller and the Director of 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:

or modifications.

-- A copy of the FMS case, including all amendments

-- 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.

-- The name and telephone number contact of an individual cognizant of the case to whom inquiries could be directed.

[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.]

*

(3) <u>Annual Administrative Budgets</u>. 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. <u>Review of Accessorial and Administrative Rates</u>. 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) <u>Background</u>. 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). Implementation guidance on establishment of charges, collections, and waivers is contained in DOD Directive 2140.2, dated August 5, 1985.

(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 This includes costs of any engineering change proposal (ECP) technology. 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) <u>DSAA Approval</u>. 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) <u>Direct Commercial Sales</u>. 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) <u>Applicable Items</u>. 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) <u>Cross-Reference</u> of <u>Export License Requests</u>. The cross-referencing of all export license requests processed by the MILDEP

7-79

Change N

Change No. 3., 10 January 1985

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) <u>Reporting</u>. Collections received both from FMS and commercial sales transactions will be reported in the DSAA(Q)1112 report required by DoDD 2140.2. This report will be submitted quarterly by each DoD component, to DSAA Comptroller, within 45 days of the end of each quarter.

(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 Military Assistance Program (MAP) funding has been approved for the current fiscal year.

(b) For all countries and organizations other than those specified in the preceding sentence, 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. <u>A waiver request will be</u> <u>considered by DoD only if it is initiated by the country or international</u> <u>organization involved, and forwarded to the Director, DSAA</u>. 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. <u>Charges for Use of U.S. Government-owned Facilities</u>, Plant and <u>Production Equipment</u>. 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) <u>Asset Use Charges</u>. 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) <u>Rental Charges for Use of DoD Assets</u>. 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 DOD FAR Supplement 45.4 and FAR 52.245-9, 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 the DOD FAR Supplement 45.407.

(4) <u>Use of U.S. Production and Research Property for Work for</u> 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. <u>Quality Assurance and Inspection, Contract Audit Services, and</u> Other Contract Administration Services.

(1) Refer to DoD 7290.3-M, paragraph 70305 for guidance regarding recovery of contract administration services costs incurred in support of new procurement for FMS.

(2) Costs incurred by the DOD for quality assurance and inspection, contract audit services, and other contract administration services will be assessed for FMS programs as prescribed by DOD 7290.3-M.

(3) Quality assurance and inspection, contract audit services, and other contract administration services provided in connection with contracts or subcontracts for defense articles or defense services entered into after October 29, 1979, either directly or indirectly by a NATO member country, or pursuant to an FMS Letter of Offer and Acceptance (LOA) with a NATO member country, may be provided without charge if that government provides such services in accordance with an agreement on a reciprocal basis, without charge, to the U.S. Government.

(4) 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 NATO infrastructure programs in accordance with an agreement under which the foreign governments participating in such programs provide such services, without charge, in connection with similar contracts or subcontracts.

(5) Agreements for the provision of such services without charge will be negotiated by the Office of the Secretary of Defense (Acquisition and Logistics) and will be implemented by the Director, DSAA,

under the authority of the AECA, Section 21(h)(1); Section 106, P.L. 99-661 (NATO-E3A); and Section 132, P.L. 99-83 (Germany-Patriot). Since the reciprocal nature of providing such services can normally only be provided on a country-wide basis, agreements for reciprocal waivers will normally not be made for specific programmatic requirements.

(6) A listing of approved reciprocal waiver agreements is provided at Figure 7-III-2.

g. <u>Termination Liability Reserve</u>.

(1) MILDEPs implementing foreign military sales agreements are responsible for the determination of costs of potential contract termination

[This space left blank intentionally.]

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. All LOAs with sales from * procurement require termination liability reserves to be included in the * payment schedules.

(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. <u>DIRECT CHARGES TO FMS CASES</u>. 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. <u>Criteria for Charging Such Costs</u>. 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" manyears, 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 manyear 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. <u>DD Form 1513 Presentation</u>. 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. <u>Military Department Delivery Reporting</u>. 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 DoD 7290.3-M. The SAAC will submit billings to countries for such costs in accordance with normal FMS procedures.

F. GOVERNMENT-PROVIDED ENGINEERING SERVICES.

1. <u>Criteria for Charging Such Costs</u>. 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 DoD 7290.3-M, engineering costs are chargeable * directly to an FMS case only if they are recurring in nature, and are related to a current production run in which FMS materiel is being produced. Non-recurring costs are recoverable via policies and procedures included in DoDD 2140.2.

2. <u>DD Form 1513 Presentation</u>. 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. <u>Military Department Delivery Reporting</u>. 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. <u>Criteria for Charging Such Costs</u>. DoD 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. <u>DD Form 1513 Presentation</u>. 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. <u>Military Department Delivery Reporting</u>. 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.

SAAC Billing and Reimbursement 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 credited to the proper accounts. (NOTE: Effective 1 October 1983, 25% of the asset use charge is * treated as an attrition charge to be used to finance replacement of damaged * equipment beyond repair. Attrition charge collections are deposited by SAAC * into the Attrition Cost Clearing Account. Use of these funds must be * authorized by DSAA. When equipment is damaged beyond repair because of FMS * student error, a report of the loss and request for funding to cover * procurement of the replacement items shall be submitted to DSAA Comptroller * for approval.)

5. <u>Applicability</u>. These provisions do not apply to the application of rental charges made under the provisions of the FAR for items provided from procurement initiated to meet FMS customer requirements or to asset use charges for DoD services including training. FAR 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. <u>Criteria for Charging Such Costs</u>. 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 DoD 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. <u>Military Department Delivery Reporting</u>. 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. <u>Applicability</u>. 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 details on FMS credit management are included in Chapter 9.

PREPARATION AND IMPLEMENTATION OF DD FORM 1513, LETTERS OF OFFER AND J. 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. All LOAs and LOIs, as well as amendments and modifications (except those specifi-A]] * cally exempted in Chapter 8) will be submitted to the DSAA Comptroller (FMS * Control Division) for coordination and countersignature prior to submission to * the country. This procedure does not satisfy DSAA requirements for approval * or coordination prior to LOA or related document formulation.

K. TERMS OF SALE AND TYPE OF ASSISTANCE CODES (REFER ALSO TO TABLE 7-III-1).

1. General.

a. <u>Applicable Sections of FAA and AECA</u>. An LOA for a sale of defense articles, defense services, or design and construction services may involve Section 503(a)(3) of the Foreign Assistance Act (MAP Merger) and/or one or more of the following sections of the AECA.

- -- Section 21. Sale from DoD stocks (includes defense articles and services of DoD personnel except those services provided under Section 29).
- -- Section 22. Sale from DoD procurement (includes defense articles and services of DoD contractor personnel except those services provided under Section 29.).
- -- Section 23. DoD direct credit extended to a purchaser to finance a sale from DoD stocks or DoD procurement.
- -- Section 24. DoD guaranteed credit extended to a purchaser to finance a sale from DoD stocks or DoD procurement,
- -- Section 29. Sale of design and construction services from DoD stocks or procurement.

b. Use of Terms of Sale on LOAs. Terms of Sale indicate when payments are required and whether the agreement is to be financed on a cash, FMS credit (loan) or MAP funding 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."

Payment of Initial Deposits. To accept an LOA, the purchaser b. 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 For those purchasers not authorized direct arrangements for as required. dependable undertaking (and, accordingly, are not listed in 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.

Computation of Initial Deposit. Except for FMSO I, the impleс. menting 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 guarter 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 This 31 March statement would request payment on 15 June for costs March. 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 <u>Initial Deposit</u>: Costs to be incurred from date of acceptance through 30 June <u>First Forecast Quarter in Payment Schedule</u>: <u>1 July thru 30 September</u> <u>"As of Date" of Billing</u>: 31 March <u>Approximate Mailing of Billing</u>: 15 April <u>Payment Due</u>: 15 June

(1) If there will be no performance on the case during the ** period covered by the initial deposit, that is, no deliveries of articles from stock, no services performed, or no items placed on contract, the initial deposit should consist only of one-half (50%) of the administrative surcharge shown in block 23 of the DD Form 1513.

(2) If items will be placed on contract during the initial ** deposit period, a reserve for termination liability (TL) and contractor holdback must be included in the initial deposit. The amount required for TL in the initial deposit is the amount for which the U.S. Government would be liable should the contract be terminated during the period covered by the initial deposit, not the full amount of TL that may be required during the life of the case. If items will not be placed on contract until later in the course of the LOA, there should be no TL or contractor holdback in the initial deposit.

(3) Detail guidance for determining initial deposits and preparation of payment schedules is given in DoD 7290.3-M, Chapter 4. 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. <u>Terms of Sale</u>. Terms of Sale and related statements to be used on LOAs are as follows:

a. Terms.

(1) <u>"Cash with Acceptance.</u>" 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) <u>"Cash Prior to Delivery.</u>" 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) <u>"Payment on Delivery</u>." 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) <u>"FMS Credit.</u>" 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 and 24 of the AECA or under other legislation. Paragraph B.3e of Annex A of the LOA defines this term. If the sales agreement is to be financed only in part with FMS credit funds, the implementing agency will will also cite in the "Terms" block (27) of the LOA the appropriate other Terms of Sale and the amounts applicable to each type of financing. (Note: The purchaser must request the drawdown of FMS loan funds in payment of the initial deposit and subsequent payments (if any) in accordance with the Financial Annex of the LOA. Instructions for processing loan drawdowns are contained in Chapter 9.)

(6) "MAP Merger." 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 merger 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 of each or some line items, except where FMS Credit or MAP 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 M.1.d., this section sets forth instructions for Financial Annexes.

4. Type of Assistance (TA) Codes.

- a. Codes Identified.
 - Sec 21 (b), AECA; Source of Supply "S", "R", "E". - Code 3:
 - Code 4: Mixed Sec 21(b), 22(a), or Sec 29 AECA or source undetermined; Source of Supply "X".
 - Sec 22(a), AECA; Source of Supply "P". - Code 5:
 - Sec 21(d), AECA; Payment on Delivery; Source of Supply "S", "R", "E". Sec 22(b), AECA; Dependable Undertaking with 120 - Code 6:
 - Code 7: days payment after delivery; Source of Supply "P".
 - Sec 21(d), AECA; Stock sales with 120 day payment - Code 8: Source of Supply "S", "R", "E".
 - Sec 503(a)(3) Foreign Assistance Act, MAP Merger. - Code M:
 - Code U: FMSO I, Source of Supply "P".
 - FMSO II, Source of Supply "P". - Code V:
 - Code Z: Sec 23 or 24, AECA: FMS Credit.

Use with Source of Supply Codes. The type of assistance code b. 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.

Inadequate Credit/MAP Funds. A purchasing nation may find, a. when procuring high-dollar-value, long-lead-time items, that the amount of credit/MAP funds currently available for such procurement is inadequate to finance the entire purchase. Therefore, since credit/MAP funds which are not yet available to the purchaser may not be cited on the LOA, that portion not covered by credit/MAP financing must be reflected as "cash" on the LOA. As additional credit/MAP funds become available to the purchaser, it may then request the military department to amend the LOA to convert the cash portion to credit/MAP to the extent that such financing is available.

Inadequate Cash. A purchasing nation may accept an LOA which b. cites "cash" as the method of payment, only to find at some later date that its national funds are inadequate to pay subsequent billings from SAAC. In such an instance, the purchaser may request the military department to amend the LOA to cite credit/MAP funds, if available, to finance the remaining payments.

FINANCIAL CONTROL OF FMS AGREEMENTS. Μ.

1. Accuracy of Pricing and Payment Schedules.

Need for Accuracy. Historically, a major area of purchaser a. 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 inflated payment schedules provided to the purchasers by DoD.

c. <u>Policies for Pricing</u>. 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. <u>Financial Annex to the DD Form 1513</u>. To improve the quality of payment schedules attached to LOAs, Paragraph M.2, this section, provides criteria for payment schedule preparation. The financial annex payment schedule provides the purchaser with a reference to his financial commitment. A sample of the Financial Annex is shown at Figure 7-III-3.

(1) <u>Payment Schedule</u>. The payment schedule should project quarterly payments due as of the 15th day of the last month of each calendar quarter. Each deposit amount should be sufficient to cover all costs and contingencies anticipated to be incurred on the purchaser's behalf during the succeeding quarter, plus a reserve to cover termination liability (for sales from procurement). 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) Revisions to Payment Schedules.

**

(a) Implementing agencies will revise LOA payment schedules as outlined in paragraph (b) below. A new payment schedule should be furnished whenever a substantive change in payment requiremments is evident. SAAC will bill in accordance with payment schedules so long as payment schedules are realistically in line with financial requirements.

(b) Implementing agencies will establish formal procedures for the review and revision of FMS case payment schedules as follows:

1. The payment schedule should be evaluated each time a DD Form 1513-1 or $\overline{15}13-2$ is issued that affects case or line values.

2. Payment schedules for cases with performance extending beyond two years should be reviewed as indicated below:

Total Case Value \$100 million or less \$100-\$500 million \$500 million or above Review Frequency Annually Semi-annually Quarterly

<u>3.</u> If the review discloses that actual disbursements and payables vary from estimated disbursements by more than 10%, implementing agencies should give priority to revising applicable payment schedules.

4. Implementing agencies will monitor the contract award date contained in the Financial Analysis (SAMM, Chapter 7, Section II, para. C.8.c.(1)(d)7) provided with each new LOA. If the contract award date slips, the payment schedule should be adjusted accordingly. A revised payment schedule must be issued by DD Form 1513-2 within 30 days of contract award, in such a situation.

(c) Except in emergency situations, payment schedule changes will be provided to SAAC via a properly executed DD Form 1513-2 (or customer-signed DD Form 1513-1).

(d) On an emergency basis, when immediate suspension or modification of the billed amount is required, a revised/restated payment schedule may be provided to SAAC by message. However, this means of notification should be used only if a properly executed DD Form 1513-2 or customer-signed DD Form 1513-1 cannot reach SAAC by the 10th day of the last month of the calendar quarter. Message notification must be immediately followed by a financial annex payment schedule modification (DD Form 1513-2).

(e) If an emergency payment schedule change is not followed by a DD Form 1513-2 containing a new payment schedule prior to the next billing cycle, the FMS billing statement (DD Form 645) will revert to the payment schedule contained in the most recent official LOA document (DD Form 1513, 1513-1, or 1513-2, as applicable).

(f) Implementing agencies are encouraged to develop standard payment schedule management systems. Implementing agencies will ensure that internal regulations are consistent with the SAMM with respect to payment schedule preparation and revision.

(3) Prohibition on Front-Loading of Payment Schedules. LOA ** payment schedules should reflect the case manager's best estimate of financial requirements. Requests from FMS purchasers to front-load FMS case payment schedules must be coordinated with DSAA Operations and Comptroller prior to submission of the LOA for countersignature. A copy of the purchaser's request must be included in the coordination package. In addition, the amount of acceleration involved with the proposed schedule and the type(s) of financing involved should be identified.

2. Preparation of Payment Schedules.

a. <u>General</u>. 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. <u>Criteria</u>. 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) <u>Timing and Amount of Payments</u>. 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) <u>Uncertain Date of Acceptance</u>. 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) <u>Materiel from Stock</u>. The schedule for payments related to materiel to be sold from stock will be based on estimated deliveries during each 90 day period following the quarterly payment dates cited in paragraph (1) 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) <u>Materiel from Procurement</u>. 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 holdback percentage.

(5) <u>Concurrent Spare Parts</u>. For case lines involving concurrent spare parts, estimate dollar deliveries consistent with the delivery of the end items being supported.

(6) <u>Purchaser-Initiated Requisitions</u>. 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) <u>Personnel Services</u>. For cases involving personal services, develop a monthly phasing based upon the scheduled dates and elements of cost of the services being provided.

(8) <u>Training Cases</u>. 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) <u>Royalties or Pro-Rata Nonrecurring Cost Charges</u>. 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) <u>Administrative and Accessorial Charges</u>. Schedule administrative and accessorial costs in consonance with payment schedules for the primary items or services being provided under the case. However, one half (50%) of the administrative fee reflected in block 23 of the DD Form 1513 will normally be required with acceptance of the LOA.

Budgetary Authority for FMS Orders. To protect the integrity of the 3. 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. <u>Trust Fund Accounts</u>. 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. <u>Integrity of Payment Identification</u>. Cash collections into the FMS Trust Fund are the result of initial deposits at acceptance or are based

7-96

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. <u>Holding Accounts</u>. Payments often are received cumulatively ** which are in excess of the value of a particular case. These funds may be transferred into Trust Fund "Holding Accounts," similar to pseudo-cases, under the following conditions:

(1) <u>Cash</u>. With the purchaser approval, surplus cash (national funds) may be transferred to a cash holding account upon case closure, cancellation or case value reduction. Monies on deposit in cash holding accounts are available to the purchaser for application to other FMS cases. However, upon purchaser request cash overpayments will be refunded provided there are no collection delinguencies on other FMS cases for that purchaser.

(2) <u>FMS Credits</u>. Upon reduction or cancellation of FMS credit-financed cases, the SAAC will automatically transfer the excess credit funds from the case to the appropriate credit holding account. Prior to each billing cycle, SAAC will move excess funds in credit holding accounts to other FMS credit-financed cases, not to exceed the total of credits committed to each case. In selecting the cases to which excess credits will be transferred, SAAC will apply the funds, by in-country service, first to credit cases with overdue payments, and then to credit cases with payments due in the next billing cycle. If there are no remaining candidate cases, funds will remain in the credit holding account. Prior to transferring credits to or from cases at case closure, SAAC will make a written request to DSAA/FR&CPD, so that credit commitment records may be adjusted to reflect the final case value.

(3) <u>MAP Merger</u>. Upon reduction or cancellation of MAP merger-financed cases, the SAAC will automatically transfer the excess MAP funds from the cases to the MAP holding account. Prior to transferring MAP funds to or from cases at case closure, SAAC will make a written request to DSAA/FR&CPD so that MAP commitment records may be adjusted to reflect the final case value.

d. <u>Payment Office</u>. 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. SAAC is responsible for billing and follow-up collection action for indebtedness incurred by FMS customers on FMS cases. Implementing agencies will not make requests to FMS customers for payments on FMS cases, but will refer collection problems to the SAAC for appropriate action.

e. <u>Movement of Customer Funds</u>. SAAC takes action on requests for movement of funds to and from holding accounts or between cases only when such requests are properly channeled through the FMS customer's designated representative or as directed in a memorandum of agreement between SAAC and the FMS customer regarding the use of holding accounts and transfer of funds. The use

7-97

of notes or other references in LOA documents (1513, 1513-1, or 1513-2) concerning transfers or refunds of FMS customer funds is not authorized.

f. <u>Initial Deposit Follow-up</u>. When SAAC receives a customersigned LOA (DD Form 1513) or amendment (DD Form 1513-1) that is not accompanied by a required initial deposit, SAAC will initiate follow-up action on the tenth working day following receipt of the signed LOA.

(1) SAAC will notify the in-country security assistance organization (e.g., MAAG, ODC, MILGP, DAO, etc.), the customer organization responsible for payment, and the U.S. implementing agency case manager that the initial deposit has not been received. This notification will state that implementation of the LOA or amendment is being held in abeyance pending receipt of the initial deposit.

(2) Based on circumstances applicable to the case, including the continued validity of the P&A data supporting the case, the case manager will determine whether to extend the offer expiration date for a longer period pending receipt of the initial deposit. The implementing agency will issue a letter or message extending the offer expiration date or notifying SAAC, SAO, and DSAA that the offer cannot be extended beyond its current expiration date.

(3) If the expiration date cannot be extended, or if the extended date expires without receipt of the initial deposit, SAAC will obtain DSAA-COMPT-FMD concurrence to cancel the case. A new LOA will be required if the customer's requirement is still valid.

(4) These procedures do not apply to offers where SAAC has been notified that the initial deposit is in the hands of another USG agency (e.g., IA, SAO, Embassy), that a courtesy deposit has been made on SAAC's behalf, that funds have been wire transferred (with transaction number), or where the LOA is financed by Military Assistance Program or FMS credit funds.

5. Disbursement Authority for FMS Agreements.

a. <u>Case-Level Accounting</u>. 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. <u>Disbursement Authorities</u>. 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. <u>Segregating and Accounting for FMS Costs</u>. 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.

[This space left blank intentionally.]

FIGURE 7-III-1

KEY DATES IN FMS BILLING AND COLLECTION

Offer Expiration/ Acceptance Dates of LOAs*	SAAC "Cut-off" for Delivery Performance Reports from Implementing Agences	As of Date on FMS Bill- ing Statement	Approximate Date of FMS Billing Statements	Payment Due at SAAC
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.

Change No. 8, 31 March 1987

J. 1.

ę

FIGURE 7-III-2

- 1

COUNTRY	EFFECTIVE DATE	COST WAIVED
Canada (CN)	27 Jul 1956	Contract Audit Quality Assurance and Inspection
United Kingdom (UK)	30 Oct 1979 30 Dec 1985	Contract Audit Quality Assurance and Inspection
France (FR)	17 Jul 1981 23 Apr 1986 23 Apr 1986	Contract Audit Quality Assurance and Inspection ** Contract Administration Services **
Netherlands (NE)	18 Apr 1985 9 Apr 1982	Contract Audit Quality Assurance and Inspection
Norway	23 Nov 1986	Quality Assurance and Inspection **
Italy (IT)	7 Jan 1983	Quality Assurance and Inspection
Belgium (BE)	26 Apr 1983	Quality Assurance and Inspection
Germany (GY)	6 Dec 1985 6 Dec 1983	Contract Audit Quality Assurance and Inspection
Denmark (DE)	3 Apr 1985	Quality Assurance and Inspection
European Participating Governments (EPG)	19 Dec 1980	Contract Audit Quality Assurance and Inspection (F-16 Follow-on Buy)
NATO Integrated Communication System Management Agency (NICSMA) (N2), (K4)	30 Sep 1981 6 May 1980	Contract Audit Quality Assurance and Inspection
NATO (All infrastruc- ture programs admin- istered by a NATO Command or NATO Agency)	30 Sep 1981 28 Oct 1980	Contract Audit Quality Assurance and Inspection
NATO (All other intrastructure 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

FINANCIAL ANNEX SUPPLEMENTARY FINANCIAL TERMS AND CONDITIONS

This agreement is financed entirely with cash, FMS loan funds, MAP funds, 1. or any combination thereof as indicated in Block 27 of DD Form 1513, Letter of Offer and Acceptance (LOA), or Block 28 of DD Form 1513-1, Amendment to Offer and Acceptance. The Purchaser agrees to make payments in such amounts and at such times as may be specified by the U.S. Government, including any initial deposit indicated on the LOA required to meet financial requirements arising from this case.

2. The Foreign Military Sales Billing Statement, DD Form 645, will serve as the statement of account and billing statement. An FMS Delivery Listing identifying items physically or constructively delivered, and services performed during the billing period, will be attached to the billing statement. The Security Assistance Accounting Center (SAAC) forwards billing statements to Purchasers no later than 45 days before payments are due, and Purchasers will forward payments in U.S. dollars (cash or request for advance of loan funds) to the U.S. Government in time to meet prescribed due dates. For cases financed with MAP funds, these funds are merged in the trust fund and applied to the cases. Such costs as may be in excess of the amount funded by MAP or credit agreement funds must be paid by the purchaser, if additional MAP/credit funds are not available. Questions concerning the content of DD Form 645 billing statements and requests for billing adjustments should be submitted to the Security Assistance Accounting Center (SAAC/FS), Lowry AFB, Colorado 80279-5000.

3. Cash payments in U.S. dollars for initial deposits and amounts due and ** payable on Quarterly Billing Statements (DD Form 645) are to be forwarded to the SAAC or other formally agreed upon repository in time to meet prescribed payment dates. The preferred method for forwarding cash payments is by bank wire transfer to the Department of the Treasury account at the Federal Reserve Bank of New York using the standard federal reserve funds transfer format. Wire transfers will be accepted by the Federal Reserve System (FRS) only from banks that are members of the FRS, therefore, non-U.S. banks must go through a U.S. correspondent FRS member bank. The following information is applicable to cash payments:

- Wire Transfer: а. Treasury Department Name: TREAS NYC Treasury Department Code: 021030004 Agency Name: AFAFC/SAAC Agency Code: (3801) Third Party Information: Identify reason for funds transfer.
- b. Check Mailing Address: AFAFC/ACFC/SAAC/FSR P.O. Box 20030 Denver, CO 80220-0030

FIGURE 7-III-3. Supplementary Financial Terms and Conditions

**

**

7-100

Change No. 8, 31 March 1987

4. To authorize payments of initial deposits required on LOAs or amounts due payable on FMS billing statements from funds available under loan and agreements, the Borrower will submit a letter of request for each advance of loan funds addressed to the Secretary, Federal Financing Bank, c/o U.S. Department of the Treasury, Washington D.C. 20220. Each request to the Each request to the Federal Financing Bank for an advance will be forwarded to the Defense Security Assistance Agency, DSAA-COMPT-FR&CPD, Pentagon, Room 4B659. Washington, D.C. 20301, with a letter requesting DSAA approval. Letter formats and specific instructions for processing loan advance request are included in applicable provisions of each loan agreement. Ouestions pertaining to status of loans and associated balances should be directed to the above DSAA address.

5. If full payment is not received by SAAC by the prescribed due date, interest shall be charged as outlined in General Conditions, Paragraph B.3.g. of Annex A to the LOA. The principal of the arrearage will be computed as the excess of cumulative financial requirements over cumulative collections (cash and loan) shown in the FMS Billing Statement after the payment due date.

6. The initial deposit of \$ required to accompany this LOA is an integral part of the Purchaser's acceptance. If the advance payment is made from loan funds, the Credit Programs Division, DSAA, will submit payments to the SAAC in accordance with Borrower requests for loan advances described above.

7. The payment schedule provided below is for planning purposes. The SAAC shall request Purchaser payment in accord with the payment schedule, unless DoD costs (including 90-day foreecasted requirements) exceed the amounts required by the payment schedule. Should this occur, DoD would be unable to comply with the advance payment requirement of the Arms Export Control Act and the U.S. will use its best efforts to provide a revised payment schedule (DD Form 1513-2) at least 45 days prior to the next payment due date. The Purchaser is required to make payments in accordance with quarterly billings (DD Form 645) issued by the SAAC regardless of the existing payment schedule.

8. It is understood that the values on the LOA are estimates, and that the final amount to be charged for items or services furnished will be equal to the final total cost to the U.S. Government. When final deliveries are made and all known costs are billed and collected, the SAAC will provide a "Final Statement of Account" which will summarize total final costs of this agreement. Should the final total costs be less than the funds collected, such excess funds will be available for payment of unpaid billings for other agreements. If there are no such unpaid billings, excess funds will be disposed of as agreed upon between the Purchaser and the Comptroller, DSAA.

9. To assist the Purchaser in developing fiscal plans and annual budgets, the U.S. Government provides its best estimate of anticipated costs of this agreement in the following estimated payment schedule:

ESTIMATED PAYMENT SCHEDULE

PAYMENT DATE

QUARTERLY

CUMULATIVE



Initial Deposit:

FIGURE 7-III-3. (Continued)

1			

TABLE 7-III-1.

	Summary of Terms of Sale and Type of Assistance Codes.
	Terms
. 7	of
7-102	Sale
	and
×	Туре
Chai	0 fr
nge	As
No	sist
6	tance
Change No. 6, 1 March	Codes.

Change No.

6,

1 March 1986

TYPE OF SALE	ASSISTANCE CODE		AVAILABILITY	TERM(S) OF SALE	INITIAL DEPOSIT
 Article(s) sold only from stock, Secs. 21(b)/29 	3	S, E, R*	Anytime	Cash with Acceptance	100% of total estimated cost
 Article(s) sold only par- tially from stock, Secs. 21(b)/29 	3	S, E, R*	Anytime	Cash Prior to Delivery	100% of "S", "E" and "R" coded article(s)
 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
 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
 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 requir- ing 100% initial deposit	Cash Prior to Delivery	As shown in the Financial Annex
 Article(s)/service(s) sold only from procurement, Secs. 22(a)/29 	5	Ρ	To be delivered/per- formed in a period requiring 100% initial deposit	Cash with Acceptance	100% of total estimated costs

TYPE OF

SOURCE OF

SUMMARY OF TERMS OF SALE AND TYPE OF ASSISTANCE CODES TABLE 7-III-1

DoD 5105.38-M

TYP	PE 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	Ρ	To be delivered/per- formed 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	ρ	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 procure- ment or source not pre- determined, 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.

7-103

TABLE

7-III-1.

(Continued)

¥. ~

.

ΤΥΡΕ	OF SALE	TYPE OF ASSISTANCE CODE	SOURCE OF SUPPLY CODE	AVAILABILITY	TERM(S) OF SALE	INITIAL DEPOSIT
S	rticle(s) and/or ervice(s) sold from tock, final sentence of	8	As Required	Anytime	Payment 120 Days After Delivery	None
S	ec. 21(d)***	-				
13. F	MSO I, DoDI 2000.8	U	Р	N/A	Cash with Acceptance,	5/17th of estimated cost plus 100% of Administrative charges
				s	billed.	An and a second s
14. FI	MSO II, DoDI 2000.8	. V	P	N/A	Cash Prior to Delivery Dependable Undertaking	As shown in the Financial Annex
15. A	ny, Sec. 23 or 24	Z	As required	N/A	Loan agreement with	As shown in the Financial Annex
				ŧ	Dated, (line items)	• .
16. Se	ec. 503(A)(3), FAA	M	As Required	Anytime	"FY MAP Merger. As	shown in the Financial Annex.
	· · · · · · · · · · · · · · · · · · ·					
- re	ombination of above esulting in more than ne term of sale				(Show two or more terms as appropriate)	As shown in the Financial Annex
	ederal Republic of ermany				The DoD will draw re- quired payments from the FRG's US Treasury Deposit Account as specified in the monthly statement of fund requirements in	
					accordance with DoDI 2110.32	
*** R	equires approval of the Pre	sident.				
						. •
			· · ·			
		·			· · ·	
	· ·					
				ÿ		
					gi na Anna	
					• •	

7-104

DoD 5105.38-M

.

TABLE 7-III-2

FOREIGN COUNTRIES AND INTERNATIONAL ORGANIZATIONS AUTHORIZED DIRECT ARRANGEMENTS FOR DEPENDABLE UNDERTAKING

COUNTRIES

<u>Africa</u>

Algeria Botswana Cameroon Kenya Liberia

Sudan Tunisia

Europe

Austria Belgium Denmark France Germany (Fed. Rep. of) Greece Iceland Ireland Italy Luxembourg

Malta Netherlands Norway Portugal d. Spain Sweden Switzerland Turkey United Kingdom Yugoslavia

Morocco

Nigeria

<u>Far East</u>

Australia Brunei Indonesia Japan Korea Malaysia New Zealand People's Republic of China (PRC) Philippines Singapore Taiwan Thailand

Near East and South Asia

Bahrain Bangladesh Egypt India Israel Jordan Kuwait Lebanon Nepal Pakistan Oman Qatar Saudi Arabia The United Arab Emirates Yemen Arab Republic

Western Hemisphere

Argentina Bahamas Barbados Brazil Canada Colombia Costa Rica Dominica Dominican Republic Ecuador El Salvador Guatemala

Jamaica Mexico Panama Peru St. Lucia St. Vincent Surinam Trinidad and Tobago Uruguay Venezuela

Haiti

Honduras

International Organizations

ł

NATO (North Atlantic Treaty Organization 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 REPORTS AND SECTION 118 REPORTS OF FOREIGN MILITARY SALES

A. <u>PURPOSE</u>. 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 AECA, Section 36(b) and in Title 10, United States Code (USC). This section enumerates the requirements of the AECA, Section 36(b), and the USC, title 10, Section 118 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. <u>Statutory Provisions</u>. Provisions of the AECA and the USC, title 10 require the following submissions to Congress:

a. Governmental Military Export [Section 36(b)(1)] Notification.

(1) Section 36(b)(1) of the AECA requires that, in the case of any LOA to sell any defense articles or services under the Act for \$50,000,000 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 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, and a detailed justification providing the reasons necessitating the sale of such defense articles or services in view of the sensitivity of such technology. The AECA, Section 36(b), paragraph (4) requires that each certification cite any quarterly report submitted under Section 28 of the Act which listed a 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. The International Security and Development Cooperation Act of 1985, Section 130(c), requires a special certification for notifications of proposed sales to Jordan pertaining to United States advanced aircraft, new air defense systems, or other new advanced military weapons. These Jordan certifications, prepared by the State Department and signed by the President, will be appended to Section 36(b)(1) notifications to the Congress involving such items.

(2) The AECA, Section 36(b)(1) states that the LOA shall not be issued to 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 joint resolution stating that it objects to the proposed sale, unless the President states in his certification that an emergency exists which requires such sale in the national security interests of the 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:

Contribute to an arms race;
 Increase the possibility of

Increase the possibility of an outbreak or escalation of conflict;

- 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;

(1) 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 118) Report.

(1) The USC, title 10, Section 118 has replaced the Congres- * sional reporting requirement specified in former Section 133b of title 10. *

(2) The USC, title 10, Section 118 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.

(3) See also Chapter 7, Section IV, paragraph B(3).

2. Executive Requirements.

a. <u>Preparation and Submission of Notifications and Reports</u>. 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 and reports under the AECA, Section 36(b) and reports under USC, title 10, Section 118. To minimize delays in processing * such notifications, consistent with the legislative and other requirements, the procedures in this section are placed in effect.

ł

7-109

b. Advance Section 36(b)(1) Notification. In order to provide Congress with sufficient time to review the proposed sale about to be notified under Section 36(b)(1), DSAA has agreed to provide Congress with advance notification of such offer at least 20 days prior to the submission of the statutory notification. Offers to NATO, any NATO member country, Japan, Australia, and New Zealand are exempt from the advance notification agreement.

c. Sensitivity of Technology.

(1) The AECA, Section 36(b)(1), as amended by Section 20(b) of the International Security Assistance Act of 1979, and the International Security and Development Cooperation Act of 1985 require a Sensitivity of Technology Statement concerning the extent to which the items to be included in the proposed sale contain sensitive technology or classified information and a justification for the proposed sale in view of the sensitivity of such technology.

(a) 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.

(b) 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).

(c) 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 of classified documentation is required, the classified components or types of documentation containing the classified information must be identified and the reasons for the classified information must be identified and the reasons for the classification are to be provided.

(d) When release of the classified or sensitive technology is within classification guidelines for disclosure to a specific government as stipulated in National Disclosure Policy (NDP-1), a separate paragraph should be included in the Sensitivity of Technology Statement (Table 7-IV-4A) to show that a determination has been made that the recipient government can provide substantially the same degree of protection for the technology being released as the U.S. Government. That paragraph should also include a statement to the effect that the sale is necessary in furtherance of the U.S.

*

*

foreign policy and national security objectives as outlined in the policy justification portion of the notification.

(e) When an exception to NDP-1 has been granted for release of the classified or sensitive technology, a separate paragraph on the Sensitivity of Technology Statement (Table 7-IV-4A) should provide information to the effect that the sale is necessary in furtherance of the U.S. foreign policy and national security objectives outlined in the policy justification. Moreover, the benefits to be derived from the sale, as outlined in the policy justification of the notification, outweigh the potential damage that could result if the sensitive technology were revealed to unauthorized persons. Additional justification for granting the exception to NDP-1, such as that included in the request for the exception, should also be provided in that paragraph when that information is available.

(f) 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.

(2) Section 36(b)(5)(A) of the AECA requires that a report will be sent to Congress when the sensitivity of technology or the capability of major defense articles (including electronic devices, which, if upgraded would enhance the mission capability of a weapons system), major defense equipment, or services are enhanced or upgraded from the level of sensitivity or capability described in the original Section 36(b)(1) certification. This legislation also provides a continuing requirement for ten years following the original certification unless deliveries are completed sooner. Only such changes in the levels of sensitivity or capability as previously described in the Section 36(b)(1) certification provided to the Congress are required to be reported to Congress and this action must be performed at least 45 days prior to delivery of the article or equipment or the furnishing of the service. Accordingly, it is necessary for the military departments and other agencies to monitor programs before deliveries are made to determine whether enhancements or upgrades have occurred. Copies of the original Section 36(b)(1) certification may be obtained from the DSAA Comptroller. Should reportable enhancements or upgrades be identified, military departments and agencies will submit a report to DSAA (FMSCD):

(a) Describing the manner in which the technology or capability has been enhanced or upgraded, including the significance of such enhancement or upgrade, and

(b) Providing a detailed justification for the sale of such enhancement or upgrade.

This report will be sent to DSAA (FMSCD) in the format provided in Table 7-IV-4B with a copy of the original Section 36(b)(1) certification attached. A minimum of an additional 15 days prior to delivery of the items to the purchaser (a total of 60 days) is required for DSAA review and transmittal to the Congress. Rather than submitting multiple 36(b)(5)(A) reports to DSAA, the military departments and agencies should consolidate and provide these reports to DSAA not less than 60 days prior to the forecast delivery of the affected equipment or services. Note that it is essential for the military

departments and agencies to maintain adequate documentation of each decision that justifies non-submission of Section 36(b)(5)(C) reports. A Section * 36(b)(5)(A) report is not required before delivery of enhancements or upgrades * previously identified in a Section 36(b)(5)(C) notification.

(3) Section 36(b)(5)(C) of the AECA requires that any enhancement or upgrade, the net cost of which meets or exceeds dollar thresholds for Section 36(b)(1) certification, as outlined in Section IV, paragraph B.1.a.(1) of this chapter, must be treated as though it were a separate LOA. Accordingly, if the net cost of an enhancement or upgrade of the previously described sensitivity of technology or capability of major defence equipment or defense articles as well as defense services or design and construction services meets or exceeds Section 36(b)(1) thresholds, the military department or agency will provide 36(b)(1) input that clearly describes the enhancement or upgrade, explains the level of sensitivity or capability that the change produces, and provides the estimated net cost of the change. The requirement to report enhancement or upgrade of previously described capability or sensitivity of technology applies only to items or services that have not been delivered or performed. When the capability was clearly described in the Section 36(b)(1) certification and there is a current request to purchase an enhancement or upgrade thereof, data will be provided on Table 7-IV-4C only when the net cost of the enhancement or upgrade portion reaches the Section 36(b)(1) dollar threshold as follows:

Equipment/Services To Be Enhanced	Net Cost of Enhancement (Millions)
Major Defense Equipment	\$ 14
Other Defense Equipment/Services	\$ 50
Design and Construction Services	\$200

Statutory notification for enhancements or upgrades of sensitivity of technology should be submitted within 30 days of the request to purchase in the format provided in Table 7-IV-4C to DSAA (FMSCD) for review and submission to Congress. Such changes in enhancement or upgrade requiring 36(b)(5)(C) certification may not be implemented nor may a corresponding DD Form 1513, DD Form 1513-1, or DD Form 1513-2 be issued until the certification has been processed to the Congress and the required time period pursuant to Section 36(b)(1) has elapsed. Deliveries of unmodified items on a case for which other items are to be enhanced or upgraded, such as unmodified spare parts, are unaffected and may continue to be delivered without interruption. Advance 20-day notifications prior to the statutory certifications will not be required for enhancement certifications.

> * (deletion)

3. Exceptions.

a. <u>Impact on Current Readiness (Section 118) Report Exceptions.</u> * No Section 118 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. <u>Price and Availability (P&A)/Planning and Review (P&R)</u>. 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. <u>Processing Letters of Offer for \$50 Million or More or for Major</u> 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)(1), Congress must be provided with a notification of all "Letters of Offer" to sell any defense articles or services for \$50 million or more, any MDE of \$14 million or more, or for design and construction services for \$200,000,000 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:

items,

(1) Memorandum of Understanding for Coproduction of military

(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)(1), 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):

(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)(1) notification to the Congress.

h. The above exception to Section 36(b)(1) 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. <u>Issuing Letters of Offer for \$50 Million or More or for MDE of \$14</u> 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 joint resolution stating that it objects to the proposed sale, unless the President, in his notification to Congress, had certified that an emergency exists which requires such sale in the national security interests of the 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 118, 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)(1), 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)(1) notice, Section 118 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)(1) 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). If the LOR case information has not been previously entered into the 1200 system, DSAA will make the entry. Supporting data (including purchaser's reference and date of receipt by the implementing agency) are to be submitted, using the prescribed formats, within ten days of receipt of the letter of request from the purchaser. In order to enable the notification process to begin as soon as possible after receipt of the country request, it is essential that appropriate actions be accomplished by DoD components. The submission is to include a statement as to whether or not a Section 118 report will be required to be sent to the Congress.

b. Appropriate steps will be taken by the DoD components to assure that the ten-day requirement to provide data to DSAA is met. Consistent with this requirement field inputs will be obtained by DoD components on an expedited basis as necessary. Additionally, cost estimates will include separate identification of the estimated dollar value of the MDE portion of the proposed sale. Rough order of magnitude cost estimates are acceptable for processing Congressional notifications. In the exceptional situation, if it is determined by the DoD component that the ten-day requirement cannot be met, approval for extension must be sought from the DSAA Comptroller (Chief, FMS Control Division).

c. Requests from exempted prospective purchasers require the following data to be submitted: Military Justification (see Table 7-IV-2), Statutory Notification (see Table 7-IV-3), and, as required, Sensitivity of Technology Statement (see Table 7-IV-4A) and Impact on Current Readiness Report Data (see Table 7-IV-5).



*

7-116

d. Requests from non-exempted prospective purchasers require the following data to be submitted: Notification as specified in Table 7-IV-1, Advance Notification; Table 7-IV-2, Military Justification; and, as required, Table 7-IV-4A, 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. If these data can be provided during the initial submission, and no Section 118 * report is required, no further data are needed by DSAA to process the advance and statutory Section 36(b)(1) notifications. However, if all data are not available, the advance notification data only should be submitted to meet the ten-day data submission requirement.

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 118 reporting requirement * (Table 7-IV-5), if appropriate, 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)(1) 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)(1) notification of the proposed sale to the Congress. At this time, and after receiving express authority from the Comptroller, DSAA, and coordination with DSAA 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 joint 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 and all subsequent amendments and notices are submitted to the DSAA, they will include in Block 11 under "DSAA Accounting Activity" the identifying DSAA Transmittal Number used for the statutory Congressional notification (e.g., 85-29). This number will be shown on the message sent to the DoD component advising of the dispatch of the statutory notification.

١

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 joint 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)(1) Notifications. All data, information, and advance Congressional notifications of proposed sales to all prospective purchasers will be treated as, and marked "SECRET" or "CONFIDENTIAL" until the statutory notification is provided to 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 SAMM (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. <u>Statutory Section 36(b)(1) Notifications</u>. 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.

7-118

b. If any of the data presented is classified, the procedures indicated in paragraph 1.b. above are to be followed.

3. <u>Sensitivity of Technology Statements</u>. 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. <u>Impact on Current Readiness Section 118 Reports</u>. Classification * guidance indicated in paragraph 1.a. or 1.b. above is to be followed in submitting the USC, title 10, Section 118, supporting data to the DSAA/ * Compt-FMSCD.

	F.	IG	UR	E	7-	I	۷	-1
--	----	----	----	---	----	---	---	----

MILESTONES FOR LOA REQUESTS FOR SIGNIFICANT MILITARY EQUIPMENT

MILESTONES FOR LOA REQUESTS FROM NON-EXEMPTED PURCHASERS FOR SIGNIFICANT MILITARY EQUIPMENT WHICH REQUIRE 36(b)(1) NOTIFICATION

ACTION FROM PURCHASER: Message request from in-country via U.S. Embassy jointly addressed to Sec State/PM and Sec Def/DSAA. Info copy to appropriate DOD Component (Mil Dep), Unified Command, and Arms Control and Disarmament Agency (ACDA).

Letter request from Purchasing Mission, Embassies, or Military Attaches in U.S. jointly addressed to Sec State/PM and Sec Def/DSAA.

NUMBER	0	10	20	30	40	50	60	70	80	90	100	110	120	130
OF DAYS	1	1	1	1	4	T			<u> </u>	<u>r</u>		<u> </u>	1	
STATE	•		•	····	·			•				•	•	
DSAA	2	•	4				5 ••• •	<u>6</u> 9	•7			• ¹¹	• ¹²	
DOD COMPONENT		3 4		8			^			10			13	•

MILESTONES FOR LOA REQUESTS FROM EXEMPTED PURCHASERS FOR SIGNIFICANT MILITARY EQUIPMENT WHICH REQUIRE 36(b)(1) NOTIFICATION

ACTION FROM PURCHASER: Message request from in-country via U.S. Embassy jointly addressed to Sec State/PM and Sec Def/DSAA. Info copy to appropriate Unified Command and ACDA. or

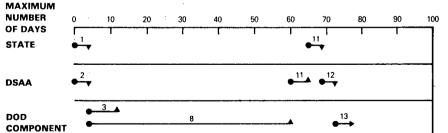
Letter request from Purchasing Mission, Embassies, Military Attaches in U.S. jointly addressed to Sec State/PM and Sec Def/DSAA.

MAXIMUM NUMBER	0	10	20	30	40	50	60	70	80	90	100
OF DAYS STATE		- 1	•	- 1 -	6				•	1 -▼	
DSAA	2	•	6		. 			7	•11	12 • •	
DOD COMPONENT	•	3 6		8					 	• 13	

MILESTONES FOR LOA REQUESTS FOR SIGNIFICANT MILITARY EQUIPMENT WHICH DO NOT REQUIRE 36(b)(1) ACTION

ACTION FROM PURCHASER: Message request from in-country via U.S. Embassy jointly addressed to Sec State/PM and SEC Def/DSAA. Info copy to appropriate Unified Command and ACDA.

Letter request from Purchasing Mission, Embassies, Military Attaches in U.S. jointly addressed to Sec State/PM and Sec Def/DSAA.



PROCESSING FOREIGN MILITARY SALES LETTERS OF OFFER

 Preliminary review and approval.
 Tasking of the preparation

- 2. Tasking of the preparation of the Letter of Offer and Acceptance and 36(b) information, as appropriate.
- Input of 36(b) data to DSAA/FMSCD and case identifier information into the DSAA 1200 system.
- Preparation, review, and approval of the advance 36(b) notification to the Congress, including interagency and Executive Office staffing, as necessary.
- Transmittal of the advance 36(b) notification to Congress.
- Preparation, review, and approval of the statutory 36(b) notification to the Congress, including interagency and Executive Office staffing, as necessary.
- 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.
- DoD component to notify Sec State/PM and Sec Def/DSAA, which will initiate the appropriate procedures.

FIGURE 7-IV-1. Milestones for LOA Requests for Significant Military Equipment Which Require 36(b)(1) Notifications.

*

*

*

*

FIGURE 7-IV-2

MILESTONES FOR LOA REQUESTS FOR NON-SIGNIFICANT MILITARY EQUIPMENT

MILESTONES FOR LOA REQUESTS FROM NON-EXEMPTED PURCHASERS FOR NON-SIGNIFICANT MILITARY EQUIPMENT WHICH REQUIRE 36(b)(1) NOTIFICATION

ACTION FROM PURCHASER: Message request from in-country through country's representatives in the U.S. or through U.S. country team directly to the cognizant DoD Component. Info copy to Sec State/PM and Sec Def/DSAA.

Requests originating from foreign country representatives in the U.S. should be sent directly to the cognizant DoD Component. Info copy to Sec State/PM and Sec Def/DSAA.

MAXIMUM NUMBER	0	10	20	30	40	50	60	70	80	90	100	110	120	130	
OF DAYS STATE	•		•		4	1		•	6 	· · · ·	1	•	- - ▼	1	
DSAA	•	2	4				5 •••	6 9	7			11 ●	12		
DOD COMPONENT	14	3	<u> </u>	8			A			10			● ¹³	•	

MILESTONES FOR LOA REQUESTS FROM EXEMPTED PURCHASERS FOR NON-SIGNIFICANT MILITARY EQUIPMENT WHICH REQUIRE 36(b)(1) NOTIFICATION

ACTION FROM PURCHASER: Message request from in-country through country's representatives in the U.S. or through U.S. country team directly to the cognizant DoD Component. Info copy to Sec State/PM and Sec Def/DSAA.

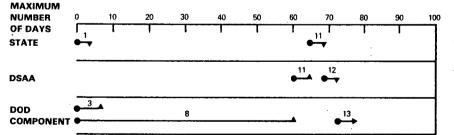
Requests originating from foreign country representatives in the U.S. should be sent directly to the cognizant DoD Component. Info copy to Sec State/PM and Sec Def/DSAA.

NUMBER OF DAYS STATE	°	10 1	20	30 T	40 6	50 T	60 T	70 T	80	90	100
DSAA	•	2	<u> </u>	<u></u>			•	7	• 11		
DOD COMPONEN	T	3		8						● ¹³	

MILESTONES FOR LOA REQUESTS FOR ALL OTHER FOREIGN MILITARY SALES WHICH DO NOT REQUIRE 36(b)(1) ACTION

ACTION FROM PURCHASER: Message request from in-country through country's representatives in the U.S. or through U.S. country team directly to the cognizant DoD Component. Info copy to Sec State/PM and Sec Def/DSAA.

Requests originating from foreign country representatives in the U.S. should be sent directly to the cognizant DoD Component. Info copy to Sec State/PM and Sec Def/DSAA.



2. Tasking of the preparation of the Letter of Offer and Acceptance and 36(b) information, as appropriate.

1. Preliminary review and

approval.

- Input of 36(b) data to DSAA/FMSCD and case identifier information into the DSAA 1200 system.
- 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.
- 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.
- 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.
- 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 Military Equipment Which Require 36(b)(1) Notifications.



PROCESSING FOREIGN MILITARY SALES LETTERS OF OFFER

*

* *

*

+

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)(1) Notification (U)

1. (U) The following supporting data are provided in accordance with Chapter 7, Security Assistance Management Manual:

a. (*) Prospective purchaser:

b. (*) Purchaser's reference and date of receipt by implementing ** agency:

c. (*) Description and quantity or quantities of all articles * and/or services under consideration for purchase (to include all MDE and non-MDE items, segregating the MDE items and indicating the MDE value):

d. (*) Estimated total dollar value of this case (to include all costs associated with this proposed sale e.g., packing, crating, handling, transportation, administrative changes, etc.) and the dollar value of major defense equipment, if any, included in the case:

e. (*) Description of total program of which this case is a part (including any associated weapons, training, construction, logistical support, or other direct supply implications not included in the case itself):

f. (*) Estimated value of total program of which this case is a * part (including the estimated number and dollar value of any increments and the duration of the total program, if it is a multi-year project):

g. (*) Prior related cases, if any (including case designators, * descriptions, values, acceptance dates, etc.):

h. (*) DoD component:

i. (*) Estimated date LOA will be ready for statutory notifica- * tion to Congress:

j. (*) Case designator:

CLASSIFIED BY: (See DoD 5105.38-M, Chapter 7, Section IV.)

(CLASSIFICATION)

TABLE 7-IV-1. Advance Notification Data.

7-122

(CLASSIFICATION)

k. (*) A description of each payment, contribution gift, commission or fee paid or offered or agreed to be paid in order to solicit, promote or otherwise to secure such LOA. Description should include:

(1) Name of person who made such a payment, contribution, gift, commission, or fee:

(2) The name of any sales agent or other person to whom such payment, contribution, gift, commission, or fee was paid:

(3) The date and amount of such payment, contribution, gift, commission, or fee:

(4) A description of the sale in connection with which such payment, contribution, gift, commission, or fee was paid:

(5) The identification of any business information considered confidential by the person submitting the information under the AECA, Section 39 to the Secretary of State:

1. (*) 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, <u>Note 1</u> below for entry requirements, and Table 7-IV-4A for details of required data and format):

m. (*) Previously reported under DSAA(A) 1138 Report requirements? If so, for which fiscal year quarter?

n. (*) Third party transfer certification:

(1) Name of the proposed third party recipient of these articles, training, or other defense services:

(2) Reason for the proposed transfer:

(3) Date on which such transfer is proposed to be made:

o. (*) Expected security classification of the case and LOA after statutory notification (If the case and LOA will be classified, cite rationale and attach justification.):

p. (U) Action officer's name, office, and telephone number (For individuals located in the Washington area provide commercial number, others are to provide AUTOVON and commercial numbers.):

2. (*) Impact on Current Readiness (Section 118) Report will/will not * be required. (If deemed as not required, provide rationale and attach justi-fication.)

Attachment (see Note 2 below.):

(CLASSIFICATION)

TABLE 7-IV-1. (Continued)

7-123

DoD 5105.38-M

(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) and, if required, the Sensitivity of Technology Data (Table 7-IV-4A), justification for security classification of the case and LOA after statutory notification, and the rationale why Section 118 report will not be required. If data is available * and Section 118 report will be required, the data required by Table 7-IV-5 may * also be attached.

TABLE 7-IV-1. (Continued)

7-124

Change No. 8, 31 March 1987

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 number of months during which each category of personnel 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)(1) 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 26 of the DD Form 1513) and the dollar value of major defense equipment;

e. (*) Description and quantity or quantities of all articles and/or services under consideration for purchase (to include all MDE and non-MDE items, segregating the MDE items and indicating the MDE value);

f. (*) Expected security classification of the sale after statutory notification (If the sale is to be classified, cite rationale and attach justification.);

g. (*) Sales commission, 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.

Change No. 6, 1 March 1986

(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-4A 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 118) Report will/will not * be required. (If deemed as not required, provide rationale and attach justi-fication.)(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-4A 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 118 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) and, if required, the Sensitivity of Technology (Table 7-IV-4A) and Section 118 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-4ASENSITIVITY OF TECHNOLOGY DATA

(CLASSIFICATION)

SENSITIVITY OF TECHNOLOGY (U)

(*) A description of the sensitive, as well as classified, components of any equipment, technical data, training, services, or documentation (to include the specific classification of each) is required to be conveyed in connection with the proposed sale. The input will address not only sensitive technological information contained in equipment components or technical documentation contained in the sale, whether classified or not, but also restricted information contained in classified components or classified documentation required to be released in connection with the sale. The equipment components, types of documentation, or technical data containing the sensitive information are to be identified and the reasons for considering it sensitive information should be provided. Whenever the transfer of classified defense equipment or classified documentation is required, the classified components or types of documentation containing the classified information are to be identified along with the reasons for the classification. A brief description should also be provided regarding anticipated consequences if the technology is lost to a technologically advanced or competent adversary.

(*) When release of classified or sensitive technology is within classification guidelines for disclosure to a specific government as stipulated in National Disclosure Policy (NDP-1), a separate paragraph should be included to state that "a determination has been made that the recipient government can provide substantially the same degree of protection for the technology being released as the U.S. Government." That paragraph should also include a statement to the effect that the sale is necessary in furtherance of the U.S. foreign policy and national security objectives as outlined in the policy justification portion of the notification.

(*) When an exception to NDP-1 has been granted for release of the classified or sensitive technology, a separate paragraph on the sensitivity of technology statement should provide information to the effect that: the sale is necessary in furtherance of the U.S. foreign policy and national security objectives outlined in the policy justification and the benefits to be derived from the sale, as outlined in the policy justification of the notification, outweigh the potential damage that could result if the sensitive technology were revealed to unauthorized persons. Additional justification for granting the exception to NDP-1 such as that included in the request for the exception should also be provided.

(*) As the final paragraph of the submission, one of the following statements must be included: "(C) release of this technology is within classification guidelines for disclosure to <u>(indicate country)</u> as stipulated in National Disclosure Policy (NDP-1)." or, "(C) An exception to national disclosure

TABLE 7-IV-4A. Sensitivity of Technology Data.

policy (NDP-1) was granted for <u>(indicate country)</u> on <u>(indicate date)</u> for the release of <u>(indicate security classification level)</u> information pertaining to <u>(indicate item)</u>."

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.

(CLASSIFICATION)

TABLE 7-IV-4A. Continued.

7-130

TABLE 7-IV-4B

ENHANCEMENT OR UPGRADE OF SENSITIVITY OF TECHNOLOGY OF ITEMS PLANNED TO BE DELIVERED, SECTION 36(b)(5)(A) REPORT

MEMORANDUM FOR (OR LETTER TO) THE COMPTROLLER, DSAA (ATTENTION: FMSCD) (U)

SUBJECT: Enhancement or Upgrade of Sensitivity of Technology of Item(s) Planned to be Delivered, Section 36(b)(5)(A) Report (U)

1. The following data are provided in accordance with Chapter 7, DOD 5105.38-M:

- A. (*) Purchaser:
- B. (*) DOD Component:
- C. (*) Case Designator:
- D. (*) Section $3\tilde{6}(b)(1)$ Certification Number:
- 2. A. (*) Description of the manner in which the technology or capability has been enhanced or upgraded, including the significance of such enhancement or upgrade from the level previously described in the original Section 36(b)(1) Certification:
 - B. (*) Estimated net cost of enhancement or upgrade:
 - C. (*) Item(s) or service(s) to which change(s) apply (indicate whether MDE):
 - D. (*) Next planned delivery date of item(s) or service(s):
 - E. (*) Detailed justification for the sale of such enhancement or upgrade:

Attachment: Copy of original Section 36(b)(1) Notification.

CLASSIFIED BY: (See DOD 5105.38-M, Chapter 7, Section IV.)

(CLASSIFICATION)

(*) Indicate required security classification paragraph markings per Chapter 7, Section IV.

TABLE 7-IV-4B. Enhancement or Upgrade of Sensitivity of Technology of Items Planned to be Delivered, Section 36(b)(5)(A) Report.

TABLE 7-IV-4C

STATUTORY NOTIFICATION DATA ON ENHANCEMENT OR UPGRADE OF CAPABILITY OR SENSITIVITY OF TECHNOLOGY

(CLASSIFICATION)

MEMORANDUM FOR (OR LETTER TO) THE COMPTROLLER, DSAA. (ATTN: FMSCD) (U)

SUBJECT: Data for Statutory Section 36(b)(1) AECA Notification of Enhancement or Upgrade of Capability or Sensitivity of Technology, Section 36(b)(5)(C) (U) *

1. The following supporting data are provided in accordance with Chapter 7, DOD 5105.38-M, regarding items or services that are proposed to be added to a previously notified sale.

A. (*) Prospective Purchaser:

B. (*) DOD Component and Case Designator(s):

C. (*) Original Congressional Notification number and previously notified dollar value:

D. (*) Estimated net cost of enhancement or upgrade of capability or sensitivity of technology:

E. (*) Description and quantity of the items and/or services for which enhancement or upgrade of capability or sensitivity of technology is proposed (which items are being enhanced?): Include all major defense equipment, defense articles or services; or design and construction services, segregating them by dollar values:

F. (*) Description of enhancement or upgrade of capability or sensitivity of technology (what is being done to provide the enhancement or upgrade?):

G. (*) Expected security classification of the sale of the enhancement or upgrade in capability or sensitivity of technology (if it is to be classified, cite rationale and attach justification):

H. (*) Sales commission, fee, etc., paid, offered, or agreed to be paid on the enhancement or upgrade in capability or sensitivity of technology (if none, so state):

I. (*) Identification and location of the prime contractor or principal contractor of the enhancement or upgrade in capability or sensitivity of technology:

TABLE 7-IV-4C. Statutory Notification Data on Enhancement or Upgrade of Capability or Sensitivity of Technology. J. (*) Estimate of the number of additional U.S. Government personnel and U.S. contractor representatives required in the area of the prospective purchaser to implement the proposed enhancement or upgrade of capability or sensitivity of technology and the number of months each category of personnel will be needed:

K. (*) Has the proposed sale of the enhancement or upgrade in capability or sensitivity of technology previously been reported in a DSAA(Q)1138 Report? If so, for which fiscal year quarter?

L. (*) Provide data for Section 118 report, if net value of enhance- * ment or upgrade equals \$50 million or more. *

2. Provide detailed justification including reasons necessitating the sale of the item(s) or service(s) in view of the sensitivity of such technology:

Attachment: Copy of original Section 36(b)(1) Notification.

CLASSIFIED BY: (See DOD 5105.38-M, Chapter 7, Section IV.)

(CLASSIFICATION)

(*) Indicate required security classification paragraph markings per Chapter 7, Section IV.

TABLE 7-IV-4C. (Continued.)

TABLE 7-IV-5

IMPACT ON CURRENT READINESS REPORT DATA

(CLASSIFICATION)

DATA FOR POSSIBLE IMPACT ON CURRENT READINESS (Section 118) 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 <u>(case designator)</u>.

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 (<u>*</u>) calendar days after receiving such notification, adopts a joint resolution stating in effect that it objects to the proposed sale.

(deletion)

*

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 29 through 37 on the original and top three copies of the signed DD Form 1513 only. Completion by your Government of Blocks 29 through 37 on the enclosed <u>unsigned</u> 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.

SECTION V - CASE MANAGEMENT

A. THE SCOPE OF CASE MANAGEMENT.

1. The Military Departments and Agencies will, according to Paragraph 70002H, DOD 7290.3-M, "assign a case manager to each active FMS case." The FMS case manager is to be designated by the DoD Component responsible for implementing sales agreements (DD Form 1513) and leases. The case manager is defined as that individual who is designated to accomplish the task of integrating functional and inter- and intra-organizational efforts directed toward the successful performance of a Foreign Military Sales case.

2. Cases will vary in dollar magnitude and complexity. For example, a \$2 billion sale of a major weapon system is extremely complex. A \$100 million case for off-the-shelf replacement spares is less complex. While the two are different in complexity and dollar value, they both require emphasis and special management attention (even a very low value case may involve many different functional activities), and both are managed in accordance with well-defined guidelines.

3. The case manager is the focal point for management activity on a case. The task of the case manager is to ensure the objectives of the assigned case are achieved while adhering to applicable laws and regulations.

4. These objectives are threefold: (1) to accomplish the case (performance) on schedule, (2) to accomplish the case within the case value, and (3) to close the case as planned. Successful performance is realized when the objectives of the case are met.

5. The case manager acts as the focal point for case activities by coordinating and integrating organizational actions and resources assigned to Security Assistance functions. Critical decisions involving managerial prerogatives must be coordinated with the case manager.

6. The case manager has a role in each of the major elements of the case: acquisition, programming, logistics and finance, and shall be involved in every aspect of planning and executing assigned cases.

7. The case manager functions as an integrator and a generalist. There are no definite ground rules for determining where the case manager is placed in the organization. This must be decided by the DoD Component responsible for the management of the case. Case management begins during P&A and LOA preparation and should include total package concept/total package approach. Each FMS case must be assigned a case manager no later than case implementation.

B. CASE MANAGEMENT AUTHORITY, RESPONSIBILITY, ACCOUNTABILITY, AND CONTROL.

1. The case manager should be guided by existing policies and management directives, and case activities should be governed by these regulatory documents. Direct communications with participating organizations is essential for day-to-day management; however, the case manager's final authority is limited to the chain of command, which means that the case manager must use the established lines of communication and authority.

a. Authority

An FMS case is an undertaking which requires concentrated management effort. Such an undertaking involves complex and interdependent organizational activities and requires that a case manager be designated as the single focal point. The case manager should have the authority to take actions and task inter- and intra-organizational areas relating to financial, logistics, procurement and administration matters in the day-to-day operation of a case. A Charter for Case Manager is at Figure 7-V-1.

b. Responsibilities

.

The case manager is responsible for all management aspects of the case. Integration of the tasks to support the case objectives is the responsibility of the case manager. Responsibilities of the case manager include:

(1) Establish initial and long-range goals and objectives for case execution.

- (2) Prepare a case master plan.
- (3) Develop a financial and logistics management plan.
- (4) Approve plans of execution, scope, and schedule of work.
- (5) Review and verify funding/program requirements.

(6) Integrate the program and logistics financial plan with the execution of the case.

- (7) Initiate requirements.
- (8) Validate that costs are accurate and billed.

(9) Respond to requirements of counterpart managers, functional activities, and other supporting agencies in the resolution of interface or operating problems.

(10) Initiate, when necessary, working agreements with supporting activities as appropriate.

(11) Analyze case performance in relation to required performance specifications.

(12) Maintain a complete chronological history (significant events and decisions).

(13) Provide status, progress and forecast reports.

(14) Develop and execute case closure plan.

(15) Ensure Defense Integrated Financial System (DIFS) and DoD Component case records are in agreement.

(16) Ensure records are retained in accordance with DoD 7290.3-M and DoD 5105.38-M.

(17) Ensure schedules are accurate and timely.

The documents listed below reflect the type of work that the case manager ensures are prepared and submitted. Each of the documents shall specifically identify the case manager by name and organization:

DD Form 2061	Case Master Plan Case Progress/Status/Performance Reports	
DD Form 2060	Case Directives	
Financial Analysis	Case Closure Certificate	

c. Accountability

(1) Effective case management is dependent upon the performance and interaction of many organizations. If the performance of a supporting activity is deficient in regard to a case, the case manager may not be able to meet case objectives. The case manager shall initially attempt to resolve problems with the supporting activity and if this proves unsuccessful, then the problem shall be escalated.

(2) The case manager is accountable for accomplishing the case on schedule within case value and for closing the case as planned. As a minimum, the case manager is accountable for all documents listed below:

> Case Master Plan Financial Analysis Case Directives Case Progress/Status Performance Reports

d. Control

(1) An appropriate master plan shall be developed which separates the case into management components; indicates significant activities requiring coordination; and, in general, establishes a time-sequence schedule for case implementation. The plan will also specify the participants and their assigned responsibilities. It should be prepared by the case manager at the onset of the case and updated as required.

(2) The case master plan will be tailored by the case manager to fit the complexity of the case. The case master plan will consist of a case summary sheet as required by DoD 7290.3-M and other documentation deemed appropriate to manage the case. This is one control mechanism for the case manager to ensure events conform to the plan. Other mechanisms to be used are: -- Case manager doing periodic comparisons of actual versus programmed deliveries and associated costs.

-- Case manager updating the case master plan's program, supply/delivery and financial schedules.

-- Case manager facilitating the flow of funds from the case to the supporting activities.

These control procedures are designed to identify and isolate problem areas. When problems are surfaced, corrective action initiated by the case manager is essential to avoid potential program impacts.

(3) Changes to the LOA or the implementation plan must be coordinated with the case manager. There may be situations whereby higher authority may preempt the authority of the case manager, such as in the case of final negotiations with FMS purchasers or diverted deliveries. The preemptions should be promptly communicated to the case manager and potential impacts should be documented for future reference.

C. REPORTING REQUIREMENTS.

1. The case manager is responsible for keeping others informed of the progress, status, problems and resource requirements of the case. The case manager must use the normal channels of communications to higher authorities and supporting activities to let them know what is needed and how the case is progressing.

Existing information and reporting systems should be used to the 2. maximum extent possible in directing and controlling functions of case management. For optimum control of the case, DoD Components shall determine information needed for case management based on the needs of the case manager. The case manager should consider the following among other key items essential for information package: logistics performance the versus specifications, availability of funds versus planned expenditures, actual cost of work performed versus budget cost of work performed, programmed values of work remaining versus funds available in the case, schedule revisions, and problems areas. A recommended listing of data elements is at Table 7-V-1.

3. The DoD Component shall ensure procedures are established with supporting activities to provide management information in support of the case. DoD Components should develop an internal document that allows Service senior managers to easily review the status of a case against established performance requirements and the LOA. The internal status document should address the following four areas:

a. Deliveries. Are deliveries on scheduled as outlined in the LOA?

b. <u>Pricing</u>. Are the prices of the ordered articles and services for each line of the case compatible with the LOA estimates (within 10%)?

c. <u>Funding</u>. Does the payment schedule accurately reflect financial requirements?

7-139

Change No. 6, 1 March 1986

d. <u>Closure</u>. Can the case be closed within one or two years from supply completion date, depending on the type of case involved?

D. THE CASE MANAGER'S ROLE IN THE ASSIGNMENT OF TASKS.

1. The case manager shall have direct communication from the case manager's office to key participants involved in support of a case. The direct line in communication is intended to facilitate the resolution of day-to-day problems. It is emphasized that the case manager must still operate within the organization's normal chain of command. Informal discussions may be necessary between the case manager and supporting activities, followed by appropriate documentation. Case managers cannot commit the case implementing agency except through coordinated written direction.

2. Tasks in the areas of acquisition, logistics and finance will be assigned to supporting activities using normal operating rules. The supporting activity which accepts the work assignment agrees to specific, measurable objectives and to detailed task descriptions, specifications, milestones, and budgets for the work assignment. The supporting activity is then responsible for the work effort in terms of meeting its objective on time and within the available budget.

E. PERFORMANCE SPECIFICATIONS AND MEASUREMENT STANDARDS.

1. The case manager's performance will be monitored by comparing actual output with that planned. The idea of assigning responsibility to the case manager for a time schedule, specific set of outputs, and funding limitation tends to establish a performance specificaton which is useful in judging the effectiveness of case managers. In other words, the case manager's performance specifications that could be considered for the purpose of measurement standards are primarily the three objectives:

- a. To accomplish the case (performance) on schedule.
- b. To accomplish the case within the case value.
- c. To close the case as planned.

2. The case progress shall be reviewed on a recurring basis to verify that the case activities are proceeding according to planned events.

F. FORMAL TRAINING TO MEET SPECIAL REQUIREMENTS OF THE CASE MANAGER.

1. The DoD Component must ensure that individuals assigned as case managers receive adequate training. The following Defense Institute of Security Assistance Management (DISAM) courses, as applicable are suggested as a part of a training plan for a case manager:

7-140

- -- Core
- -- Financial Management
- -- Case Management
- -- Training Management



2. In addition, internal training should be conducted within the implementing agencies to cover the organization's FMS procedures and to rectify any perceived case management inadequacies.

FIGURE 7-V-1

CHARTER FOR CASE MANAGER

The case manager has responsibility for total case management from assignment through case closure. The case manager operates within the chain of command to direct the necessary action to satisfy case requirements. The case manager ensures that the case (performance) is accomplished on a schedule, within case value, and closed as planned. The case manager manages the case through reviews, visits, surveillance of reports, and correspondence. The case manager integrates the efforts and ensures timely resolution of problems surfaced by supporting activities.

FIGURE 7-V-1. Charter for Case Manager.

Change No. 6, 1 March 1986

TABLE 7-V-1

CASE MANAGER DATA ELEMENTS

RSN Level Program

- Direct Program Value
 - Section 21 (specify Publications/Training) Section 22 (specify GFM/GFE) --
 - --
- Indirect Program Value
 - R&D --
 - Rental --
 - Asset Use - -
 - CAS - -
 - Nonrecurring Production --
 - Administrative Fee _ _
- Accessorial Value/Costs
- Type of Financing
- Commitments/Obligations _
- Transportation -
- Performance Sources _
- Requisition Status _
- Contract Data

Contract Closure Date

- Reports of Discrepancies
- Repair Data -
- Training Data
- Obligational Authority -
- Commitments by Fund Cite -
- Obligations by Fund Cite -
- Physical Deliveries Quantity/Value -
- Financial Deliveries -
- Work-in-Process _
- Expenditure Authority -
- Payment Schedule -
- Billed to Date _
- Delivered to Date
- Collections -
- Accounts Receivable
- Disbursements

NOTE: This is a representative list of potentially useful data elements. It is not all inclusive and some data elements listed may not be required for a specific case.

TABLE 7-V-1. Case Manager Data Elements.

7-143

Change No. 6, 1 March 1986

[This page left blank intentionally.]

7-144

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. Implementing instructions will state that implementation is subject to receipt of O/A.

3. The following procedures have been developed to handle requests for emergency obligational authority (0/A):

a. Implementing Agencies (IA) will limit requests for emergency O/A to true emergency situations (e.g., where normal O/A processing time would exceed training start dates, contract award dates, etc.).

b. Requests for emergency approval of O/A will be directed to SAAC/FSRC.

c. IA's will establish official points of contact to receive, evaluate and relay to SAAC legitimate request for emergency approval of O/A.

(1) IA's will provide the name, office symbol, and telephone numbers of their point(s) of contact to SAAC/FSRC.

(2) All IA requests will be relayed to SAAC through these offices.

(3) Any requests received by SAAC from other persons will be referred by SAAC to the appropriate IA point of contact.

d. IA's will provide SAAC with any available documentation to support the emergency approval request (e.g., copies of signed LOAs, messages from security assistance organizations (SAO) stating that LOA and/or initial deposit are in USG hands).

Authori (COCS)

e. IA's will insure that DD Form 2060, "FMS Obligational Authority," has been provided SAAC via the IA Customer Order Control System (COCS) prior to requesting emergency approval of O/A.

8-1

ŧ

DoD 5105.38-M

f. Upon confirmation of an emergency O/A requirement from an authorized point of contact, SAAC will immediately enter the required O/A ceiling in the applicable COCS. Subsequently, based on SAAC receipt of DD 1513 (facsimile acceptable) and initial deposit (if required), the associated FMS case will be implemented in DIFS and O/A ceiling released via automated DD 2060 (R5) transaction within two work days.

g. Exception to this procedure may be granted on a case-by-case basis by DSAA-COMPT-FMD.

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. Federal Acquisition Regulation (FAR) 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.

8-2



*

*

SECTION II - ACQUISITION FOR FMS

A. DOD REGULATIONS AND PROCEDURES.

1. <u>Compliance with DoD Regulations</u>. 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. <u>Federal Acquisition Regulation (FAR)</u>. The DoD is authorized to enter into contracts for the purpose of resale to foreign governments or international organizations. The FAR shall apply to all purchases and contracts made by the DoD for acquisitions in support of FMS. Some of the most pertinent sections of the FAR and the DOD FAR supplement relative to FMS are listed below:

		FAR	DOD FAR SUPP
a.	Agents Fees and Commissions	3.400 thru 3.404	25.7305
b.	Contractor Options - FMS	· · ·	Subpart 17.2
с.	Contractor Risk for FMS (Weighted Guidelines)		15.905-1(b)(7)(E)
d.	Costs of Doing Business with a Foreign Government		25.7304(c)
e.	FMS Rental and Asset Use Charges	45.405	45.405(f)
f.	FMS Selling Costs and Allocations to Contracts	31.205-38(b)	31.205-38
g.	Foreign Acquisitions	Part 25	Part 25
h.	Recovery of NonRecurring Costs		25.7306, Subpart 35.71
i.	Sole Source Designation	15.210	25.7307

3. Acquisition Notification of FMS Requirements. In accordance with Section 25.7303(b) of the DOD FAR Supplement, when the acquisition for FMS is expected to involve a contract in excess of \$10,000 which cannot be placed on the basis of price competition (for example when the FMS purchaser requests a specific sole source), prices, delivery data and other relevant information shall be requested from the prospective source and the request shall indicate that the information is for the purpose of a potential sale under FMS and shall identify the prospective FMS purchaser(s).

Change No. 5, 1 September 1985

**

B. FMS CUSTOMER REQUESTS FOR SPECIFIC SOURCE.

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

2. <u>Sole Source Designation</u>. As described in DOD FAR Supplement 25.7307, the FMS purchaser may request that a defense article or defense service be obtained from a particular source. In such cases, FAR 6.302.4 provides authority for the U.S. government to contract on a sole source basis. The purchaser request should be contained in a letter of request for an LOA or an amendment to an existing LOA. The request for sole source must also provide the basis and justification for the sole source and may be for a prime and/or sub-contractor source. Sole source procurement designations under accepted FMS LOAs will be submitted by the DOD component security assistance director to the applicable contracting activity in order to exercise the FAR authority.

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

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

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

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

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

(5) When the country has established a history of procurement for articles or services from a particular prime source and needs to continue procurement from that source to continue standardization of equipment with consequent benefits of logistics support. This could include spares for support equipment or other single vendor integrity (SVI) subcontracted items.

b. <u>Disapprovals</u>. Proposed DOD component disapprovals of sole source requests will be coordinated with DSAA Operations.

c. <u>SAO Responsibilities</u>. When possible, the SAO in country will review specific country requests, advise the country of any necessary changes, and subsequently forward the request with any necessary comments and/or recommendations to the appropriate DOD component security assistance director for approval. The original copy of the request must be forwarded. Advance copies, in message format, must be quoted in their entirety, including the date and the signature block when they are forwarded to the DOD component for approval. The original request, if approved, will be retained in the contract file.

d. <u>Subcontractor Sole Source Designation</u>. The FMS purchaser may also request that a sole source subcontract be place with a particular U.S. firm. The DOD contracting officer will honor such a request for subcontractor placement on the same basis as indicated above for prime sources. It should be noted that the designation of subcontractors carries a risk which should be brought to the attention of the FMS purchaser. In the event that problems in the performance or integration of the component are experienced and are attributable to its characteristics, the specifications may be held to be defective in that respect and any increased costs incurred by the prime contractor in correcting or attempting to correct the problem may be recovered by the prime contractor. Since by law such additional costs must be borne by the FMS purchaser, the purchaser should be advised of this potential expense at the time the sole source designation is requested.

e. Out of Channels Requests. Request for sole source procurement received outside of the channels outlined in sub-paragraph 2.a. above must be forwarded to the applicable DOD component security assistance director for appropriate action. The original of the request must be forwarded. When a sole source request is forwarded in message format, the entire text of the country request, including the date and the signature block, must be quoted. f. <u>Coordination with Contracting Officers</u>. When possible, the sole source request should be processed to the potential contracting officer for information and advice during the P&A process. The contracting officer will be provided a copy of the accepted LOA containing the sole source designation. This is especially important when the contracting activity is separate from the activity responsible for the LOA, e.g., LOAs prepared by a MILDEP which contain items which will be procured by the Defense Logistics Agency.

3. <u>Timing of Sole Source Requests</u>. To avoid the additional delay and workload involved in revision of an LOA, requests for sole source procurement should be made when the request for preparation of the LOA for defense articles or defense services is transmitted to the 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 anytime prior to formal acceptance of the LOA by the FMS purchaser.

a. LOA Presentation. The applicable LOA must specifically identify the country sole source designation. The following note will be utilized in the LOA when sole source designation is approved.

SUPPLEMENTAL CONDITION (XXXXXXXXXXX): Sole-Source Procurement. Paragraph A1 of Annex A (General Conditions) of the Letter of Offer and Acceptance states in part: "Unless the purchaser has requested that a sole source contractor be designated, and this Letter of Offer and Acceptance reflects acceptance of such designation by the DOD, the purchaser understands that selection of the contractor source to fill this requirement is solely the responsibility of the Government of the United States (hereinafter referred to as USG)." By letter dated (XXXXXXXX) the purchaser has request that (name of specific firm or other private source) be designated as (prime contractor) or (subcontractor) for line/items(s) (XXXXXXXXXXX) of this Letter of Offer and Acceptance. This supplemental condition is evidence that DOD has accepted such request of the purchaser and that such designation is required at the written direction of the purchaser.

b. <u>LOA Amendment</u>. The designation of sole source procurement for an LOA which has already been accepted by the purchaser would be an exception to policy as outlined above. However, if the situation does occur the addition of the supplemental condition must be added by a DD Form 1513-1, amendment.

4. <u>FMS Purchaser Involvement</u>. The purchasing activities of defense components and prime contractors shall implement FMS requirements using normal procurement and contract management procedures as set forth in the FAR, other directives and pertinent contractual provisions. Representatives of the FMS purchaser shall not be permitted to review bidders' mailing lists or slates of proposed architect engineer firms, nor shall they be permitted to direct the deletion of names of firms from such lists or slates. They may, however, suggest that certain firms be included. The defense components should fully control the procurement and contracting process and contractual provisions. Representatives of the FMS purchaser will not normally participate in contract negotiations. The defense components shall not accept directions from the FMS



purchaser as to source selection decisions or contract terms (other than the special contract provisions and warranties referred to in condition 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 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.

[This page was left blank intentionally.]

C. SALES COMMISSIONS AND AGENTS FEES.

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

Prior Notification to Purchasing Government. Unless the purа. chasing 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. <u>Ex-Post Facto Notification to Purchasing Country or Interna-</u> tional 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 <u>bona fide</u> in accordance with the criteria set forth in FAR, and shall provide the rationale for reasonableness or an explanation if the reasonableness of the fee cannot be determined.

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 FAR.

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 FAR, the contracting officer or head of the procuring activity (HPA) determines that an agent is not <u>bona fide</u> 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.l. 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:



Change No. 3., 10 January 1985

8-6

"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. <u>Proprietary Information</u>. 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. <u>Agents Fees for Commercial Contracts</u>. 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. <u>Policy</u>. 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.

8-7

 $<^{\prime}$

2. Form Letter.

Director Defense Security Assistance Room 4E837, The Pentagon Washington, D.C. 20301	Agency
Dear Sir:	
ceiving deliveries of the for will be used for the (manu- rehabilitation)* of the Said Agent is hereby author the Government of receipt of these items as instructions contained in B Form 1513. The Government undertakes to instruct its Agent to maintain posses items in accordance with par	ess is Agent for the purpose of re- bilowing items: Above items ufacture/assembly)* (repair/ ized to sign in the name of as its Agent for the indicated by the shipping blocks 33 and 34 of the DD of as asion of the above specified ragraph B.9 of Annex A (Gen- Form 1513 until transferred
	Yours Very Truly,
Such agency is acknowledged.	
1	

* Insert the appropriate phrase describing the Agent's function.

Change No. 5, 1 September 1985

SECTION III - LOGISTICS

A. FOLLOW-ON SUPPORT.

1. Blanket Order.

Description. Blanket Order FMS cases represent an agreement a. 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 re-quired 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 DoD 4140.3-M, Military Standard Requisitioning and Issue Procedures.

c. <u>Price and Availability Information</u>. 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. <u>Items Normally Covered by Blanket Order Cases</u>. 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). А 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. <u>Foreign Military Sales Order (FMSO) I Case</u>. 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 differently 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. <u>General</u>. 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 Reutilization and Marketing Service (DRMS) 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 From 1513 for FMS allocation.

c. <u>Defense Reutilization and Marketing Service (DRMS)</u>. 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

8-11

*

*

*

*

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) <u>Responsibility</u>. The Defense Logistics Agency (DLA) has assigned to the Defense Reutilization and Marketing Service (DRMS) the respon- * sibility for conducting the sales of DoD excess personal property and disposable MAP property to foreign governments and international organizations. Headquarters, Defense Reutilization and Marketing Service exercises opera- * tional management of the FMS program throughout the DRMS and conducts the FMS * of property located in the Continental United States (CONUS) and all of North America and Latin America. Defense Reutilization and Marketing Region, * Europe, conducts the FMS of property located in Europe. Defense Reutilization * and Marketing Region, Pacific, conducts the FMS of property located in Hawaii, * the islands of the Pacific Ocean and Eastern Asia.

(2) <u>Contact Points</u>. The DRMS 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 DRMS FMS Program in the most * advantageous and beneficial manner. The contact points are:

(a)	Headquarters	DRMS_
\u k	neauuuai ters	DINING.

Commander Defense Reutilization and Marketing Service * ATTN: DRMS-RCM * Federal Center Battle Creek, Michigan 49017-3092 * Commercial Telephone - (616) 962-6511, ext. 6911/6918 AUTOVON - 369-6911/6918

(b) DRMR-Europe.

Commander Defense Reutilization and Marketing Region ATTN: DRMR-ER Building BO4, Lindsey Air Station APO New York 09633 Commercial Telephone - 49-6121-82-3537/6666 AUTOVON - Wiesbaden Germany - 314-472-1110, ext. 3537/6666

(c) DRMR-Pacific.

Commander Defense Reutilization and Marketing Region ATTN: DRMR-PR Camp H. M. Smith, Hawaii 96861 Commercial Telephone - (808) 477-5242 AUTOVON - Pearl Harbor - 431-0111, ext. 477-5242 (3) <u>DRMS Status</u>. DRMS 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) <u>Relation to Other Agreements</u>. The FMS policies and procedures promulgated by DRMS 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) <u>References</u>. The DRMS publishes two documents which provide information on the specifics of the DRMS excess program and on articles which are available for sale.

(a) <u>Foreign Military Sales Customer Information Guide</u>. This document provides information on how to use this service and specifics of the program.

(b) <u>Declared Excess Personal Property List</u>. This is a weekly listing of excess property published by the DRMS. Countries eligible to receive the DRMS Declared Excess Personal Property Lists are identified at Table 8-III-1 of this section.

(6) <u>MDE and SME</u>. All MDE and SME 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 SME. *

B. REQUISITION PROCEDURES.

1. Use of MILSTRIP.

a. <u>Standard Items</u>. 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) <u>Army</u>. U.S. Army Security Assistance Center, New Cumberland, PA 17070.

(2) <u>Navy</u>. Navy International Logistics Control Office (NAVILCO), Philadelphia, PA 19111.

(3) <u>Air Force</u>. Air Force Logistics Command, Wright-Patterson AFB, Ohio 45433.

b. <u>Non-Standard Items</u>. Although purchasers are encouraged to procure material which is standard to the U.S. Armed Forces, non-standard equipment 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. <u>Correction of Erroneous Designators</u>. 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. <u>DCD Slippage</u>. 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.

4. <u>Delivery Forecast Date (DFD)</u>. 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. <u>SAO Responsibility for Delivery Forecast Date</u>. 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. <u>MILSTRIP Report</u>. 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. <u>Importance of Prompt and Effective Service</u>. 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.

8-15

b. <u>Reporting Discrepancies</u>. Every effort must be made to impress upon purchasers the importance of reporting discrepancies as soon as possible but no more than one year after shipment (or in the case of claims of nonshipment/nonreceipt, one year after shipment or billing, whichever is later). Every Letter of Offer and Acceptance issued after 31 July 1987 shall contain the following note:

Note -- Notwithstanding the final sentence of Paragraph B.6. of Annex A (General Conditions) of this Offer and Acceptance, any claim, including a claim for shortage (but excluding a claim for nonshipment/nonreceipt of an entire shipment), received after one year from passage of title will be disallowed by the USG, unless the USG determines that unusual and compelling circumstances involving latent defects justify consideration of the claim. Any claim for nonshipment/nonreceipt of an entire shipment received after one year from date of passage of title or billing, whichever is later, will be likewise disallowed by the USG.

Implementing agencies may include the above note on LOAs issued prior to 1 August 1987 when amended or modified after 31 July 1987. Care will be taken to ensure that Reports of Discrepancy (RODs) submitted in connection with Letters of Offer and Acceptance that contain the note prescribed in this subparagraph b will be subject to the time limitations in the note. RODs will be considered in accordance with Section IV, Paragraph F. of this chapter.

c. <u>Significant Political or Readiness Impact</u>. 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. <u>ADHERENCE TO STATED CONDITIONS</u>. 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. <u>Notification to Foreign Country/International Organization</u>. 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. <u>Timeframes</u>. 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.

[Space left blank intentionally.]

[Page lef

[Page left blank intentionally.]

ì

a. <u>Inventory to be Processed for Disposal</u>. 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. <u>Inventory to be Retained</u>. 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.

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. <u>Point of Delivery</u>. 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. <u>Transfer of Title</u>. 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. <u>Consolidation</u>. FMS shipments will be consolidated for shipment purposes to the greatest extent possible. Consolidation criteria are contained in Chapter 6, DoD 4140.17M (MILSTRIP). 70073-1

d. <u>Packaging and Marking</u>. 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.

<u>7-II-2)</u>, f. <u>Offer Release Code "A", "Y", and "Z" Shipments (Refer to Table</u>

(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) <u>Materiel Discrepancy</u>. This includes shortages (including non-receipt) due to incorrect quantity counts, improper packing/marking, 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) <u>Transportation Discrepancy</u>. 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) <u>Processing Discrepancies</u>. 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/marking, 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) <u>Small Parcel Defined</u>. 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) <u>Authorized Transportation Modes</u>. Transportation officers are authorized to utilize either the U.S. Postal Service parcel post facilities or commercial small parcel carrier equivalents.

(3) <u>Use of Commercial Package Carriers</u>. 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) <u>Cost</u>. Shipments will be made at the least cost for the service required.

(b) <u>Audit Trail</u>. The transportation service selected must provide a proof of entry into the transportation network.

(c) <u>Speed of Service</u>. The service selected must be responsive to required delivery date and priority.

(4) <u>Proof of Delivery</u>. 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) <u>Shipments Beyond CONUS</u>. 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.

** Transportation of Classified Materiels. If in the case of FMS i. processing or direct commercial contract processing, the purchaser proposes to take delivery and custody of classified materiels in the United States and use its own facilities and transportation for forward shipment to its territory, the foreign purchaser or its designated representative shall be required to submit a transportation plan for review and approval by the cognizant DOD com-This plan, as a minimum, shall specify the storage, facilities, ponent. delivery and transfer points, carriers, couriers or escorts, and methods of handling to be used from the CONUS point of origin to the final destination and return shipment when applicable. (See Figure 5-VI-4.) More information may be found on transporting classified materiels in Chapter 8, DOD 5200.1-R and on physical security of classified sensitive conventional arms, anmunition. and explosives (AA&E) in Chapter 7, DCD 5100.76-M.

(1) DOD component authorized to approve an FMS transaction ** that involves the delivery of classified materiels to a foreign purchaser shall, at the outset of negotiation or consideration of proposal, consult with DOD transportation authorities (MTMC, MSC, MAC, or other, as appropriate) to determine whether secure shipment from the CONUS point of origin to the ultimate foreign destination is feasible. Normally, the United States Government will use the Defense Transportation System (DTS) to deliver classified materiels to the recipient government.

** (2) If secure shipment by the purchaser is feasible, the foreign purchaser or its designated representative shall be required to submit a transportation plan for movement of the classified materiels from the freight forwarder facility to the recipient country to the DOD component for review The transportation plan will comply with the provisions of and approval. Figure 5-IV-4. Security officials of the DOD component that initiate the FMS transaction shall evaluate the plan to determine whether the plan adequately ensures protection of the highest level of classified materiel involved. Unless the DOD component initiating the FMS transaction approves the transportation plan, as submitted, or it is modified to meet U.S. security stan-dards, shipment by other than DTS shall not be permitted. Transmission Transmission instructions (an alternative for shipment of classified materiels) or the requirement for an approved transportation plan shall be incorporated into the security requirements of the U.S. Department of Defense Letter of Offer and Acceptance (LOA-DD Form 1513) for FMS cases, or included with any contract, agreement or other arrangement involving the release of classified materiel to foreign entities.

j. 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/A&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) <u>Hazardous Sensitive Material</u>. 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

Change No. 9, 31 July 1987

*

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) <u>Oversize Air Cargo</u>. 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.

(d) <u>Transportation Cost Look-Up Table</u>. For specific approved items shipped in the DTS, DOD components are required to use the estimated actual transportation costs from the transportation cost look-up table in Appendix G. (Procedures for the development of the Look-Up Table are outlined in Appendix F.)

k. 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) Shipment or transmission of classified materiel to foreign ** governments, either within the CONUS or outside of the U.S. must be on a ** government-to-government basis and in accordance with Chapter VIII of DOD 5200.1-R, "Information Security Program Regulation." (See Chapter 5, Section ** ** II, Para. K, "Transmission of Classified Material to Foreign Governments.") ** This provision requires written designation of the security clearance of the recipient/agent to receive the materiel on hehalf of the foreign country and ** ** the establishment and approval of a transportation plan prior to release of the materiel. 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) if the classified materiel is accompanied by an approved transportation plan.

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,

of cargo, and

(c) Providing technical advice regarding proper discharge

(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.

m. 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. n. 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.

o. <u>Collect Commercial Bill of Lading (CCBL) or Prepaid Shipment to</u> * <u>Freight Forwarder/Country Representatives</u>. 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."

p. Procurement from Sources Outside the United States (Offshore).

(1) Pursuant to U.S. Government procurement procedures, under certain circumstances, FMS material may be procured outside the United States (Offshore).

(2) Normally, the U.S. Government will require the offshore contractor to provide for movement of the articles to the CONUS freight forwarder or country representative indicated by the freight forwarder code annotated on the DD Form 1513 (LOA).

(3) As an exception to policy, the FMS customer may elect to have a freight forwarder, authorized to do business in the same country as the offshore contractor, arrange the transportation from the offshore contractor's facility to the customer's consignee. A customer country representative located in the same country as the offshore contractor may also be authorized to arrange transportation from the offshore contractor's facility to the customer's consignee.

(4) The DOD component will endeavor to notify the FMS customer of articles to be procured offshore as soon as possible after identification of source and state that the article will be moved to the CONUS freight forwarder unless a request is received to accept delivery of the articles at the offshore contractor's facility. The customer request must be made within 20 days of the DOD component's notice of offshore procurement.

3. Responsibilities of the U.S. Government.

a. <u>Initiation of Shipments</u>. 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. <u>Proof of Delivery</u>. 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. <u>Materiel Shipment</u>. 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).

Processing of Claims. The applicable DoD component will e. 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 On all CCBL shipments, this assistance will be limited to adminismateriel. trative 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.

g. <u>Controlled Substances</u>. The export from the U.S. of FMS purchased materiel that is a controlled substance or narcotic drug shall be in accordance with the Controlled Substances Import and Export Act, 21 U.S.C. 951 et seq., and the procedures governing the exportation of controlled substances in 21.C.F.R. Part 1312. Prior to each export, the U.S. Military Services shall obtain the necessary import documents from the purchaser as provided by 21 U.S.C. 953(a)(3) and (e)(1). The Services shall submit the import documents to the Administrator of the Drug Enforcement Administration (DEA), Department of Justice, requesting the export permits be issued for the particular controlled substance or narcotic drug. Upon obtaining the export permit from the DEA, the Services are responsible for furnishing the Defense Personnel Support Center the export permit number, the expiration date of the export permit, and the port of exportation. This information will accompany the requisition. The Services are also responsible for ensuring that their FMS customers are aware that they must submit import documentation for controlled substance(s) or narcotic drug requisitions.

4. <u>Responsibilities of the Purchaser</u>. 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. <u>Employment of a Freight Forwarder</u>. 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. <u>Receipt, Handling, and Processing of Materiel</u>. These functions ** are the responsibility of the purchaser and are normally accomplished by the freight forwarder.

(1) 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.

(2) If the purchaser proposes to take delivery and custody of ** classified materiel in the United States and use its own facilities and transportation for onward shipment to its territory, the foreign purchaser or its designated representative shall be required to submit a transportation plan for approval by DOD officials. The elements of a transportation plan are outlined in Figure 5-IV-4. This approval by the DOD component is required for the purchaser to receive, store, and transport classified materiels.

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. <u>Title Transfer</u>. 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. <u>Export Declaration and Customs Clearance</u>. 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. <u>Transportation</u>. 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. <u>Carrier Selection</u>. 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

8-27

Cha

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 purchaserowned/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. <u>Overseas Customs Clearance</u>. 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. <u>Notice of Availability (NOA)</u>. 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. <u>Payment for Transportation Services</u>. 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 followup 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.

1. <u>Claims for Loss or Damage</u>. 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. <u>Claims Against the DoD for Incorrect Shipment</u>. 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 in complete shipments which are not the responsibility of commercial carriers.

n. <u>Reparable Return Materiel</u>. 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. <u>Insurance</u>. 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. <u>Responsibilities of the Freight Forwarder</u>.

a. <u>General</u>. 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. <u>Warehousing and Storage Facilities</u>. 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. <u>Receipt or Staging of Materiel</u>. 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. <u>Processing Materiel for Transshipment</u>. 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) <u>Discrepancies</u>. Document materiel discrepancies on Standard Form 364, Report of Discrepancy (ROD) for submission to the customer representative.

(3) <u>Marking Verification</u>. 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) <u>Documentation</u>. 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) <u>Shipping Container Adequacy</u>. 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) <u>Recooperage</u>. Repackage, recrate, 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) <u>Package Consolidation</u>. 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) <u>Priority Transportation</u>. Packages marked for priority delivery normally should be air transported.

e. <u>Containerization</u>. 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) <u>Book Cargo Space</u>. Cargo space should be obtained and shipment booked with the selected air or surface carrier.

(2) <u>Delivery to Carrier</u>. Cargo should be delivered to and loaded aboard the air or surface carrier.

(3) <u>Documentation</u>. 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) <u>Sensitive, Hazardous or Classified Materiel</u>. 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) <u>Shipment via U.S. Carrier</u>. 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) <u>Customs Clearance</u>. 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) <u>Bills of Lading</u>. 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) <u>Reporting to Department of Commerce</u>. All export of FMS materiel will be reported to the U.S. Department of Commerce as required by federal statute.

h. <u>Payment for Transportation Services</u>. 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. <u>Claims</u>. 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. <u>Return of Reparable Materiel</u>. 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. <u>Insurance</u>. 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. 1. 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. <u>Tracer Action</u>. 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. <u>Multiple Delivery Addressees</u>. 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. <u>Discrepancy Reporting</u>. 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. <u>Pilot Pick-up of Materiel</u>. 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.

q. 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. <u>Reporting System</u>. 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. <u>Control of Shipments</u>. 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. <u>Notice of Address Change for MAPAD</u>. 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.

Change No. 7, 15 September 1986 8-34

[This page left blank intentionally.]

TABLE 8-III-1

FOREIGN COUNTRIES AND INTERNATIONAL ORGANIZATIONS AUTHORIZED RECEIPT OF DLA EXCESS PROPERTY LISTINGS

COUNTRIES

Africa Near East and South Asia Botswana Liberia Bahrain Pakistan Djibouti Sudan Bangladesh Oatar Kenya Zaire Egypt Saudi Arabia India Sri Lanka (Cevlon) Israel Europe Jordan Tunisia Kuwait Austria Malta United Arab Belgium **Netherlands** Lebanon Emirates, The Denmark Morocco Norway Yemen Arab Rep. France Nepal Portugal Germany (Federal Spain Oman Republic of) Sweden Greece Switzerland Western Hemisphere Iceland Turkey Ireland United Kingdom Honduras Bahamas Jamaica Italy Yugoslavia Barbados Brazil Mexico Luxembourg Canada Panama Far East Colombia Paraguay Costa Rica Peru Australia Malaysia Dominica St Lucia Burma New Zealand Dominican Rep. St Vincent Brunei **Philippines** Ecudaor Trinidad and Indonesia Singapore Guatemala Tobago Japan Taiwan Haiti Uruguay

International Organizations

Thailand

Korea

NATO (North Atlantic Treaty Organization and its agencies)

TABLE 8-III-1. Foreign Countries and International Organizations Authorized Receipt of DLA Excess Property Listings.

Venezuela

*(delet

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

TABLE 8-III-2. Potential Sources for Listings of Freight Forwarders.

8-38

Change No. 7, 15 September 1986

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. <u>Information</u>. 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.	cie	ective or Defi- nt Materiel (ite iciency)					
	a.	From Procure- ment**	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 mater- iel for rework or dispo- sal, 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. Govern- ment 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 Procure- ment**	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.

	D	Nature of iscrepancy	FMS Admin- istrative Funds	U.S. Government Appropriations/Funds
	b.	From Stock	Transportation of mater- iel for rework or dispo- sal, or, if more cost effective, travel and per diem costs of rework team. The cost of testing damaged materiel when it is determined to be necessary in order to service the FMS customer.	Applicable U.S. Government appropriation or fund is responsible for (1) re- placement without addi- tional charge, (2) re- fund to the customer account, or (3) repair or rework of defective items issued to FMS customers (except as indicated under "FMS Administrative Funds" heading).
3.	Rece (non	riel Not ived* delivery, tage)		
	a.	From Procure- ment**	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	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 ship- ment be obtained when- ever 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 representa- tive is required to receipt for the FMS/MAP	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 deter- mined to have occurred at the point of origin and will be absorbed by the applicable U.S. appro- priation. In those in- stances, a credit may be given to the FMS customer's account and charged to the U.S. Government appropria- tion which was initially credited as a result of

•

		Nature of	FMS Admin-	U.S. Government
	D	iscrepancy	istrative Funds	Appropriations/Funds
			materiel. These proce- dures make it possible to identify respon- sibility for any loss of materiel in trans- port. FMS administra- tive funds may be used only when it is speci- fically substantiated that the U.S. Govern- ment failed to meet its responsibility relative to the shipment of the materiel (except as indicated under "U.S. Government Appropria- tions/Funds" heading).	such transaction. Mis- directed shipments not returned to stock will be absorbed as an inven- tory loss against the applicable U.S. Govern- ment materiel account. If U.S. Government owned, government furnished equipment (GFE) which is to be incorporated into an end-item is lost or damaged during ship- ment to the contractor (i.e., prior to incor- poration 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"
4.	0ver	age*		GFE.
	a.	From Procure- ment**	Not applicable unless the U.S. Government is responsible for the overage.	Not applicable
	b.	From Stock	Costs to transport ex- cess items back to stock or to disposal. If claimed by the customer, costs to transport ex- cess items issued to the	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-

TABLE 8-III-3. (Continued)

_	Nature of	FMS Admin-	U.S. Government
<u>D</u> -	iscrepancy	istrative Funds	Appropriations/Funds
tion	oper Identifica (incorrect iten , nonsubstitut-		priate U.S. Government appropriation/fund will be charged. Overage items not returned to stock will be absorbed against the applicable U.S. Government materiel property account as an inventory loss.
	item)		
a.	From Procure- ment**	Not applicable unless the U.S. Government is responsible for the problem.	Not applicable
b. Impro	pper Documen-	When the incorrect item is not returned, the cost of issuing the correct item or pro- viding a customer re- fund will be absorbed by by the FMS Administra- tive Fund. On the other hand if the incorrect item is returned, then the appropriate adjust- ments within the U.S. Government accounts should be effected and only the next additive costs should be absorb- ed by the FMS Adminis- trative Fund. Note: Out-of-pocket costs of PCH, if claimed, will be paid from PCH funds.	Applicable U.S. Govern- ment 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. Govern- ment 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.
a.	From Procure- ment**	Not applicable unless the U.S. Government is responsible for improper documentation.	Not applicable

Change No. 4, 1 May 1985

	From Stock licate or roneous Billing	When the incorrect item is not returned, the cost of issuing the correct item or pro- viding 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. Govern- ment 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. Govern- ment appropriation/fund is responsible for issue of properly documented items without addi- tional 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. Governmen materiel property account as an inventory loss.
Err			
a.			
	From Procure- ment**	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/
	b.	b. From Stock	b. From Stock Not applicable

	Nature of Discrepancy	FMS Admin- istrative Funds	U.S. Government Appropriations/Funds
	· · · · · · · · · · · · · · · · · · ·		fund or the customer account when appropriate.
8.	Loss of Customer Item in Inven- tory (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 reimburse- ment.	If the item is cur- rently maintained in U.S. Government inven- tory 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 crédit provided from U.S. Government funds.

Claims of \$100 or less will not be reported for: *

- **Overages** 1.
- Shortages (includes nonreceipt) Damages 2.
- 3.

** Procurement includes both "fast pay" and other procurement contracts.

TABLE 8-III-3. (Continued)

8-44

Change No. 2, 2 Jan 1985

SECTION IV - PERFORMANCE REPORTING AND CASE CLOSURE

A. PERFORMANCE REPORTING/BILLING.

1. Reporting Performance of FMS Orders.

a. <u>Implementing Agency Responsibilities</u>. After implementing an 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. <u>FMS Performance Reporting</u>. 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 the sixteenth * calendar day falls on a non-working day, the cutoff will be moved to the first * working day following the sixteenth. 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.

c. FMS Physical (Constructive) Delivery Reporting.

(1) The cognizant DOD component must submit accurate and timely FMS physical (constructive) delivery data for selected major end items. Delivery information is contained in detail and summary reports described in Chapter 15, Section II, which are used not only as management tools by security assistance personnel worldwide but are also used for reporting required by the Arms Export Control Act and responding to correspondence and inquiries.

(2) Items are considered delivered when title is passed to the ** purchasing country (see Chapter 8, Section III, Paragraph F.2.a. and b.). DOD components must report, within 30 days, all constructive deliveries for selected materiel lines to SAAC by the 20th of each month in the C1 transaction format (Figure 8-IV-1). SAAC, in turn, should submit these data to DSAA for inclusion in the FMS 1200 System. These transactions are not a part of the formal FMS billing system. A delivery report is required for all Letter of Offer and Acceptance (LOA) DD 1513 lines, i.e., Record Serial Number (RSN) lines having a unit of issue of "EA" for the following generics:

A1-A5, A9B Aircraft	
B1-B4 (Complete Missile Lines Only) Missiles	
C	
D	ehicles
E3	& Support Vehicles
F2, F3, F4 Weapons	

8-45

Change No. 5, 1 September 1985

**

DoD 5105.38-M

G2, G4, G5 (Less M & Y), G6A Ammunition H4 Communications Equipment

(3) Reports Control Symbol (RCS) DSAA(M)1141 is assigned to ** this reporting requirement.

(4) The automated format for reporting these transactions is ** as follows:

** FIGURE 8-IV-1 **C1 TRANSACTION FORMAT** Column Data Element 1-2 C1 3-4 Country Code (CC) 5 Implementing Agency (IA) (See Appendix D, Para. c.51.) 6-8 Case Designator 9-11 Record Serial Number (RSN) 12-15 Blank 16-21 Cumulative Quantity to Date 22-72 Blank 73-78 Reporting Date (YYMMDD) 79 Blank 80 Originator (must always be "A")

2. Billing for FMS Transactions.

a. <u>Quarterly Billings</u>. 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. <u>Elements of Billing</u>. 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. <u>Billing Questions Directed to SAAC</u>. 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. <u>Provisions of Financial Annex to LOA</u>. 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. <u>SAAC Responsibilities for Collection</u>. 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. <u>Collection Assistance</u>. Requests for collection assistance from the Security Assistance Organization located in the purchaser's country.

c. <u>Requests for Collection Assistance</u>. 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. <u>Further Action on Delinquent Accounts</u>. 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. <u>Origin and History</u>. Origin and history of the debt including prior effort at collection.

b. <u>Validity of the Claim</u>. 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. <u>Normal Military Channels</u>. A statement that SAAC has exhausted its normal military channel with responsible foreign officials on behalf of the collection.

d. <u>Adverse Impacts</u>. Assessment of any adverse impact on our foreign customer if the issue is raised at the diplomatic level.

5. <u>SAAC Holds Accounting Records After Transfer of Action to State</u> <u>Department</u>. 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. <u>Reporting Formats and Frequencies</u>. 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. <u>Requirements to Assess</u>. 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. <u>Basis for Charge</u>. 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. <u>Reports to FMS Customer</u>. 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. <u>Certificates of FMS Case Closure</u>. SAAC provides foreign purchasers "Final Statements of Account" to officially close FMS cases when:

a. <u>Delivery and Billing</u>. All materiel and services have been delivered and billed to the purchasers.

b. <u>Collected Payments</u>. SAAC has collected payments from the purchasers equivalent to the value of materiel and services provided.

c. <u>Reimbursements</u>. The costs of such materiel and services has been reimbursed to financing DoD appropriations and accounts.

d. <u>Item Discrepancies</u>. 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. <u>CANCELLATION OF FMS CASES</u>. 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. <u>Purpose</u>. 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-3 contain additional information regarding Reports of Discrepancy.

2. <u>General</u>. 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. <u>Specific Types of Discrepancies</u>. Table 8-III-3 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. <u>Re-Requisitioning Items</u>. 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. <u>RODs in Excess of \$10,000.00</u>. 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. <u>FMS Administrative Fund Budget Approval</u>. 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

Α. DD FORM 1513-1 - AMENDMENT TO OFFER AND ACCEPTANCE.

Normally, any requirement to increase the scope of an General. 1. existing LOA will be treated as a new FMS LOA. A change in scope is considered to be any increase which adds to the articles and/or services which the DOD will be required to deliver under the LOA. Changes to the value of an LOA caused by increased costs of existing orders are provided to the customer on a Notice of Modification of Offer and Acceptance (DD Form 1513-2), as indicated in paragraph C3 below. While new LOAs are preferred, it is recognized that, within the parameters outlined below, amendment to the implemented LOA may be advantageous. It is also envisioned that, in many circumstances, amendments which will be accepted in the same fiscal years as the basic LOA will be accepted, subject to the recommendations of the DOD Component and staffing with DSAA, as required. In lieu of amendments, new LOAs, which cross-reference the previous LOAs, should be considered when changes to an ongoing program are required. All DD 1513-1s, except as specifically exempted in this section, will be submitted to the DSAA Comptroller (FMS Control Division) for countersignature. Note that all amendments to cases which involve FMS credit, MAP, or third country financing or which were the subject of Congressional [Sec. 36(b) AECA] notifications are not exempt and must be submitted for countersignature. Copies of all exempted amendments will be provided to SAAC (FSRC) by the Implementing Agency at time of release to the country.

2. Minor Changes in Scope. There are exceptional circumstances when U.S. interests are best served by processing amendments to cover minor changes Such changes are considered to be the addition of up to \$1.0 in scope. million or 10 percent of the case value, whichever is less, of non-SCE articles or services directly required in support of the basic LOA. The Amendment to Offer and Acceptance (DD Form 1513-1) Figure 8-V-1, will be used to meet only minimum essential administrative needs. Any revision to an LOA which requires purchaser acceptance must be an amendment. Categories of minor changes in scope which will normally be acceptable are listed below. Of the below listed categories of DD 1513-1s, all except para. f (changes in terms or) conditions)_are exempt from countersignature provided there is no increase_in SME or MDE and there is no overall increase to the value of the case.

a. Changes of requirements within FMS training cases, provided that the period of performance is not extended over one year.

b. Minor changes in configuration of non-SME or non-MDE previously ** ordered on an original LOA.

c. The omission in the original LOA of non-SME or non-MDE supporting equipment or services for major weapon systems previously sold or the definitization of previously undefined spare parts or support lines, provided that the addition of the omitted articles or services does not extend the period of performance of the project LOA by more than 12 months!

*

*

*

*

*

*

*

*

*

*

×

*

d. Increase in time of performance of a service being provided on the LOA, e.g., technical assistance, provided the period of performance is not extended more than one year.

e. Minor increases in quantity of a defined item case for non-SCE items, provided the delivery period is not increased by more than 12 months.

f. Changes in terms and conditions (other than permissible unilateral changes on the part of the USG).

A change of transportation delivery codes which results in q. increased costs to the purchaser which were not previously accepted by the purchaser by previous correspondence.

h. Revisions to FMSO I cases, other than as provided below in paragraph A.3.c. of this section.

Major Changes in Scope. Major changes in the scope of an existing 3. LOA require the preparation of a new=EMS_case_(DD_Form-1513). Major changes in scope occurs most frequently for:

Increases to the total value of an LOA of \$1.0 million or 10 a. percent of the case value, whichever is less.

1 - Will

management origin

The addition of SCE or MDE items. b.

c. Authorization to increase the amount of articles which may be ** purchased under a blanket order case or a FMSO II case and any extension of the case ordering period-which will increase the period of performance of the basic-LOA-(or-the-value_of_a_EMSO I case)

Purchaser Acceptance. The DD Form 1513-1 will be used only if the 4. 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 A.2) which does not require purchaser acceptance, the DD Form 1513-2, Notice of Modification of Offer and Acceptance, should be provided to the purchaser (See Figure 8-V-2).

Identification of Percentages Rates for Certain Costs. 5. The percentage rates 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 Form 1513-1. The guidance also applies to "Other Estimated Costs" (Block 26) should a percentage rate beapplicable. In addition to normal DSAA staffing underdater

Processing DD Form 1513-1 with Cost Increase in Excess of \$1.0 6. million or 10 percent of Case Value, Whichever is Less. Att DD Forms 1513-1 which reflects an increase in excess of \$1.0 million or 10 percent of the case value, whichever is less, must be coordinated with DSAA Operations Directorate. Complete rationale for the amendment and copies of the basic LOA and previous amendments and modifications must be provided to DSAA. No commitments for such amendments in advance of DSAA staffing is authorized. The



to prod

br

cognizant DOD Component will determine the use of amendments up to the above thresholds, subject to the criteria outlined in the above paragraphs. Normal DSAA staffing and countersignature is required for all such amendments.

7. DSAA Recording of DD Form 1513-1s with Cost Increases in Excess of \$50,000. The DSAA data base will record amendments of more than \$50,000 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.

8. <u>Detailed Instructions for Format</u>. See detailed instructions on preparing the DD Form 1513-1 contained in Figure 8-V-1.

9. <u>Initial Deposits</u>. When an amendment is prepared to add additional defense articles or services, the existing LOA payment schedule may not include sufficient amounts to cover costs of the added articles/services from the expiration date of the DD Form 1513-1 until the next billing cycle. When this occurs, the DD Form 1513-1 should require an initial deposit. Use the methodology in Chapter 7, Section III, paragraph K.2. to determine the period the initial deposit should cover. Show the initial deposit requirement in the right hand corner of block (28) by typing "(28a) Initial Deposit (this Amendment): \$XXX,XXX.00." Also include the initial deposit in the financial annex payment schedule.

10. Undercollected Cases. New requirements will not be added to any case that has expenditures in excess of payments received, unless prior approval is obtained from DSAA. Implementing agencies will inform the purchaser that the amendment will be deferred until sufficient payments have been received to cover current financial requirements (including termination liability).

11. <u>General Conditions</u>. For overall 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."

12. Shifts of Case Value Between Cases. In certain circumstances, purchaser requests to shift case value between two or more cases may be accom- * plished by processing concurrent modifications (DD Form 1513-2) in lieu of amending the case(s) being increased (see Paragraph C.3.c.). *

B. <u>PEN-AND-INK CHANGES - DD FORMS 1513 AND 1513-1</u>. Pen-and-ink changes are modifications to a DD 1513 or DD 1513-1 authorized by the issuing DoD component prior to acceptance of the document. Pen-and-ink changes should be avoided to the maximum extent possible. The change may be at the request of the purchaser or an initiative of the issuing DOD component. If the change authorizes any increase in scope or any revision of the terms of sale or total costs, the DSAA-Comptroller, FMS Control Division, must concur prior to authorization. The issuing agency must authorize the pen-and-ink change by message or letter to the purchaser with a copy to SAAC/FSR and DSAA-Comptroller

(FMS Control Division). Extensive changes must be made by issuance of a new or restated DD 1513 or a DD 1513-1 (after acceptance of the basic case) rather than by a pen and ink change. Copies of all DD 1513s and DD 1513-1s (including revised termination liability worksheets, if applicable) that have been modified by authorized pen and ink changes must be disseminated to required organizations (for example, SAAC).

C. DD FORM 1513-2 - NOTICE OF MODIFICATION OF OFFER AND ACCEPTANCE.

1. <u>Purpose</u>. 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). All DD 1513-2s, except as specifically exempted in this section, will be submitted to the DSAA Comptroller (FMS Control Division) for countersignature. Note that all modifications to cases which involve FMS credit, MAP, or third country financing or which have been the subject of Congressional [Sec. 36(b) AECA] notifications are not exempt and must be submitted for countersignature. Copies of all exempted modifications will be provided to SAAC (FSRC) by the Implementing Agency at the time of release to the country.

2. <u>Acceptance of Foreign Country or International Organization</u>. 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. <u>DD Form 1513-2's Requiring DSAA Coordination and Countersignature</u>. 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 in excess of \$1.0 million and related changes in payment schedules to a previous DD 1513 or amendment thereto. Price increases of less than \$1.0 million are exempt from the requirement for countersignature. 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).

options.

(4) The estimated financial consequences of selecting such

(5) Any time limits for notifying the U.S. Government of purchaser desire to cancel or reduce quantities.

b. 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 M or Z) to a MAP case (code M) or an FMS Credit Case (Code Z) must cite all types, sources, and amounts of financing.

c. Shifts of case value between two or more FMS cases by concurrent modification (reference Chapter 8, Section V, Paragraph A.12), provided the following are met:

(1) The foreign government official who requested the shift in case value must have the level of governmental authority of one authorized to accept LOAs by his signature and must indicate in the LOR that he is a duly authorized representative of his government.

(2) The case increases must be limited to changes which are not significant changes in scope, which would be defined as an increase in quantity of SME or MDE items.

(3) The AECA Section 36(b) reporting thresholds outlined in Chapter 7, Section IV, must be observed.

(4) The net change of the modifications must be less than or equal to zero; i.e., the modifications may transfer equal amounts of case value or may decrease the total amount of case values involved in the affected cases. For example:

Case(s) reduced	Case(s) increased	
(Total Case Value)	(Total Case Value)	Acceptable
-1,000	+1,000	Yes
-1,000	+ 800	Yes
-1,000	+1,200	No

(5) The case being increased must currently have collections equal to or greater than expenditures (see Chapter 8, Section V, Para. A.10.).

(6) If the addition of articles and/or services to the case being increased will generate a requirement for an initial deposit (reference Chapter 8, Section V, Paragraph A.9), a DD Form 1513-1 must be used.

(7) The case being decreased must have adequate funds available to cover outstanding requisitions and obligations.

(8) The modifications shifting case value between cases must be submitted as package to DSAA for countersignature and must cross reference each other in block (11), Description and Reason for Modification. For example:

*

(a) Case(s) being decreased: "Case value of \$1,000 is hereby transferred to FMS case BA-B-BAA (ref Notice No. 1)."

(b) Case(s) being increased: "Case value of \$1,000 is hereby transferred from FMS case BA-B-BBB (ref Notice No. 7)."

4. DD Form 1513-2's Requiring No DSAA Coordination or Countersignature.

a. Decreases to the value of DD 1513s or 1513-1s resulting from price reductions, deletions, or decreases in the quantities of articles or services to be sold, or decreases in the value of blanket order cases requested by the foreign government may be accomplished by DD 1513-2s which do not require countersignature.

b. The following additional modifications to a Letter of Offer or Amendment must be made on a DD 1513-2, but do not require DSAA coordination or

[This space left blank intentionally.]

· · · · · ·

. .

.

[This page left blank intentionally.]

.

.

114.1

.

(

8-55.2 Change No. 8, 31 March 1987

countersignature provided there is no change in the "terms of sale" or increase in the "total estimated costs":

(1) Changes or extensions exceeding 90 days of the delivery commitment date.
 (2) Extensions of the ordering period for a blanket order type case.
 (3) Changes to transportation codes due to the requirement to use the DTS (e.g., shipment of hazardous or sensitive cargo).

- (4) Clarifying notes.
- (5) Changes in payment schedules to LOAs or Amendments.

(6) Changes in Generic Codes and/or MASL Coding to correct an administrative error only; there should be no change to the description of articles or services to be sold.

5. <u>Price Changes During Case Closure</u>. Price increases or decreases discovered during case closure will be assessed the country during final billing if a closure certificate can be provided to the SAAC within six months of the supply completion date. When case closure certification will take more than six months from the supply completion date and the estimated final cost is expected to vary (increase or decrease) from the current case value by \$500,000 or 10 percent (whichever is less) a DD Form 1513-2 adjusting the case value is required.

6. <u>General Terms and Conditions</u>. 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. <u>Identification of Percentage Rate for Certain Costs</u>. 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. <u>Detailed Instructions and Format</u>. 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

	NITED STATES			SE	(1) PURCHASER (N	ine ana Aaarem;	(24 9 C	-0 G #)		
2) PURCHASER'S REFER- (3) AMD'T NO. (4) CASE IDENTIFIER NCL										
					AMEND					
					les (USG) hereby offe of the original case re			ana for the purc	haas of	
(6)		······································			(10)					
5 (6)	ignature (US Dept./A	sency Authorized R	epresentative)		Countersignatus (13)	• (Office of the i	Comptr	oller, DSAA)	(Dote)	
	yped Name and Title	•			Typed Name an	d Title				
()) /	ADDRESS:									
(8) (DATE									
	THIS OFFER TO AN				L					
he Off	ter of the Comptraits	ILISAA ()therwise	his Amendment	tu Offer	hown in block 9. Wit is cancelled and retent	ion of initial dep	of its an out by	offerer pending	must so dusposi	nouly
2) DI	SCRIPTION AND P	EASON(S) FOR AN	ENDMENT	ueat pron	npi notification if this	anter la referida.		*****		
TEM		ESCALPTION		UNIT	ESTIN	ATED		AVAILA-	OFFER	DE
GH HEF NO.	(Including	Stock Number plicablej	QUANTITY	OF	UNIT COST	TOTAL CO	ST	AND	RE- LEASE CODE	TER
13)		(14)	(15)	(16)	(17)	(18)		(19)	(20)	(21)
					ĺ					
						{				
						1				
ļ									ł	{
				}						
						{		1	1	1
			}			ſ			1	
				1		1			1	
									l	
ĺ]]					
221 E:	TIMATED COST		<u></u>	<u></u>	(a) PAEVIOUS COST			(b) AMENDED COST		
23) E	STIMATED PACKIN	G. CRATING, AND	HANDLING COST	's	s s					
·	TIMATED GENER				s s					
	TIMATED CHARG		·····	EMENT	•					
	THER ESTIMATED				·····					
	ipecity)						•			
27) ESTIMATED TOTAL COSTS 281 TERMS				s s						
40) f	L 1493									
			ACCEPT	ANCE C	FAMENDMENT					
							and u	pon behalt of w	nd Govi	ernmer
29) 1.	ails a duly authorized	representative of the	e Gevernment of							
	ain a duly authorized			d herein	(30) inia	dey of	•	. 1	9	
c. apt		nder the terms and c		d herein	(30) INIa [(32) SIGNATURE	dey of	-	¹	•	-

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. <u>BLOCK (2) PURCHASER'S REFERENCE</u>. 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. <u>BLOCK (3) AMENDMENT NUMBER</u>. 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. <u>BLOCK (4) CASE IDENTIFIER</u>. Enter the appropriate country code, implementing agency code and case designator (e.g., UK-P-DLG).

E. <u>BLOCK (5) SIGNATURE</u>. This block should be filled in by an authorized U.S. <u>Military Department</u> or Defense Agency representative prior to forwarding the amendment to the DSAA Comptroller for the required countersignature.

F. <u>BLOCK (6) TYPED NAME AND TITLE</u>. Type or stamp the name and title of the U.S. representative who signed Block (5).

G. <u>BLOCK (7) ADDRESS</u>. Enter the name of the issuing organization along with the address (e.g., DA, DCAS-SA, Pentagon, Washington, D.C. 20150).

H. <u>BLOCK (8) DATE</u>. Enter the day, month and year that the Amendment is submitted to the DSAA for countersignature.

I. <u>BLOCK (9) THIS OFFER EXPIRES</u>. Enter the appropriate date, normally 85 days from the date in Block (8).

J. <u>BLOCK (10) COUNTERSIGNATURE</u>. The authorized representative for countersignature within the DSAA Comptroller will sign all DD 1513-1s within this block except as specifically exempted in Chapter 8. Signature will not occur unless all the necessary information is contained on the DD Form 1513-1 and all required attachments are furnished. Amendments exempted from countersignature should contain the following implementing agency entry: "Not Required: SAMM, Chapter 8, Section V, Paragraph A.2. Date Reviewed (Enter Date)."

FIGURE 8-V-1. (Continued)

*

*

K. <u>BLOCK (11) TYPED NAME AND TITLE</u>. Type the name and title of the DSAA Comptroller authorized representative for countersignature who signed Block (10).

L. <u>BLOCK (12) PURPOSE OF THE AMENDMENT</u>. 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. <u>BLOCK (13) ITEM OR REFERENCE NO.</u> 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. <u>BLOCKS (14) THROUGH (19)</u>. 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.

0. <u>BLOCKS (20) AND (21) OFFER AND RELEASE CODE AND DELIVERY TERM CODE</u>. 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. <u>BLOCK (28) TERMS</u>. Enter the original terms of sale or any changes thereto. If the sales agreement is to be financed by a combination of sources of * financing, each term of sale and applicable amount will be cited. (deletion)

R. <u>BLOCKS (29) THROUGH (32)</u>. 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.

FIGURE 8-V-1. (Continued)

Change No. 8, 31 March 1987

NOTE THE FOLLOWING INFORMATION BEFORE SUBMISSION OF THIS AMENDMENT FOR COUNTERSIGNATURE

1. The DSAA Comptroller (FMS Control Division) is the point of entry within DSAA for coordination and countersignature of LOAs, LOIs (and amendments thereto), and notices to LOAs. In connection with the countersignature process, DSAA coordination will be accomplished by DSAA-OPS. See Chapter 7, Section II, Paragraphs C.9 and C.10.

2. Submit for countersignature to the DSAA Comptroller (FMS Control Division) all DD 1513-1s, except as specifically exempted in this section, with the original and two copies (three copies for FMS credit or MAP financed 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 that meets the criteria in Chapter 7, Section II, para C.8.c.(2).

8. Attach a financial analysis worksheet for each line item (end-items or services) with a total case value of \$14 million or more, or as required. (Reference Chapter 7, Section II, Para C.8.c.(1)(b).

9. Amendments to Letters of Offer reported to the Congress [Sec. 36(b) AECA] will include below Block 11 the latest identifying DSAA Transmittal Number used in the Statutory Notification (e.g., 85-29).

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)

Change No. 8, 31 March 1987

FIGURE 8-V-2

[page 1 of 2 pages]

U	INITED STATES I	DEPARTMENT O	FDEFENS	£	(1) PURCHAS	ER (Name and Addre	m) (ZIP Code)	
	OF MODIFICATI							
(2) PURCH	ASEN'S REFERENCE	(3) NUTICE NO.	(4) CASE IDE	NTIFIER				
Pursuant lat	the Arms Export Contro		OTICE OF M			purchase of modifie	ation of the above	
	ner. All other terms and							
(5)				(9)	_			
51G) (6)	NATURE (US Dipt / Age	ncy Authorized Keprese	ntatiu#)	CO (19)	UNTERSIGNATU	RE (Office of the Cor	nptroller, DSAA)(Dole	
	d Name and Title			Tyr	and Name and Title			
(7)ADD	DRESS.							
(8)DA1	TE. RIPTION OF AND REAL	SON(4) FOR MODIFICA	TION					
T				ſ	ESTI	MATED		
ITEM OR REF NO.	ITEM DESC (Including Stock Nu		QUANTITY	UNIT OF ISSUE	UNIT COST	TOTAL COST	AVAILABILITY AND REMARKS	
(12)		n	(14)	(15)	(16)	(17)	(18)	
				·				
				•				
			·			1		
HECAPITU	ECAPITULATION OF TOTAL DD FORM 1513 (UR 1513)		(4	PREVIO	S COST	(b) REVISED COST		
	MATED COST		5			•		
	MATED PACKING, CRA DLING COSTS	TING AND	\$		\$			
121) ESTI	MATED GENERAL		\$					
1231 OTHER ESTIMATED COSTS (Specily)			\$			8		
1251 1	a dudy authors ad recess		NOWLEDGE	IENT OF I	LECEIPT		h - h - 14 - 14	
	a duly authorized representation of the second second second second second second second second second second s				day of	and u	pon behalf of said	
(27) TYP	ED NAME AND TITLE		····	(28) SIGA	ATURE			
DD FOR	M 1512 0	PRI	EVIOUS EDIT	IONS MAY	BE USED			
JD . MAR	ll. 1513-2	PRI	EVIOUS EDIT	IONS MAY	BE USED	PAGE	1 OF PAGES	



FIGURE 8-V-2. United States Department of Defense Notice of Modification of Offer and Acceptance (DD Form 1513-2).

281 CONTINUATION		
-		
	REMARKS	
	1513-2 is utilized to record modifications to an existing DD Form 1513 and any re	
	, but only for those modifications which do not constitute a change in scope. Moc DD Form 1513-2 include all notifications of price increases and related changes in	
changes are those wh	scope of a DD Form 1513 require a formal amendment, utilizing DD Form 1513-1. ich affect the type or number of major items and/or services to be provided or which tem configuration or functions. Such changes must be made by utilization of DD For	
	513-2 does not require acceptance by the recipient country (customer) but merely receipt. (DD Form 1513-1 does require acceptance).	
4 411 4	nd conditions of an existing DD Form 1513 and any related amendments thereto not	

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. <u>BLOCK (2) PURCHASER'S REFERENCE</u>. 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. <u>BLOCK (3) NOTICE NO.</u> 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. <u>BLOCK (4) CASE IDENTIFIER</u>. Enter the appropriate country or international organization code, implementing agency code and case designator (e.g., UK-P-DLG).

E. <u>BLOCK (5) SIGNATURE</u>. Type or stamp name and title of the U.S. representative. Authorized representative should also sign this block.

F. <u>BLOCK (6) TYPED NAME AND TITLE</u>. Type or stamp the name and title of the U.S. representative who signed Block (5).

G. <u>BLOCK (7) ADDRESS</u>. 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. <u>BLOCK (9) COUNTERSIGNATURE</u>. The authorized representative for countersignature within the DSAA Comptroller will sign all 1513-2s within this block except as specifically exempted in this chapter. Signature will not occur unless all necessary information is contained on the DD 1513-2 and all required attachments are furnished. Modifications exempted from countersignature should contain the following implementing agency entry: "Not Required: SAMM, Chapter 8, Section V, Paragraph C.4. Date Reviewed (Enter Date)."

FIGURE 8-V-2. (Continued)



Change No. 8, 31 March 1987

J. <u>BLOCK (10) TYPED NAME AND TITLE</u>. Type the name and title of the DSAA Comptroller authorized representative for countersignature who signed Block (9).

K. <u>BLOCK (11) DESCRIPTION OF AND REASONS FOR MODIFICATION</u>. Describe briefly the modification(s) and the reason(s) requiring that such modification(s) 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. If the sales agreement is * financed by a combination of sources of financing, each term of sale and (deletion) applicable amount will be cited.

L. <u>BLOCK (12) ITEM OR REFERENCE NUMBER</u>. Enter reference to a specific part of the basic case or previous amendment.

M. <u>BLOCKS (13) THROUGH (18)</u>. 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. <u>BLOCKS (19) THROUGH (24)</u>. 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.

0. <u>BLOCKS (25) THROUGH (28) ACKNOWLEDGEMENT OF RECEIPT</u>. 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 DSAA Comptroller (FMS Control Division) is the point of entry within DSAA for coordination and countersignature of LOAs, LOIs (and amendments thereto), and notices to LOAs. In connection with the countersignature process, DSAA coordination will be accomplished by DSAA-OPS. See Chapter 7, Section II, Paragraphs C.9. and C.10.

2. Submit for countersignature to the DSAA Comptroller (FMS Control Division) all DD 1513-2s, except as specifically exempted in this chapter, with the original and two copies (three copies for FMS credit or MAP cases).

FIGURE 8-V-2. (Continued)

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:

"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.

6. Modifications to Letters of Offer reported to the Congress [Section 36(b) AECA] will include below Block (11) the latest identifying DSAA transmittal number used in the statutory notification (e.g., 85-29).

FIGURE 8-V-2. (Continued)

CHAPTER NINE

FMS DIRECT CREDIT AND GUARANTEED LOAN FINANCING

SECTION I - GENERAL

A. <u>PURPOSE</u>. 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. <u>INTRODUCTION</u>. 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. <u>Credit Sales</u>. 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.

Section 24 of the AECA authorizes the President to 2. Guaranties. 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.

ADDITIONAL PROVISIONS OF THE ACT. In addition to Sections 23 and 24, the D. AECA addresses the purposes of FMS and the use of credits and guaranties in numerous other sections of the AECA as follows:

Purposes for which Military Sales by the U.S. are Authorized. 1. 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.

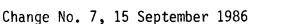
Violations. Section 3(c)(1)(A) of the AECA requires that no credits 2. (including participation in credits) may be issued and no guaranties may be extended for any foreign country if such country uses the defense articles or services in substantial violation of an agreement under Section 4 of the AECA (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 Sec. 3(f) of the AECA and Sec. 620A of the FAA, the President shall terminate all sales, credits, and guaranties to any government which aids or abets, by granting sanctuary from prosecution to any individual or group which has committed an act of international terrorism unless the President finds that national security requires otherwise.

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.

Prohibition Against Certain Military Export Financing by Export-5. 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 he available for any purposes for which funds are normally available.

9. <u>Coproduction/Licensed Production</u>. 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.

E. <u>CLASSIFIED MATERIELS</u>. If in the case of direct commercial contracts, the purchaser proposes to take delivery and custody of classified materiels in the United States and use its own facilities and transportation for forward shipment to its territory, the foreign purchaser must comply with the provisions of this manual, Chapter 8, Section III, paragraph F.2.i.

**

SECTION II - ELIGIBILITY

NEED FOR FINANCING. To the extent feasible, foreign governments purchas-Α. ing 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 In those cases where cash purchases are not feasible, the overall cost. 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 purchases 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.

Β. 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. <u>DENIAL OF FMS CREDIT</u>. 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. <u>Basis for Exception</u>. 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. <u>Requests for Exception</u>. 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

GENERAL. According to Section 25 of the AECA, no later than 1 February Α. 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 quaranties 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 posi-tion 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.

CONGRESSIONAL AUTHORIZATION AND APPROPRIATION. Β. 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 redelegated this authority to the Director, DSAA.

C. <u>APPORTIONMENT</u>. 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 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. <u>Guaranty Fee</u>. 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. <u>Signature Authorizations</u>. 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. <u>Guaranty</u>. 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. <u>Legal Opinion</u>. 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. <u>Direct Loans</u>. 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. <u>Applicability</u>. 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

preceding 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. <u>Repayment Period</u>. 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 statue. 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. <u>Frequency of Payments</u>. 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. <u>Funding Limitation</u>. 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. <u>Credit Financing of New FMS Cases</u>. For purchases initiated through the U.S. military departments, the borrower must cite FMS credit financing in its request for an LOA.

3. <u>Conversion of FMS Cases from Non-Credit to FMS Credit Financing</u>. 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. The DSAA will commit the appropriate amount of FMS loan funds to ** finance each approved purchase. DSAA policy requires the FMS loan funds to be committed to loans in their order of issuance. This encourages commitments within the normal expiration period of each loan, reduces the volume of loan records that must be maintained in an active status, and permits older loans to be closed out.



2. DSAA records commitments against a specific Fiscal Year loan (or MAP ** program). This information is maintained in DSAA ADP records but will not appear on LOA documents (DD Forms 1513, 1513-1, or 1513-2).

3. For new LOAs, DSAA initially commits credit (or MAP funds) during ** the countersignature process. DSAA adjusts commitments as required based on DD Forms 1513-1, 1513-2, or case closures.

4. Upon decommitment of prior year FMS credit (or MAP funds) for case ** closures, case value reductions, or case cancellations, DSAA will automatically revise the fiscal year breakout of funding on other active cases to reapply decommitted funds. DSAA will attempt to make all adjustments required by using a single, large value FMS case. In this manner, uncommitted funds will always be identified to current loans or MAP programs, permitting older programs to be closed out.

[This space left blank intentionally.]

[This page left blank intentionally.]

9-8.2

- н.
- DISBURSEMENT OF FMS LOAN FUNDS.

1. <u>General Policy</u>. 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 specific loan when disbursement of loan funds is required.

2. Expiration of Disbursement (FFB Loan Commitment) Period. Section 1.1 of FFB and DoD loan agreements (see Tables 9-III-1 and 9-III-3) define the period through which funds may be disbursed under the loan. In the case of FFB loans, this is called the loan commitment period. The term "commitment period" in this context means the period through which 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 loan funds before the expiration date, it may request an extension to the expiration date via an amendment to the loan agreement. Requests for such an amendment must be in writing from the borrowing country and must be submitted to the DSAA for interdepartmental coordination and processing of the amendment document. Amendments to FFB loans require the signatures of the borrowing country, the FFB, and the DSAA. Amendments to DoD loans require the signatures of the borrowing country and the DSAA.

3. <u>Requests for Disbursement of Loan Funds</u>. 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. <u>Methods of Disbursement</u>. 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, D.C.

5. <u>Limitation on FFB Disbursements</u>. 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. <u>Restriction on Use of FMS Loan Funds for Costs of Transporting FMS</u> 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. <u>Policies and Procedures</u>. FMS loan financing may be used, when approved by DSAA on a case-by-case basis, for the purchase of defense articles and services through direct commercial contracts with U.S. contractors. Generally, if a government-to-government transaction under FMS would be approved for FMS loan financing, a similar direct commercial contract would be approved. In order to insure that FMS loan funds are properly utilized, a careful review of loan financed direct commercial contracts is necessary. The purchasing country must make a formal request to the DSAA, accompanied by a copy of the contract. 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. <u>FMS Credit Guidelines</u>. Currently there are specific policies and procedures in existence in the Federal Acquisition Regulation and the Security Assistance Management Manual which apply to government-to-government FMS loan financed programs. The following FMS loan guidelines establish similar policies and procedures for the use of FMS loans for direct commercial contracts between U.S. industry and foreign countries.

(1) Purchases must be from U.S. incorporated firms licensed to do business in the U.S.

(2) The items purchased must be manufactured in the U.S. and be composed mainly of U.S. made items, components, and services. In the event that the purchase of a U.S. end item consists of both U.S. and non-U.S. components and services, only the value of the U.S. components and services will normally be financed. Foreign content which is an integral part of end products manufactured in the U.S. may be eligible for FMS loan financing under certain limited circumstances. Such financing will be considered when the DOD has procured or is procuring (under provisions of the FAR) the same items from the same foreign sources under existing multi- or bi-lateral agreements, Defense Industrial Cooperation (DIC) agreements, or because the item is not available from a U.S. source. Contracts should specify any non-U.S. origin items, components, or services.

(3) The total value of each contract or purchase order must be for \$100,000 or more. Contracts or Purchase orders for less than \$100,000 will not be approved for FMS loan financing.

(4) Loan financing is discouraged for purchases containing offset provisions as a condition for securing the purchase. Offset provisions are agreements by the seller to make investments or procurements in a country other than the U.S., either concurrent with or subsequent to the purchase for which financing is being requested. No FMS loan funds will be authorized or disbursed to pay for mandatory direct offsets. Mandatory direct offsets are procurements of a foreign-made component required by the foreign government as a condition of sale, for incorporation or installation in a U.S.-produced end item being sold. While FMS loan funds will not be authorized for foreignproduced content resulting from mandatory direct offsets, such funding can be authorized for the U.S. content.

(5) If the items or services are available from production in the U.S., purchases of materiel should be made to the maximum extent feasible from the prime manufacturer of assemblies or items, the assembler or a U.S.-based distributor licensed by the manufacturer who has had a longstanding relationship with the manufacturer and who has been provided with general domestic and/or international sales regions. Funding with FMS loan financing will not be considered for a procurement agent, broker, import-export firm or other intermediary unless justified on factors relative to specific country needs and the country's abilities to conduct commercial contracting. Α request for exception would be considered if sufficient justification is provided by the purchasing government as to why the purchase is sought from a firm other than the manufacturer. A list of suppliers and subcontractors for the proposed contract, showing names, addresses and the materiel and services to be procured by the intermediary must be provided as part of the purchasing government justification. In such a case it is assumed that the purchasing government will be aware of the extent of additional cost or markup by the intermediary and such data can be provided upon request.

(6) Contracts that include contingent agent fees up to \$50,000 may be approved for financing. DSAA will disapprove FMS loan financing for commercial contracts the price of which includes sales commissions or contingent fees which exceed \$50,000.

It is not the intent of the DSAA to determine 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. DOD regulations have limited the amount of agents' commissions payable for FMS transactions. Under the DOD FAR Supplement 25.7305, sales commissions in excess of \$50,000 on contracts implementing FMS transactions are not allowable costs.

(7) U.S. firms which are selling or have sold the same items to the Department of Defense (DOD) are generally recognized as having adequate production capabilities and having previously performed on their contracts in a satisfactory manner. It is recognized that many small businesses or firms that have not previously sold to the DOD may be the best qualified to provide articles or services unique to country needs. To verify contractors' statements and determine their capability to perform under the contract terms, a DOD preaward survey may be required as a condition to FMS loan financing. Such preaward surveys may not be required for firms with previous DOD contracting experience.

(8) When the prospective purchase is from a contractor that does not regularly sell to the U.S. Government, the purchaser should set a commencement date for the contract that allows at least 90 days for U.S.

**

**

Government representatives to conduct a survey of the contractor. Such a review and survey may be required in certain circumstances by DSAA as a condition for FMS loan financing of the contract.

(9) FMS loan funds will not be approved for funding of direct commercial letters of credit which assure payment to the supplier upon presentation by the supplier of invoices and/or delivery documents.

(10) No payments will be made to freight forwarders with FMS loan funds for transportation services. Rated, on-board bills of lading or rated air waybills may be approved for direct payments to U.S. carriers upon request.

(11) FMS loan funds will not be approved for payments for travel, per diem, accommodations, lodging, car rental, personal expenses or other similar expenses of purchasing country personnel in connection with a direct commercial purchase. Therefore, while these types of costs may be cited in contracts submitted, they must be paid by the purchaser. If such costs are included, either directly or indirectly, they must be expressly identified.

(12) Any purchase agreement that provides for a refund, penalty, liquidated damages, bonding provisions, or any other form of financial reimbursement to the purchasing country must be structured to ensure that such payment is made by the contractor or designated agent (including the contractor's commercial bank) directly and without undue delay, from the payor to the U.S. Government. Bonding and guarantee documents, such as Performance Bonds, Letters of Guarantee, Letters of Credit, and any other such instrument that is established by the contractor or his agent pursuant to the Purchase Agreement, must be received at the DSAA and made part of the Purchase Agreement file as a prerequisite to disbursement of FMS loan funds to the contractor. Bonding and guarantee documents lacking adequate provisions to ensure prompt payment to the U.S. Government will not be accepted but will be returned for revision, and the pertinent Purchase Agreement will be held in abeyance until this requirement is satisfied.

Reimbursement payments must be remitted to the addresses ** noted below. These payments, when received by the DSAA, will be credited to the purchasing country's FMS trust fund account and become available for reapplication by the country to any FMS or commercial case approved for FMS loan financing.

Any financial reimbursement relating to the Purchase ** Agreement which is equal to or less than the FMS loan funds paid by the DSAA on the Purchase Agreement will become available for reapplication by the country to any FMS or commercial case approved for FMS financing. In the event that the amount of reimbursement exceeds the amount of FMS loan funds paid by the DSAA on that Purchase Agreement, the excess amount of that reimbursement will be credited to the country's FMS trust fund account and become available to the country for application as "cash" to FMS cases.

Remittances should be processed as follows:

**

**

**

Payments by check must be accompanied by a letter which ** identifies the purchasing country and the DSAA case identifier. The check must be made payable to the "United States Treasury" and mailed to:

Defense Security Assistance Agency 1400 Wilson Boulevard Suite 535 Arlington VA 22209

follows:

United States Treasury New York, New York 0210-3000-4 Treasury NYC/(5037) Defense Security Assistance Agency Refund from: <u>(Name of Company)</u> for purchase made by the Government of <u>(Country)</u> under DSAA case (Identifier)

Payments by wire transfer should be transferred as

(13) Contracts should include all essential contract elements as indicated in Table 9-III-6. Complete copies of all provisions of contracts are required for DOD review for FMS loan funding. The purchaser must also submit to the DSAA for review all subsequent modifications, amendments or side letters/supplementary agreements which affect the contractual relationship between the buyer and the seller on FMS loan funded contracts.

(14) The contractor's certification form (at Table 9-III-7) is required to be signed by the contractor and submitted by the purchaser to the DSAA when the contract is provided for funding review. The form is a revision of the version dated October 1985 which is now obsolete.

(15) Generally, FMS CLSSAs are established to provide standard spare parts for items of U.S. origin. These agreements contemplate timely delivery of spare parts at a fair price. However, countries sometimes find it necessary to open commercial Basic Order Agreements (BOA) to provide for certain time sensitive items or for non-standard items. Commercial contracts for BOAs may be approved for FMS loan financing provided:

(a) Standard items first are requisitioned via CLSSAs.

(b) The commercial BOA is used for standard items only if the CLSSA requisition cannot satisfy the purchaser's delivery requirements.

(c) Listings of requirements are provided with BOA contracts, whenever possible.

(16) For some contracts or purchase orders, the DSAA may require that a DOD quality assurance verification be performed before delivery of the materiel to assure that the quality of the materiel is in accordance with contract terms, or for DOD standard items, U.S. military specifications. In the event that the DSAA determines that such quality assurance is required, the purchaser will be notified when the contract is reviewed that DOD quality

assurance services from the Defense Logistics Agency (DLA), through the Defense Contract Administration Services (DCAS) office in New York, are required as a condition for FMS loan financing of the contract. Although the cost of such quality assurance services may be included in the contract, the purchaser will be required to arrange for these services through an FMS agreement with the DCAS.

(17) Cargoes financed with FMS loan funds are required to be shipped on U.S. flag vessels unless the DSAA or the U.S. Maritime Administration (MARAD) has granted a general, security or non-availability waiver. The waivers are described in the loan agreements and may apply to either specific shipments or to shipments for the period of the loan. Contracts submitted for FMS loan financing which specify non-U.S. flag shipment may not be approved for financing if an appropriate U.S. cargo preference waiver has not been approved. Transportation costs will be approved for only those shipments made on U.S. flag vessels, even though a waiver may be granted, when the cargo is also financed with FMS loan funds.

(18) A down payment may not exceed the amount of cost incurred by the contractor up to the date of submission of the down payment invoice plus termination liability to be incurred during the first 90 days, less profit, as certified by the contractor. Follow-on payments will be based upon the accomplishment of specific milestones detailed in the contract based on deliveries or contractor costs incurred. Payment requests may be submitted quarterly or less frequently. Follow-on payments will not be greater than contractor's costs incurred as of the date of the invoice plus costs to be incurred (which include termination liability) through the next 90 days. A proportional share of profit may also be recovered in follow-on payments, based upon milestones achieved or partial deliveries. The contracts or purchase orders must identify the amount of the down payment and the follow-on payments.

(19) FMS loan financing may be used, when approved on a caseby-case basis by DSAA, for the purchase of defense articles, defense services, and design and construction services from U.S. contractors on a direct commercial basis. However, as indicated in the FMS Credit Agreement to which the U.S. Government and the foreign government are parties, the U.S. Government is under no obligation to approve any specific commercial contract for FMS financing.

(20) Pricing comparisons are being performed on a selective basis as part of the contract review process. Current DOD procurement prices will be used as a source of comparison prices to assure a valid comparison. However, if DOD has excess stocks available at a lower price, cr if the purchaser has invested in early procurement through an FMS CLSSA case for the same type of item, we will so notify the contractor and the purchaser. When prices are discovered which appear to be excessive in comparison to new acquisition of comparable items for DOD or domestic purchase, the contractor will be advised. Our objective is to maximize the benefits of limited FMS funds; however, we recognize that certain circumstances, especially delivery schedules, may justify paying higher prices. Unjustifiably excessive prices may be cause for disapproval of FMS loan financing.

(dele) **

**

(21) It is extremely important to emphasize the requirement that the purchaser provide prior notification to DSAA of their acquisition plans. The form at Table 9-III-8 should be used for this purpose. A completed form should be submitted for each requirement for which the purchaser anticipates making a direct commercial purchase with FMS loan funding. The identification of requirements should be provided as far in advance as possible (preferably 60 days) before solicitation of bids or initiation of contract negotiations. This will allow the DOD sufficient time to evaluate the proposed acquisition and seek any required clarification prior to solicitation.

(a) While the DSAA does not desire to delay the procurement of defense materiel, early identification of prospective purchases through direct commercial contracts is necessary. If prior notification is not provided to the DSAA prior to submission of contracts, it may result in contract review being delayed or contracts being returned without review.

(b) Additionally, it is highly recommended that, whenever possible, several U.S. manufacturers be contacted by the purchaser for solicitation of bids to meet its specific needs. When the purchaser has made a selection and a direct commercial contract is submitted to DSAA for FMS loan financing review, by separate letter the purchaser should identify the various contractors solicited as well as the basis for selection. If the contract was not competitive and the firm was selected on a sole source basis, the reasons for such selection should be provided when the contract is submitted for review. If this information is not provided, the contract review will be delayed pending verification of the use of competitive contracting.

(22) The Defense Contract Audit Agency (DCAA) has expressed concerns about the formation by U.S. prime contractors of separate corporate segments to conduct foreign sales. In some cases, when significant intracompany contracting is involved, the resulting allocations of costs are inconsistent with cost accounting standards and would unjustifiably result in the allocation of additional costs to DOD contracts. If U.S. DOD prime contractors establish separate companies or other corporate segments for the purpose of conducting foreign sales and request FMS credit financing for sales by such segments, DSAA will request DCAA review of the transaction. FMS credit financing will be approved upon confirmation by the DCAA that the arrangement is consistent with cost accounting standards and that there would be no unjustifiable additional cost on DOD contracts with the prime contractor.

The Defense Security Assistance Agency is not staffed in a a. manner which would enable it to conduct independent debarment/suspension pro-Therefore, with respect to approval of financing for U.S. conceedings. tractors, DSAA relies heavily on the experiences of other U.S. Government agencies which are empowered to debar/suspend contractors for cause. Contracts will not be approved for U.S. suppliers which are included in the U.S. General Services Administration List of Debarred, Suspended, and Ineligible Contractors, the U.S. Commerce List of Denial Orders Currently Affecting Export Privileges or similar determinations in which the U.S. Department of State has made certain contractors ineligible to export material under the International Traffic in Arms Regulations. Should contracts involving such suppliers be submitted to DSAA, they will be returned to the prospective purchaser without action with the appropriate indication as to the agency

**

which has initiated the action of debarment/suspension. A copy of the letter will be furnished to the contractor involved. The action required before such contracts can be considered for FMS financing is for the U.S. contractor involved to take appropriate administrative or legal steps to remove his organization from the debarment/suspension list. Such action should be taken directly with the Agency which has debarment responsibility.

b. These guidelines are additive to the requirements contained in FMS loan agreements. Contracts and supporting documentation should be submitted to:

Defense Security Assistance Agency ATTN: FRCPD 1400 Wilson Boulevard Suite 535 Arlington, Virginia 22209

Questions concerning these policies and procedures should be directed to:

DSAA Operations Management Division (DSAA/OPS-E) The Pentagon Washington, D.C. 20301

2. <u>Documents and Statements</u>. 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.

[Space left blank intentionally.]

[Page left blank intentionally.]

Change No. 9, 31 July 1987

J. OFFSHORE PROCUREMENT (OSP).

1. <u>Statutory Requirement</u>. Section 42(c) of the AECA provides that "funds made available under this 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 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. DODD 2125.1 outlines OSP procedures when non-merged MAP funds are involved (See Chapter 11, Section I, Para. A.1.e.)

K. REPAYMENTS OF FMS LOANS.

1. <u>Payment Due Dates</u>. 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. <u>Repayments Overdue More than One Year</u>. Overdue repayments which continue in arrears for more than one year are subject to the sanctions of the "Brooke Amendment" which is an integral part of each recent foreign assistance and related programs appropriations act and continuing resolution. The Amendment states:

No part of any appropriation contained in this Act shall be used to furnish assistance to any country which is in default during a period in excess of one calendar year in payment to the United States of principal or interest on any loan made to such country by the United States pursuant to a program for which funds are appropriated under this Act.

Although the provision specifically states only USG foreign aid funds which are appropriated, are affected, Section 24(c) AECA has the practical effect of making the Brooke Amendment applicable to FMS guarantied loans as well. Consequently, Brooke Amendment sanctions are activated by arrearages of more than a year on either aid-financed or FMS-financed loans (direct and guaranteed).

. 2

Once invoked, the restrictions apply to most U.S.-funded foreign aid programs (economic and military).

a. Specific sanctions under the Brooke Amendment are as follows:

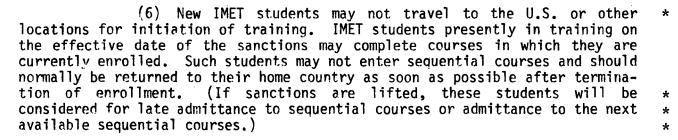
(1) New loan agreements or guaranties cannot be offered or issued.

(2) FMS Letters of Offer (LOAs) financed with FMS Credit (FMSCR) or Military Assistance Program (MAP) funds that were or may be accepted by a country on or after the effective date of the sanction will not be implemented.

(3) New or pending FMSCR or MAP financed LOAs will not be countersigned or issued to the country for acceptance.

(4) Direct commercial contracts which require new FMSCR ** financing will not be approved.

(5) FMSCR or MAP financed cases accepted prior to effective * date of sanctions remain in force and will be executed. Modifications or * amendments to existing implemented FMS cases are allowed as long as commitment * of previously uncommitted FMSCR or MAP funds is not required.



(7) IMET funded Mobile Training Teams (MTTs) and Language * Training Detachments (LTDs) may not be dispatched or extended beyond their scheduled termination date.

(8) IMET funded training aids may not be issued from supply * nor placed on contract by the supplying agency.

(9) The foregoing sanctions remain in effect until payment is * received or a bilateral debt rescheduling agreement is signed by both the country and the U.S. Government. All concerned will be advised by DSAA of a change in status of sanctions.

b. Cash FMS purchases are not subject to these restrictions. Cash * payments from national funds may be used to sustain existing FMS cases or fund new cases when available credit or MAP funds cannot be committed. However, in * most instances it is preferred that a country under the Brooke Amendment use its available national funds to eliminate the arrearage rather than undertake new programs. (NOTE: If cash or FMSCR financing is used to finance, in whole * or part, any existing MAP financed case, any preferential pricing attributable * to 100% MAP financing under section 503(a)(3) of the Foreign Assistance Act of * 1961, as amended, is void and FMS pricing guidelines must be applied to the

*

entire case in accordance with paragraph 71010 of the <u>FMS Financial Management</u> <u>Manual</u> (DOD 7290.3-M). This action could increase the value of the case significantly and may not be in the best interest of the purchaser or the USG.)

c. Pipeline deliveries on materiel blanket open-ended cases implemented prior to the effective date of sanctions are allowed to continue * regardless of term.

d. Requisitions on materiel blanket open-ended cases may be processed.

5. <u>DSAA Role as Guarantor of FFB Loans</u>. 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.

[This space left blank intentionally.]

[This page left blank intentionally.]

TABLE 9-III-1

DOD GUARANTEED LOAN AGREEMENT ISSUED BY THE FEDERAL FINANCING BANK

LOAN AGREEMENT

_____between LOAN AGREEMENT made and entered into as of the day of 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 f 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 the 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 an 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

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;

(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 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(a) hereof.

SECTION 6. DEFAULTS.

6.1 A condition of default shall exist upon the occurrence of any of the following events of default:

(a) If the Borrower fails for a period of ten calendar days to make any payment of principal or interest on the Note when due;

(b) If a default shall have occurred on any other loan to the Borrower by the DSAA, a holder of the Note, or the 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, and (ii) such default shall continue unremedied for thirty calendar days after written notice thereof shall have been given by the DSAA to the Borrower; or

(e) If the Borrower defaults in the performance of any other 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.

6.2 Upon each and any such event, the holder of the Note may declare immediately due and payable the unpaid principal and accrued interest on the Note and any other note or other indebtedness of the Borrower held by the holder of the Note and thereupon such amount shall become immediately due and payable without protest, presentment, notice or other demand of any kind, all of which are hereby expressly waived by the Borrower, and if such event occurs before the full amount of the Loan Proceeds has been disbursed or before any other loan commitment of the holder of the Note to the Borrower has been fulfilled, the holder of the Note may terminate or suspend such 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 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

(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, convenants, 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 of 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

ΒY

FEDERAL FINANCING BANK

ΒY

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)

DOD 5105.38-M

PRINCIPAL REPAYMENT SCHEDULE

FFB NOTE: FMS-

The	firs	t \$		will	be	repaid o	n
The	next	\$		U .	н	n ii	
н	н	- 19		ļt ,	11	8 8	
11	11	. 11.		11	в	и п	
11	H	่ม่		п	п	n n	
н	н	Ħ		н		18 11	
н	11	11		н	н	11 11	
п	н	11 ·		н	11	น เป	
н	н	Ħ		11	u	0 0	
ุ่ม	11	п	•	11	u	46 EE	
11	11			11	п	n n	
н	11	11		H	11	11 - 14	
н		П.		н	11	11 11	
11	- 11	н	- · ·	11	**	·II - H	

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:

<u>First</u> 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.

<u>Second</u> 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:

FMS Case	Military Department	Amount U.S. \$		
	(Army, Navy or Air Force)			

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:

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. _________ administrated 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

ΒY

(Name and Title Typed)



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

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.

TABLE 9-III-1. (Continued)

The state of the second state of the second

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

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, billsof-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:

•	Funds Reserved	Case Identifier
	for this	Assigned to
Supplier	Contract/Purchase	<u>This Purchase</u>

Sincerely,

(Signed) (DSAA Comptroller's Office)

DOD 5105.38-M

EXHIBIT B

DSAA REQUIREMENTS FOR DOCUMENTATION TO SUPPORT REQUESTS FOR ADVANCES

1. This Exhibit describes the documents which the Borrower must furnish to the DSAA Comptroller in support of letter requests for advances.

2. Whenever the Borrower desires funds from the FFB, its representative(s), as designated per Section 4.1(c) of the Loan Agreement, shall forward the written request (in duplicate), prepared in accordance with Annex II of the Agreement, to the Office of the Comptroller, DSAA, The Pentagon, Washington, D.C. 20301, not less than 18 working days before the desired disbursement date.

3. With each request for an advance, the Borrower will provide a letter addressed to the Director, Defense Security Assistance Agency, substantially in the format as follows:

Dear Sir:

In accordance with the provisions of Section 1.4 of our Loan Agreement with the Federal Financing Bank dated (date), the Government of _______ hereby requests DSAA approval for an advance of (amount) from that loan.

The Government of _______ acknowledges that all materiel financed from this loan which is to be shipped by ocean surface transportation must be transported in privately owned vessels of United States registry unless a waiver is obtained in accordance with Section 7 of the Loan Agreement. In furtherance of this requirement, the suppliers of the materiel being financed with this advance were so notified and given appropriate shipping instructions.

In connection with this request, the Government of also confirms that: [Select the proper clause from the following.]

the services and/or items for which payment is requested have been satisfactorily delivered

or

or

the advance payment requested is in accordance with requirements of the contract

the progress payment requested is in accordance with requirements of the contract

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 transpor-tation from a United States port of embarkation the supplier will include a certification with the invoice as follows:

The (Commercial Supplier) acknowledges t United States Government funds are being used by the (Borrower) that 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.

2. The <u>(Commercial Supplier)</u> hereby confirms that the contract price includes sales commissions and contingent fees in the aggregate amount of <u>\$</u> (Amount).

> (Signed) (Commercial Supplier)

or.

The <u>(Commercial Supplier)</u> 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 <u>signed</u> by the <u>Commercial Supplier</u> and substantially in the format as follows:

The <u>(Commercial Supplier)</u> 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. <u>Whenever funds from this loan are to be used to pay the Defense Property</u> <u>Disposal Service (DPDS)</u>, 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 LOAs it approves for financing from this loan.

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

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 shipmentby-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:

- 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 identify-ing 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-2

GUARANTY

FOR VALUE RECEIVED, the Defense Security Assistance Agency of the Department of Defense ("DSAA"), hereby unconditionally and irrevocably guarantees to the Federal Fianncing 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 unders 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 materiel amendment of the Agreement or Note or consent to any materiel 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

3

LOAN AGREEMENT

LOAN AGREEMENT made and entered into as of the _____ day of _____ ("Borrower") and the Government of the United States of America as represented by the Defense Security Assistance Agency ("DSAA").

WHEREAS, the Borrower desires to enter into purchase contracts ("Purchase Agreements") with Military Departments and Agencies of the United States Department of Defense ("DoD"), various United States commercial suppliers, or both of them for the purchase of defense articles, defense services, and design and construction services of United States origin (with regard to articles and services financed hereunder, hereinafter collectively referred to as "Defense Items"); and

WHEREAS, the Borrower has requested a loan from the Government of the United States of America (hereinafter sometimes referred to as the "Lender") to finance payments required to be made by the Borrower under the Purchase Agreements; and

WHEREAS, it has been determined that the aforesaid requested loan will facilitate the purposes of the Arms Export Control Act, as amended ("Act").

NOW THEREFORE, in consideration of the premises and the mutual covenants hereinafter set forth, the parties hereto agree as follows:

SECTION 1. COMMITMENT

1.1 Subject to the terms and conditions of this Loan Agreement ("Agreement"), the Lender agrees to make advances to the Borrower from time to time in an aggregate principal amount not to exceed dollars (U.S.), the obligation of the Lender under this section being hereinafter called the "Loan Proceeds."

1.2 Before requesting any advance hereunder, the Borrower shall execute and deliver to the DSAA a single promissory note ("Note") substantially in the form attached hereto as Annex I.

1.3 The Loan Proceeds shall be available only to finance the purchase of Defense Items by the Borrower pursuant to Purchase Agreements approved for such financing by the DSAA in accordance with the policies and procedures in effect at the time such financing is approved. The current DSAA procedures for obtaining this approval are, without being incorporated herein, attached hereto as Exhibit A. Each authorization for the Borrower to enter into a Purchase Agreement in implementation of this Loan Agreement shall be separately communicated by the DSAA in writing to the Borrower substantially in the form of the Attachment to Exhibit A. The authorization shall specify the case

TABLE 9-III-3. LOAN AGREEMENT

identifier assigned by the DSAA to, and the amount of financing authorized for, the approved Purchase Agreement.

1.4 (a) Each advance hereunder by the Lender shall be made upon the delivery to the DSAA of a letter request from the Borrower. The letter request shall be in the form set forth in Annex II and shall be delivered to the DSAA not less than fifteen business days before the disbursement date. Documentation in support of letter requests shall be in accordance with DSAA policies and procedures in effect at the time the Purchase Agreement, for which the advance is requested, was approved by the DSAA. The current DSAA requirements for documentation supporting requests for disbursement are, without being incorporated herein, attached hereto as Exhibit B.

(b) Not more than two advances shall be requested in any single month, except that an advance of \$100,000 or more may be requested at any time. An advance may consist of payments to more than one supplier.

(c) Advances made to the Borrower shall be authorized in accordance with Requests for Advances, which shall be prepared by the Borrower in the form of Annex II hereof and forwarded to the Lender for each advance. Each advance shall bear interest, as provided in Section 2, commencing with the disbursement date of the advance.

(d) Subject to the terms and conditions of this Loan Agreement, the Lender agrees to make advances to the Borrower from time to time for a period of three (3) years from the date of this Loan Agreement.

SECTION 2. REPAYMENT AND ASSIGNABILITY.

2.1 (a) The Borrower hereby agrees to repay the principal of the advances made under this Agreement semiannually in accordance with the repayment schedule set forth in the Note ("Schedule"), and to pay interest on such outstanding unpaid principal as provided in the Note. All payments of principal and interest shall be made in immediately available funds of lawful money of the United States of America, at the Federal Reserve Bank of New York, as provided in Annex III hereof.

(b) If on any installment date in the Schedule the outstanding balance of the advances is less than the amount of principal due, the Borrower shall, on such installment date, repay the entire outstanding balance, plus accrued interest thereon. If thereafter the Borrower shall avail itself of the Loan Proceeds in an amount which would have been payable on a prior installment date but for the provisions of the immediately preceding sentence, such amount, plus accrued interest thereon, shall be repayable on the next succeeding installment date of the Schedule occurring after the disbursement of such amount and the scheduled principal repayable on that date shall be increased by such amount.

(c) If by the final date specified in Section 1.4(d) hereof the Borrower has not availed itself of the entire amount of the Loan Proceeds, and

TABLE 9-III-3. (Continued)

if such date is not extended by amendment to this agreement, the installments of principal in the Schedule shall be reduced in the inverse order of the maturity thereof to the extent of the unused balance of the Loan Proceeds.

(d) The Borrower may prepay principal in part or in full without penalty or premium, but such prepayment must be accompanied by payment of interest on the amount prepaid to the date of repayment and must be applied to the satisfaction of installments of principal repayments in the inverse order of their maturities.

2.2 Whenever any payment under the Note shall be due on a Saturday, Sunday, or a day on which the DoD or the Federal Reserve Bank of New York are not open for business, such payment shall be made on the first day thereafter on which the DoD and the Federal Reserve Bank of New York are open for business, and such extension of time shall be included in computing interest in connection with such payment, but excluded from the next interest period, if any.

2.3 If the Borrower fails to make payment when and as due of any installment of principal or interest under the Note, the amount payable shall be overdue installment of principal or interest, plus interest thereon at the rate specified in the Note, from the due date to the date of payment. 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 percent per annum on such installment or part thereof for each day thereafter until payment is made.

2.4 The Lender may sell or assign the Note at any time, in whole or in part. However, if the Lender intends to sell or assign the Note or any part thereof to any entity other than an agency of the United States, the Lender shall give the Borrower written notice thereof not less than fifteen days prior to the date of the intended sale or assignment; in that event, the Borrower shall have the option, to be exercised by giving written notice to the Lender at least five days prior to the intended sale or assignment, to purchase the entire Note on such terms and conditions as are established by the Lender.

SECTION 3. REPRESENTATIONS AND WARRANTIES.

The Lender has entered into this Agreement and will make the loan provided for herein on the basis of the following representations and warranties of the Borrower:

(a) The Borrower has full power, authority and legal right to incur the indebtedness contemplated in this Agreement on the terms and conditions contained herein, and to execute, deliver and perform this Agreement and the Note;

(b) The execution, delivery and performance of this Agreement and the Note will not violate any provisions of, and have been duly and validly

TABLE 9-III-3. (Continued)

authorized under, the laws of the Borrower, and all actions necessary to authorize the borrowings hereunder and the execution, delivery and performance of this Agreement and the Note have been duly taken; and

(c) This Agreement has been, and the Note when issued will be, duly executed and delivered by persons duly authorized, and this Agreement constitutes, and the Note when issued will constitute, the valid, legal and binding obligation of the Borrower, enforceable in accordance with their respective terms.

SECTION 4. CONDITIONS OF LENDING.

4.1 The obligation of the Lender to make advances hereunder is subject to the conditions precedent that, prior to the first disbursement, it shall have received, satisfactory to it in form and substance:

(a) Evidence of the authority of each person who (i) signed this Agreement on behalf of the Borrower, (ii) signed or will sign the Note, and (iii) will sign on behalf of the Borrower, any notices, requests for advances, or other documents contemplated by this Agreement. Evidence of this authority shall be in the form of the letter at Annex IV; and

(b) The Note executed by the duly authorized representative of the Borrower.

4.2 The obligation of the Lender to make any advance hereunder is subject to the further conditions precedent that:

(a) No event of default within the meaning of Section 6 hereof shall have occurred;

(b) The DSAA shall have received a letter request executed by the duly authorized representative of the Borrower and prepared in accordance with the procedures for disbursement of Loan Proceeds; and

(c) All legal matters incident to the Note, and this Agreement shall be satisfactory to the General Counsel of the DSAA.

SECTION 5. COVENANTS.

The Borrower covenants and agrees that from the date of this Agreement and so long as any amounts remain unpaid on the Note or otherwise under this Agreement:

(a) All payments of principal and interest on the Note and other fees and expenses shall be made free and clear of, and without deduction for, any and all taxes, levies, duties, fees, charges, deductions, withholdings, restrictions or conditions of any nature whatsoever now or hereafter imposed, levied, collected or assessed with respect thereto, by or with respect to the Borrower or any authority thereof or therein;

(b) Any claim which it may now or hereafter have against any person, corporation or other entity (including without limitation, the Government of the United States, DoD, DSAA and any supplier of Defense Items) in connection with any transaction, for any reason whatsoever, shall not affect the obligation of the Borrower to make the payments required to be made to the Lender under this Agreement or the Note, and shall not be asserted as a defense to the payment of such obligation or as a setoff, counterclaim, or deduction against such payments;

(c) It will pay all taxes, now or hereafter in effect, imposed with respect to this Agreement or the Note by any government other than the Government of the United States of America and will save and hold harmless any holder of the Note from all losses or liabilities resulting from any delay or omission to pay such taxes; and

(d) Any legal action or proceeding against it by the Lender with respect to this Agreement or the Note may be brought in the Courts of the District of Columbia or in the United States District Court for the District of Columbia or in the courts of the Borrower, as the Lender may elect, and by execution and delivery of this Agreement, the Borrower submits to each jurisdiction. In the case of the Courts of the District of Columbia or of the United States District Court for the District of Columbia, the Borrower consents to the service of process out of said courts by mailing copies of such process by registered United States mail, postage prepaid, to it at its address set forth in Section 8.3(a) thereof.

SECTION 6. DEFAULTS.

6.1 A condition of default shall exist upon the occurrence of any of the following events of default:

(a) If the Borrower fails for a period of ten calendar days to make any payment of principal or interest on the Note when due;

(b) If a default shall have occurred on any other loan to the Borrower by the DSAA, a holder of the Note, or the Government of the United States of America or any agency thereof;

(c) If any representation or warranty made by the Borrower herein or any certification of the Borrower required herein proves to be at any time incorrect in any material respect;

(d) If (i) the Borrower defaults in the performance of any of the provisions in Sections 1, 2 or 7 hereof, and (ii) such default shall continue unremedied for thirty calendar days after written notice thereof shall have been given by the DSAA to the Borrower; or

(e) If the Borrower defaults in the performance of any other provision of this Agreement, and such default shall continue unremedied for thirty calendar days after written notice thereof shall have been given to the Borrower.

6.2 Upon each and any such event, the holder of the Note may declare immediately due and payable the unpaid principal and accrued interest on the Note and any other note or other indebtedness of the Borrower held by the holder of the Note and thereupon such amount shall become immediately due and payable without protest, presentment, notice or other demand of any kind, all of which are hereby expressly waived by the Borrower, and if such event occurs before the full amount of the Loan Proceeds has been disbursed or before any other loan commitment of the holder of the Note to the Borrower has been fulfilled, the holder of the Note may terminate or suspend such disbursements and commitments. The Borrower shall pay all costs and expenses, including attorney fees incurred in the collection of amounts due hereunder after default.

SECTION 7. TRANSPORTATION.

7.1 All Defense Items to be transported from the United States by ocean vessel shall be transported in vessels of United States registry unless a waiver is obtained from the DSAA or the Maritime Administration, 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 Agreements already entered into, within ten days of the date hereof, and

(b) for Purchase Agreements hereafter entered into, on the date the Purchase Agreement is consummated.

7.2 The Borrower shall provide the following information to the Director, Office of Market Development (MARAD), with respect to any ocean or air shipments of Defense Items from the United States: (a) FMS Case Identifier, (b) FAS value of cargo, (c) supplier, (d) freight forwarder, (e) freight cost, (f) name of vessel or airline, (g) vessel/aircraft flag of registry, (h) date of loading, (i) port or place of loading, (j) port or place of final discharge, (k) cargo description, (l) gross weight of cargo, and (m) cubic measurement of cargo. This information shall be provided as soon as possible and in any event not later than 90 days from the date of shipment, and shall contain a reference to this Agreement.

7.3 Advances hereunder may be used to pay ocean or air freight costs for transportation of only those Defense Items financed by this loan and only if such items are carried on vessels or aircraft of United States registry.

SECTION 8. MISCELLANEOUS.

8.1 The Borrower and the Lender may agree at any time hereafter to apply a portion or portions of Loan Proceeds that have not been approved to finance

TABLE 9-III-3. (Continued)

Purchase Agreements (in accordance with Section 1.3 hereof) as a participation or participations in credit(s) furnished to the Borrower for the financing of the purchase of Defense Items by the Borrower pursuant to Purchase Agreements so approved. Such participation(s) shall be limited to those in credit(s) furnished by any individual, corporation, partnership, or other juridicial entity doing business in the United States, and the Borrower and the Lender shall agree for that purpose with the entity furnishing said credit(s) on the terms and conditions under which the credit(s) will be furnished.

8.2 No omission or delay on the part of the Lender in exercising any right hereunder shall operate as a waiver of such right or any other right hereunder. The rights and remedies prescribed herein are cumulative and not in limitation of or substitution for other rights or remedies of the Lender.

8.3 Any notice, demand or other communication hereunder shall be deemed to have been given if in writing and actually delivered at the addresses shown below:

(a) In the case of the Borrower to:

(b) In the case of MARAD to:

Director, Office of Market Development Maritime Administration U.S. Department of Transportation Washington, D.C. 20590

(c) In the case of the Lender to:

Director, Defense Security Assistance Agency The Pentagon Washington, D.C. 20301

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 Lender and their respective successors and assigns, except that the Borrower may not assign its rights or obligations hereunder without the prior written consent of the DSAA. All agreements, covenants, representations and warranties made herein shall survive the delivery of the Note and the making of the advances hereunder.

8.6 This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute a single instrument. Annexes I, II, III, and IV attached hereto are, by this reference, made a part of this Agreement.

8.7 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 any one or more of the provisions contained in this Agreement or the Note should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein or therein shall not in any way be affected or impaired. This Agreement or the Note may be amended only with the mutual written consent of the Borrower, Lender, and holder of the Note.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers and representatives on the day and year first above written.

GOVERNMENT OF

Ву _____

GOVERNMENT OF THE UNITED STATES OF AMERICA

Ву _____

LOAN AGREEMENT

ANNEX I

PROMISSORY NOTE

FOR VALUE RECEIVED, THE GOVERNMENT OF ("Borrower") hereby promises to pay to the Government of the United States of America ("Lender") such sums as may be advanced hereunder. The Lender shall not be obliged to advance more than ______ dollars (U.S. \$_____).

The principal amount advanced under this Note shall be repaid in installments of \$ and installment of \$. The installments shall be due and payable on and of each year commencing on , with the final installment due on . A schedule of the principal amounts due is attached hereto.

Advances shall bear interest on the unpaid principal balance outstanding at a rate of ______ percent per annum on ______ and _____ of each year commencing on

Interest shall be calculated on the basis of a year of 365 days and the actual number of days elapsed. The total amount of advances hereunder shall be repaid, with right of prepayment, in accordance with the schedule attached to this Note.

Both principal and interest shall be paid in lawful money of the United States in immediately available funds at the Federal Reserve Bank of New York.

This Note is issued at Washington, D.C., pursuant to the Loan Agreement dated ______ between the Borrower and the Lender, and is subject to the terms and entitled to the benefits of that Agreement.

	GOVERNM	ENT OF	
Date:		Ву	 (SEAL)
	•.		

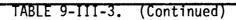
TABLE 9-III-3. (Continued)

Change No. 6, 1 March 1986

ATTACHMENT TO ** ANNEX I

PRINCIPAL REPAYMENT SCHEDULE

The first	shall	be	repaid	on	
The next	shall	be	repaid	on	
The next	 shall	be	repaid	on	
The next	 shall	be	repaid	on	······································
The next	 shall	be	repaid	on	
The next	 shall	be	repaid	on	
The next	 shall	be	repaid	on	
The next	 shall	be	repaid	on	· ·
The next	 shall	be	repaid	on	
The next	 shall	be	repaid	on	
The next			repaid		
The next	 shall	be	repaid	on	
The next	 shall	be	repaid	on	
The next	 shall	be	repaid	on	
The next	 shall	be	repaid	on	•
The next	 shall	be	repaid	on	
The next	 shall	be	repaid	on	
The last	 shall	be	repaid	on	



**

ANNEX II

FORM OF LETTER REQUEST FOR ADVANCE OF FUNDS

Director Defense Security Assistance Agency Pentagon Washington, D.C. 20301

Dear Sir:

e e

In accordance with the provisions of Section 1.4 of our Loan Agreement with the Government of the United States of America dated <u>(date)</u>, the Government of <u>hereby</u> requests the DSAA approval and disbursement of an advance of (amount) from that loan.

The Government of ________ acknowledges that advances hereunder may be used to pay ocean and air freight costs only for transportation of Defense Items being carried on vessels or aircraft of United States registry, and that all materiel financed from this loan which is to be shipped by ocean surface transportation must be transported in privately-owned vessels of United States registry unless a waiver is obtained in accordance with Section 7 of the Loan Agreement. In furtherance of this requirement, the suppliers of the materiel being financed with this advance were so notified and given appropriate shipping instructions.

In connection with this request, the Government of confirms that, as appropriate: the defense articles and services for which payment is requested have been satisfactorily delivered; or the advance payment requested is in accordance with requirements of the contract; or the progress payment requested is based on the contractor's satisfactory progress and is in accordance with requirements of the contract; and that payment is therefore due and unpaid under the Purchase Agreement (Case Identifier) with the (Supplier).

Sincerely,

GOVERNMENT OF

Ву ____

(Name and Title)

TABLE 9-III-3 (Continued)

**

ANNEX III

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 payment account information provided below, and indicate to the New York Federal Reserve Bank that the funds are for credit to the United States Treasury, for credit to the account of the Defense Security Assistance Agency:

> United States Treasury New York, New York 0210-3000-4 TREAS NYC/ (5037) For credit to the Defense Security Assistance Agency

Should the Borrower choose to use the Federal Reserve wire payment system ("Fedwire"), a system for making instantaneous transfers of funds between U.S. banks, 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 payment account information set forth in the preceding paragraph.

The payment account information must be <u>exactly</u> in the form shown above (including spacing between words or numbers) to insure timely receipt by the DSAA, and to avoid the assessment of late charges.

Checks, drafts, and other orders for payment do not constitute immediately available funds and therefore do not meet the requirements of the Promissory Note. These instruments will be accepted but funds will be credited to accounts only after confirmation by the U.S. Treasury.



TABLE 9-III-3 (Continued)

ANNEX IV

2 3

DESIGNATION OF AUTHORITY

1. The Borrower shall provide to the DSAA a written communication that evidences the authority for incumbents of specifically named offices or specifically named individuals to sign the loan documents on its behalf. As a minimum the communication will contain the following:

The Penta	Security Assistance Agency agon on, D.C. 20301
Dear Sir:	
authorize connectio	following officials of the Government ofare duly ed to execute and deliver documents as indicated below in on with a loan agreement in the amount of the Government of the United States and this Government:
a.	LOAN AGREEMENT:
	<pre>[Person's Name(s) and/or Title(s) of Office(s)]</pre>
b.	PROMISSORY NOTE:
	<pre>[Person's Name(s) and/or Title(s) of Office(s)]</pre>
C.	REQUESTS FOR DISBURSEMENT AND SUCH OTHER DOCUMENTS AS MAY BE REQUIRED UNDER THIS LOAN AGREEMENT:
	<pre>[Person's Name(s) and/or Title(s) of Office(s)]</pre>
	Very truly yours,
	Date:ByByByBy (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)

Change No. 6, 1 March 1986

**

EXHIBIT A **

PROCEDURES FOR OBTAINING DSAA APPROVAL FOR LOAN FINANCING OF PURCHASE AGREEMENTS

1. General

The Defense Security Assistance Agency (DSAA) is responsible for approving loan financing of all Purchase Agreements that the Borrower wishes to finance with proceeds from the loan issued by the DSAA under the provisions of the Arms Export Control Act. The use of loan proceeds shall be approved for the financing of purchases by the Borrower only of defense articles, defense services, and design and construction services of U.S. origin. In reviewing requests for financing of Purchase Agreements, the DSAA is guided by objectives established by the U.S. Government for improvement of the Borrower's defense capabilities, by generally accepted financing practices, and by United States laws, regulations and policies in effect at the time the financing is requested. The U.S. Government reserves the right to refuse to finance any purchase agreement and is not required to explain its reason(s) for such refusal.

2. Purchases from U.S. 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, also referred to as an FMS case, is identified by a three digit alphabetic code referred to as "case identifier." If a Borrower desires to fund an FMS case from this loan, it must so inform the Military Department prior to the issuance of the LOA. In turn, the Military Department will reflect the desired loan financing on the LOA and submit it to the DSAA Comptroller for approval and countersignature.

b. When the Borrower wishes to use FMS loan funds to pay amounts due under an FMS case which has already been established as a "cash" or "dependable undertaking" case, the Borrower must ask the pertinent Military Department to convert all or part of that case from cash to loan funding. The Military Department must also submit the amended case to the DSAA Comptroller for review and approval to support the requested change in funding.

c. For each case it approves for financing from the FMS loan, the DSAA Comptroller will reserve funds from the uncommitted loan balance in an amount equal to the entire estimated cost of the FMS case, or, as the situation may be, that part of the FMS case requested for loan funding. The portion of the loan so reserved will then be available only for such payments. Payments, either for deliveries of materiel or progress payments, from advances requested by the Borrower, will be made by the DSAA Comptroller against the amount reserved for that purpose.

3. Purchases from Commercial Firms

a. Loan funds may be used to finance purchases from U.S. Commercial Suppliers, provided such financing has been approved by the DSAA. In order that the DSAA may advise a Borrower whether it will approve such financing, the Borrower must provide a copy of the contract or proforma purchase order to the DSAA Comptroller for its review, preferably before the Borrower obligates itself to a purchase which it desires to be financed with loan funds. Before the DSAA can give its final approval of loan financing, the commercial supplier must submit to the DSAA the "Contractor's Certification and Agreement with Defense Security Assistance Agency" as illustrated in Exhibit B. The Borrower should allow at least 90 days for the DSAA's review of the contract for approval of loan financing. Each loan financing approval shall be separately communicated by the DSAA in writing to the Borrower by use of the "Loan Financing Approval" illustrated as an attachment to this exhibit.

b. Loan financing shall be approved and made available only to finance the purchase of defense articles and services authorized for such financing by the DSAA in accordance with policies and procedures in effect at the time such financing is approved. Current DSAA policies pertinent to approval of loan financing for purchase agreements are included in the Security Assistance Management Manual.

c. In addition to the approval mentioned above, the DSAA, at the time it approves requests for advances (disbursements) of funds pursuant to Annex II, also will require from the Borrower invoices properly executed by the commercial supplier, and bills-of-lading and statements, as may be applicable, substantially in the formats described in paragraph 4 of Exhibit B (DSAA Requirements for Documentation to Support Requests for Advances).

d. For each commercial purchase agreement for which financing is approved, the DSAA Comptroller will assign a case identifier and will provide to the Borrower a Loan Financing Approval letter in the form of the Attachment to this Exhibit. This letter will provide the case identifier assigned to the case. For each case it approves for loan financing, the DSAA Comptroller will reserve loan funds in the amount requested. The loan funds so reserved will then be available only for payments on that case, unless the Borrower directs otherwise. Payments for deliveries, progress, or advance payments, will be processed by the DSAA Comptroller against the amount reserved for the approved purchase agreement.

e. The DSAA Comptroller will also provide letters to the commercial firm informing it of conditions of loan financing and certifications required as prerequisites to the DSAA approving FMS loan financing for the purchase agreement, and indicating the DSAA approval of financing of the purchase agreement.

TABLE 9-III-3 (Continued)

ATTACHMENT TO ** EXHIBIT A

LOAN FINANCING APPROVAL

Dear Sir:

Pursuant to the provisions of Section 1.3 of the Loan Agreement between your Government and the U.S. Government, and in response to your request for loan financing of a purchase directly from a commercial firm, financing for the following purchase arrangement is hereby approved:

Supplier:

Contract or Proforma Invoice number and date:

Case Identifier	Funds Previously		Funds Reserved
Assigned to	Reserved for	Funding	for This
This Purchase	This Purchase	Revision	Purchase



Sincerely,

TABLE 9-III-3. (Continued)

9-57

EXHIBIT B **

DSAA REQUIREMENTS FOR DOCUMENTATION TO SUPPORT REQUESTS FOR ADVANCES

1. This Exhibit describes the documents which the Borrower must furnish to the DSAA Comptroller in support of requests for advances.

2. Whenever the Borrower desires a disbursement of FMS loan funds, its authorized representative(s), as designated pursuant to provisions of the Loan Agreement, shall forward the written request, prepared in accordance with Annex II of the Agreement, to the DSAA Comptroller, The Pentagon, Washington, D.C. 20301, not less than 15 business days before the desired disbursement date.

3. With each request for an advance, the Borrower will provide a letter addressed to the Director, Defense Security Assistance Agency, substantially in the format as follows:

Dear Sir:

The Government of _______ acknowledges that advances hereunder may be used to pay ocean and air freight costs only for transportation of Defense Items being carried on vessels or aircraft of United States registry, and that all materiel financed from this loan which is to be shipped by ocean surface transportation must be transported in privately owned vessels of United States registry unless a waiver is obtained in accordance with Section 7 of the Loan Agreement. In furtherance of this requirement, the sup- pliers of the materiel being financed with this advance were so notified and given appropriate shipping instructions.

In connection with this request, the Government of confirms that, as appropriate: the defense articles and services for which payment is requested have been satisfactorily delivered; or the advance payment requested is in accordance with requirements of the contract; or the progress payment requested is based on the contractor's satisfactory progress and is in accordance with requirements of the contract; and that payment is therefore due and unpaid under the Purchase Agreement <u>(Case Identifier)</u> with the (Supplier)

Sincerely,

GOVERNMENT OF

By

(Name and Title)

TABLE 9-III-3 (Continued)

Change No. 6, 1 March 1986

4. Whenever funds from this loan are to be used to pay a Commercial Supplier, the Borrower shall also provide invoices and bills-of-lading in support of each request for an advance, as follows:

A copy of the Supplier's invoice, which has been prepared in accora. dance with the relevant provisions of the Purchase Agreement. As a minimum, the invoice must: (1) reflect the amount due and payment due date; (2) specify whether the amount billed is a down payment, progress/milestone, or delivery payment; (3) list the items and services delivered for which payment is requested; (4) indicate by a separate entry the transportation and related costs if not included in the item price; (5) designate the FOB point and "ship to" address; (6) designate the address to where the payment should be sent; (7) if the billed amount consists of "cost, insurance and freight" for delivery of materiel to a destination point outside the United States, provide the name of the carrier(s) of the materiel from the U.S. Port of Embarkation; and (8) be supported by a copy of freight bills, air waybills, or rated on-board bills-of-lading, fully accounting for the cost of inland and export transportation of the items covered by the invoice for which payment is requested. If the Commercial Supplier pays for the transportation, whether the transportation cost is included in the price of the item or billed separately to the Borrower, bills-of-lading or air waybills must be submitted with the invoice for which payment is requested. A copy of the invoice for the cost of any insurance coverage on the shipment must also be submitted along with the shipping documents.

b. If the Borrower is paying the export transportation cost with other than FMS loan funds, and therefore the Commercial Supplier is not paying for the export transportation cost, the supplier will be required to submit a certification with the invoice as follows:

The <u>(Commercial Supplier)</u> acknowledges that U.S. Government funds are being used by the Government of ________ to finance this purchase and certifies that no shipping cost has been incurred by this firm for exporting this materiel from the United States, and no shipping cost is included in the sales price or otherwise included in the invoiced amount for which payment is requested.

(Signed	d)
(Commercial	Supplier)

c. Before the DSAA authorizes the use of loan funds to finance any purchase from a Commercial Supplier, the Borrower must ensure that the Commercial Supplier completes and submits to the DSAA the "Contractor's Certification and Agreement with Defense Security Assistance Agency" as illustrated in the attachment to this exhibit.

5. Whenever funds from this loan are to be used to pay an amount owed on an FMS case, the Borrower shall also provide a listing of the FMS cases for which payment is requested and the amounts applicable to each.

TABLE 9-III-3 (Continued)

ATTACHMENT TO ** EXHIBIT B

CONTRACTOR'S CERTIFICATION AND AGREEMENT WITH DEFENSE SECURITY ASSISTANCE AGENCY

Effective October 1985

CONTRACT OR PROFORMA INVOICE ABSTRACT

Contractor's Name and Address:

Purchaser:	Government of		-		
Contract No				Date:	
**************************************	RECIPIENT(S)	OF COMMISSIONS	OR OTHER	CONTINGENT FEES	
Na	ame	Address		Amount Paid/To Be P	aid

CONTRACTOR'S CERTIFICATION AND AGREEMENT WITH DEFENSE SECURITY ASSISTANCE AGENCY

The contractor, in entering into an agreement to sell defense articles, defense services, or design and construction services to the foreign government listed above as purchaser, hereby acknowledges that the sum to be claimed as due and owing under the contract or proforma invoice identified above (hereafter referred to as "Purchase Agreement") is to be paid, in whole or in part, to the contractor from U.S. Government loan funds made available to the foreign government under provisions of the Arms Export Control Act, as amended. In consideration of the receipt of such sum, the contractor certifies to, and agrees with, the U.S. Government, as represented by the Defense Security Assistance Agency (DSAA), the following:

1. 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 relative to this sale, prior to and as a condition to obtaining loan financing for the sale, during the sale, and for a period of three years immediately following receipt of the final payment made by the DSAA on the sale. The contractor also agrees to secure for the benefit of the U.S. Government, as may be required by the DSAA, coextensive rights of access and examination regarding its suppliers for subcontracts or purchase orders issued to those suppliers



TABLE 9-III-3. (Continued)

ATTACHMENT TO EXHIBIT B (Continued)

for this sale, except for those Purchase Agreements which were awarded by the purchaser on a competitive lowest responsive bid basis.

2. Certifies that no rebates, gifts or gratuities have been given contrary to United States law to officers, officials, or employees of the purchaser by this contractor, its employees, or agents, intended to secure the Purchase Agreement or obtain favorable treatment under the Purchase Agreement, and agrees that no such rebates, gifts or gratuities will be given. Agrees to obtain and retain a certification and agreement to this effect from its subcontractors or suppliers.

3. Agrees that the U.S. Government has the right to suspend the financing of this Purchase Agreement on the instruction of the purchaser, or for any suspected or confirmed misrepresentation or violation of any certification provided by this contractor to obtain such financing, without any liability accruing to the U.S. Government.

4. Certifies that the materiel or components to be provided under the Purchase Agreement are predominantly of U.S. manufacture. Agrees that, if DSAA approves financing of a stated dollar value of non-U.S. origin components or services, this dollar value will not be exceeded. Certifies that all non-U.S. origin or non-U.S. manufactured items and components, and non-U.S. services procured or to be procured specifically for this Purchase Agreement are identified:

(Mark the appropriate statement.)

in the Purchase Agreement;

in a document attached hereto;

to DSAA under separate letter dated _____

Agrees to notify the DSAA of any future changes to the identification of non-U.S. items, manufacture or services as a condition to receive U.S. Government funds under this Purchase Agreement.

5. Certifies that the Purchase Agreement price includes only those commissions or other contingent fees listed above, which shall be paid to any and all agents, other than bona fide employees, to solicit or obtain this Purchase Agreement, or that if no recipients and payments are listed above, the contractor has not employed or retained any agent for such purpose who is to be paid from funds received by the contractor from the U.S. Government under the Purchase Agreement.

6. Certifies that funds received by the contractor from the U.S. Government under the Purchase Agreement will not be used to purchase services, other than

TABLE 9-III-3. (Continued)

9-61

ATTACHMENT TO EXHIBIT B (Continued)

described in paragraph 5 above, utilized in the execution of the Purchase Agreement from non-U.S. contractors or individuals that are not resident in the United States of America, unless the financing of such services is expressly authorized by the DSAA.

7. Agrees to identify the full amount of any down payment received under the Purchase Agreement in its accounting records as a down payment, to apply these funds solely to the performance of obligations under this Purchase Agreement, and to provide a clear audit trail on the use of these funds. Agrees to certify on down payment invoice that payment requested does not exceed contractor costs incurred at the time of submission of invoice (plus termination liability, less profit, to be incurred prior to the first follow-on payment).

8. Agrees that export transportation costs financed under terms of the Purchase Agreement will be paid only to steamship, barge, tug, and airline companies of United States of America registry. Amounts billed for such transportation shall be the cost for shipping only the articles provided under terms of the Purchase Agreement.

9. Certifies that the cost of transportation, lodging, meals and other personal support costs incurred by or in behalf of the purchaser's personnel relating in any way to this contract will be paid by the purchaser, and that these costs will not be financed, in whole or in part, with FMS loan funds applied either directly or indirectly.

10. Certifies that the entire agreement which affects the contractual relationship between the contractor and the purchasing government relating to this Purchase Agreement consists of: (list articles, clauses, annexes, exhibits, appendices, letters, purchase orders, etc.)

and that there are no other amendments, modifications, side letters, or supplementary agreements relating to this Purchase Agreement. Agrees that any future changes to the terms of the Purchase Agreement will be reported to the DSAA upon effect.

11. Agrees that the contractor's invoices will be prepared in accordance with the relevant provisions of the Purchase Agreement and will be submitted through the purchaser for presentation to the DSAA for payment.

a. As a minimum, the invoices must: (1) reflect the amount due and payment due date; (2) specify whether the amount billed is a down payment, progress/milestone payment, or delivery payment; (3) list the items and services delivered for which payment is requested; (4) indicate by a separate

TABLE 9-III-3. (Continued)

ATTACHMENT TO EXHIBIT B (Continued)

entry the transportation costs, if not included in the item price; (5) designate the FOB point and "ship to" address; (6) designate the address to where the payment should be sent; (7) if the billed amount consists of "cost, insurance and freight" for delivery of materiel to a destination point outside the United States, provide the name of the carrier(s) of the materiel from the U.S. Port of Embarkation; and (8) be supported by a copy of freight bills, air waybills, or rated on-board bills-of-lading, fully accounting for the cost of inland and export transportation of the items covered by the invoice for which payment is requested. If the contractor pays for the transportation, whether the transportation cost is included in the price of the item or billed separately to the Purchaser, bills-of-lading or air waybills must be submitted with the invoice for which payment is requested. A copy of the invoice for the cost of any insurance coverage on the shipment must also be submitted along with the shipping documents.

b. If the purchaser is paying the export transportation cost with other than U.S. Government loan funds (i.e., the contractor is not paying for the export transportation cost), the contractor will submit a certification with the invoice as follows:

The (Contractor) acknowledges that U.S. Government funds are being used by the Government of to finance this purchase and certifies that no shipping cost has been incurred by this firm for exporting this materiel from the United States and no shipping cost is included in the sales price or otherwise included in the invoiced amount for which payment is requested.

12. Agrees that any penalty payment, refund, or other reimbursement due the purchaser pursuant to this Purchase Agreement will be paid to the U.S. Government, for credit to the FMS trust fund account of the purchaser.

13. By signature below, the named individual hereby certifies: (1) that he or she is the contractor or has actual authority to sign on behalf of the contractor and to bind the contractor with regard to all agreements and certifications contained hereon; (2) that this certificate and agreement is being signed and submitted for the purpose of receiving payment under terms of the above listed Purchase Agreement to be financed by U.S. Government loan funds; and (3) that the information provided in this Certification and Agreement is complete and correct.

(Signature)

(Date)

(Typed name and title of person signing)

TABLE 9-III-3. (Continued)

EXHIBIT 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 percent 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, The Pentagon, 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.

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, The Pentagon, 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.

Each application for a non-availability waiver should contain the following information.

- 1. Identification and address of the applicant
- 2. Recipient country
- 3. Date of loan
- 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

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, 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. 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 loan funds. The following information must be reported:

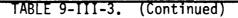
- (A) Date of Loan
- (B) FAS Value of Cargo
- (C) Manufacturer



Change No. 6, 1 March 1986

- (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.



**

TABLE 9-III-4

DSAA SAMPLE LETTER TO PURCHASING COUNTRY APPROVING USE OF FMS LOAN FINANCING FOR DIRECT COMMERCIAL PURCHASES

In reply refer to: I-

Dear Sir:

Pursuant to the provisions of Section 1.3 of the Loan Agreement between your Government and the U.S. Government, and in response to your recent request for loan financing of a purchase directly from a commercial firm, financing for the following purchase agreement is hereby approved:

Supplier:

Contract or Proforma Invoice number and date:

Items to be purchased:

Case Identifier Assigned to This Purchase Funds Previously Reserved For This Purchase

Funding Revision Funds Reserved for This Purchase

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.

9-68

**

TABLE 9-III-5 DSAA SAMPLE LETTER TO SUPPLIER APPROVING USE OF FMS LOAN FINANCING FOR DIRECT COMMERCIAL PURCHASES

In reply refer to: I-

Dear Sir:

X X X X X X

The Defense Security Assistance Agency (DSAA) has approved the amount of financing noted below for the purchase to be made by the Government of ______ (Borrower) from your firm under the contract or proforma invoice (Purchase Agreement) noted below. The financing will be provided from funds available to the Borrower through a U.S. Government loan. The Case Identifier assigned to this Purchase Agreement is also noted below and should be referenced on any questions that you may have regarding this financing. This approval does not constitute an approval for export; your firm is responsible for obtaining export licenses as required:

Contract Number: _____ Date: _____

Case Identifier: _____ Financing Approved: \$_____

Purchase of:

The amount of financing approved will be available to the Borrower for payment of this Purchase Agreement unless the Borrower defaults on either repayment of the loan or on other provisions of the loan agreement. 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 and irrevocable commitment to pay. The Borrower is not obligated to use U.S. Government loan funds in payment of this purchase; therefore, the Borrower could request a reduction of the amount reserved for your Purchase Agreement. In such event, however, we would endeavor to advise you of the Borrower's request prior to effecting the reduction.

Although the U.S. Government is not a party to the Purchase Agreement, the DSAA is required to ensure that the Borrower utilizes loan funds only for the purposes intended by law, and for which the financing is approved. This loan financing is available only for articles and services (including insurance) of U.S. origin, except where non-U.S. articles and services are specifically authorized by the DSAA. Suppliers will be reimbursed shipping costs, but only when shipments are made on U.S. flag carriers. Shipping charges for shipments via non-U.S. carriers will be deducted from Suppliers invoices. To prevent unnecessary delays in the processing of payments to you, your firm must ensure that invoices contain the information specified in the Contractor's Certification and Agreement, show the Case Identifier noted above, and include signed, "rated," "on-board" bills of lading or air waybills.

Payments will be made directly to your firm either by wire transfer or by check. Therefore, it is imperative that you provide to us your wire transfer address and your check mailing address as quickly as possible by separate letter signed by an official of your firm. The wire transfer address must include your bank's name, street address, zip code, and the bank's American Banking Association (ABA) routing number. We will send payments under this purchase agreement only to those addresses officially provided to us, including official notifications of changes. NO PAYMENTS WILL BE PROCESSED TO YOU UNTIL YOU HAVE PROVIDED TO US YOUR OFFICIAL ADDRESSES RELATIVE TO THIS PURCHASE AGREEMENT.

 TABLE 9-III-5.
 DSAA Sample Letter to Supplier Approving Use of FMS Loan

 Financing for Direct Commercial Purchases.
 (Continued)



Change No. 9, 31 July 1987

If your contract provides for a downpayment, the amount you bill as downpayment must be limited to the amount as defined in the following certification. Please include the following certification on your down payment invoice:

(Name of your firm) certifies that the downpayment requested does not exceed cost incurred at time of submission of this invoice plus termination liability to be incurred during the first 90 days, less profit.

In accordance with paragraph 12 of the Contractor's Certification and Agreement with the Defense Security Assistance Agency signed by your firm, your firm needs to submit a copy of any bank instrument, such as Performance Bonds or Letters of Guarantee, that may be required by the Borrower pursuant to the Purchase Agreement. These instruments must be received and deemed satisfactory by the DSAA, relative to payee provisions, prior to the processing of any disbursements to your firm under this Purchase Agreement.

Should refunds to the Borrower become necessary for any reason, from funds paid by the DSAA under this Purchase Agreement, such refunds must be made directly to the DSAA rather than to the Borrower. The DSAA will credit such refunds to the Borrower's Foreign Military Sales (FMS) Trust Fund Account for application on subsequent purchases of U.S. defense articles or defense services. Refunds may be made either by check and mailed to the DSAA, or by wire transfer to the U.S. Treasury. Refunds by check should be accompanied by a letter identifying the Borrower, and the DSAA's case identifier. Checks should be made payable to the Treasury of the United States and mailed to:

Defense Security Assistance Agency Architect Building, Suite 535 1400 Wilson Boulevard Arlington VA 22209

Refunds by wire transfer should be addressed as follows:

United States Treasury New York, New York 0210-3000-4 Treasury NYC/(5037) Defense Security Assistance Agency Refund from: <u>(Company Name)</u> for purchase made by the Government of under DSAA Case <u>(Identifier)</u>.

Should you have any questions regarding any of the above information, please telephone Mr. John DeSoto at (202) 694-3112.

Sincerely,

J.E. Hartsock Chief, Financial Reports and Credit Program Division Office of the Comptroller

Copy to: Maritime Administration Room 7209 400 7th Street, S.W. Washington, D.C. 20590

Embassy of _____ Office of _____ Washington, D.C. 200__

 TABLE 9-III-5.
 DSAA Sample Letter to Supplier Approving Use of FMS Loan

 Financing for Direct Commercial Purchases.
 (Continued)

TABLE 9-III-6

ESSENTIAL CONTRACT ELEMENTS

- 1. Elements that Must Be Included in the Contract:
 - a. Country
 - Complete identification of U.S. Contractor to include name, address, and telephone number
 - c. Contract number
 - d. Complete nomenclature of defense articles and description of services to be provided
 - e. Complete description of quantities and price(s)
 - f. Complete description of financial arrangements:
 - Unit prices

- Down payment

- Payment schedule (to include method of liquidating down payment based on deliveries)
- g. Identification of shipment terms
- h. Identification of any bonds or clauses that could result in a refund to the purchaser, such as, but not limited to:
 - Advance payment bond Progress payment bond
 - Performance bond Liquidated damages
- i. Acceptance (signatures) by both parties
- 2. Elements that May Be Included in the Contract, or Submitted by the <u>Contractor in a Separate Document to DSAA Prior to Approval of the</u> <u>Contract for FMS Credit Funding</u>
 - a. Identification of the non-U.S. origin components and services. However, raw materials and items procured by a manufacturer from both U.S. and foreign sources, which are not ordinarily segregated by origin, and are incorporated on an interchangeable basis into the manufacturer's products, need not be identified.
 - b. Identification of offsets or countertrade requirements or agreements.

TABLE 9-III-6. Essential Contract Elements.

DOD 5105.38-M

TABLE 9-III-7

CONTRACTOR'S CERTIFICATION AND AGREEMENT WITH DEFENSE SECURITY ASSISTANCE AGENCY

Effective February 1987

CONTRACT OR PROFORMA INVOICE ABSTRACT

Contractor's Name and Address:

Purchaser: Government of

Contract	No.						Date:	
	、	RECIPIENT(S)	OF	COMMISSIONS	OR	OTHER	CONTINGENT FEES	
	Nam	e		Address			Amount Paid/To B	e Paid
		·				-		
				,				
						يكر والمراجع والمراجع والمراجع والمراجع والمراجع والمراجع والمراجع والمراجع والمراجع والمراجع والمراجع والم	المحالي ومستعمل المنافعة التي مناطقة المحالية المحالي ومستجد في مناك المنظورين ويحتانها	

CONTRACTOR'S CERTIFICATION AND AGREEMENT WITH DEFENSE SECURITY ASSISTANCE

The contractor, in entering into an agreement to sell defense articles, defense services, or design and construction services to the foreign government listed above as purchaser, hereby acknowledges that the sum to be claimed as due and owing under the contract or proforma invoice identified above (hereafter referred to as "Purchase Agreement") is to be paid, in whole or in part, to the contractor from U.S. Government loan funds made available to the foreign government under provisions of the Arms Export Control Act, as amended. In consideration of the receipt of such sum, the contractor certifies to, and agrees with, the U.S. Government, as represented by the Defense Security Assistance Agency (DSAA), the following:

1. 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 relative to this sale, prior to and as a condition to obtaining loan financing for the sale, during the sale, and for a period of three years immediately following receipt of the final payment made by the DSAA on the sale. The contractor also agrees to secure for the benefit of the U.S. Government, as may be required by the DSAA, coextensive rights of access and examination regarding its suppliers for subcontracts or purchase orders exceeding \$10,000 issued to those suppliers for this sale, except for those Purchase Agreements which were awarded by the purchaser on a competitive lowest responsive bid basis.

TABLE 9-III-7. Contractor's Certification and Agreement with DSAA.

Change No. 9, 31 July 1987

2. Certifies that no rebates, gifts or gratuities have been given contrary to United States law to officers, officials, or employees of the purchaser by this contractor, its employees, or agents, intended to secure the Purchase Agreement or obtain favorable treatment under the Purchase Agreement, and agrees that no such rebates, gifts or gratuities will be given. Agrees to obtain and retain a certification and agreement to this effect from its subcontractors or suppliers.

3. Agrees that the U.S. Government has the right to suspend the financing of this Purchase Agreement on the instruction of the purchaser, or for any suspected or confirmed misrepresentation or violation of any certification provided by this contractor to obtain such financing, without any liability accruing to the U.S. Government.

4. Certifies that the materiel or components to be provided under the Purchase Agreement are predominantly of U.S. manufacture. Agrees that, if DSAA approves financing of a stated dollar value of non-U.S. origin components or services, this dollar value will not be exceeded. Certifies that the dollar value of all non-U.S. origin or non-U.S. manufactured items and components, and non-U.S. services procured or to be procured specifically for this Purchase Agreement is indicated below. However, the value of raw materials and common hardware items procured by a manufacturer from both U.S. and foreign sources which are not ordinarily segregated by origin, and are incorporated on an interchangeable basis into the manufacturer's products, need not be identified.

\$ (Dollar value of non-U.S. components and services in the Purchase Agreement)

Agrees to notify the DSAA of any future changes to the identification of non-U.S. items, manufacture or services as a condition to receive U.S. Government funds under this Purchase Agreement.

5. Certifies that the Purchase Agreement price includes only those commissions or other contingent fees listed above, which shall be paid only to bona fide employees or bona fide agencies which neither exerts nor proposes to exert improper influence to solicit or obtain this Purchase Agreement as defined in FAR 3.401. Certifies that if no recipients and payments are listed above, the contractor has not employed or retained any agent for such purpose who is to be paid from funds received by the contractor from the U.S. Government under the Purchase Agreement.

6. Certifies that funds received by the contractor from the U.S. Government under the Purchase Agreement will not be used to purchase services, other than described in paragraph 5 above, utilized in the execution of the Purchase Agreement from non-U.S. contractors or individuals that are not resident in the United States of America, unless the financing of such services is expressly authorized by the DSAA.

TABLE 9-III-7. (Continued)

9-73

**

**

7. Agrees to identify the full amount of any down payment received under the Purchase Agreement in its accounting records as a down payment, to apply these funds solely to the performance of obligations under this Purchase Agreement, and to provide a clear audit trail on the use of these funds. Agrees to certify on the down payment invoice that payment requested does not exceed contractor costs incurred at the time of submission of invoice (plus termination liability, less profit, to be incurred during the first 90 days).

E. Agrees that export transportation costs financed under terms of the Purchase Agreement will be paid only to steamship, barge, tug, and airline companies of United States of America registry. Amounts billed for such transportation shall be the cost for shipping only the articles provided under terms of the Purchase Agreement.

9. Certifies that the cost of transportation, lodging, meals and other personal support costs incurred by or in behalf of the purchaser's personnel relating in any way to this contract will be paid by the purchaser, and that these costs will not be financed, in whole or in part, with FMS loan funds applied either directly or indirectly.

10. Certifies that the entire agreement which affects the contractual relationship between the contractor and the purchasing government relating to this Purchase Agreement consists of: (list articles, clauses, annexes, exhibits, appendices, letters, purchase orders, etc.)

and that there are no other amendments, modifications, side letters, or supplementary agreements relating to this Purchase Agreement. Agrees that any future changes to the terms of the Purchase Agreement will be reported to the DSAA upon effect.

11. Agrees that the contractor's invoices will be prepared in accordance with the relevant provisions of the Purchase Agreement and will be submitted through the purchaser for presentation to the DSAA for payment.

a. As a minimum, the invoices must: (1) reflect the amount due and payment due date; (2) specify whether the amount billed is a down payment, progress/milestone payment, or delivery payment; (3) list the items and services delivered for which payment is requested; (4) indicate by a separate entry the transportation costs, if not included in the item price; (5) designate the FOB point and "ship to" address; (6) designate the address to where the payment should be sent; (7) if the billed amount consists of "cost, insurance and freight" for delivery of materiel to a destination point outside the United States, provide the name of the carrier(s) of the materiel from the U.S. Port of Embarkation; and (8) be supported by a copy of freight bills, air waybills, or rated on-board bills-of-lading, fully accounting for the cost of inland and export transportation of the items covered by the invoice for which payment is requested. If the contractor pays for the transportation, whether the transportation cost is included in the price of the item or billed

TABLE 9-III-7. (Continued)

separately to the Purchaser, bills-of-lading or air waybills must be submitted with the invoice for which payment is requested. A copy of the invoice for the cost of any insurance coverage on the shipment must also be submitted along with the shipping documents.

b. If the purchaser is paying the export transportation cost with other than U.S. Government loan funds (i.e., the contractor is not paying for the export transportation cost), the contractor will submit a certification with the invoice as follows:

The (Contractor) acknowledges that U.S. Government funds are being used by the Government of to finance this purchase and certifies that no shipping cost has been incurred by this firm for exporting this material from the United States and no shipping cost is included in the sales price or otherwise included in the invoiced amount for which payment is requested.

12. Agrees that any penalty payment, refund, or other reimbursement due the purchaser pursuant to this Purchase Agreement will be paid to the U.S. Government, for credit to the FMS trust fund account of the purchaser. Agrees to ensure that the DSAA receives the bonding or guarantee documents, such as Performance Bonds or Letters of Guarantee, as may be required by the purchaser pursuant to this Purchase Agreement.

13. Certifies that neither the contractor nor any of its employees are suspended or debarred from conducting business with any agency of the U.S. Government, and that export privileges are not suspended or revoked. Also certifies that suspended or debarred firms will not be used as a source of supplies or as a subcontractor for this Purchase Agreement.

14. By signature below, the named individual hereby certifies: (1) that he or she is the contractor or has actual authority to sign on behalf of the contractor and to bind the contractor with regard to all agreements and certifications contained hereon; (2) that this certificate and agreement is being signed and submitted for the purpose of receiving payment under terms of the above listed Purchase Agreement to be financed by U.S. Government loan funds; and (3) that the information provided in this Certification and Agreement is complete and correct.

(Signature)

(Date)

*

**

*

(Typed name and title of person signing)

TABLE 9-III-7. (Continued)

9-75

Change No. 9, 31 July 1987

TABLE 9-III-8

NOTIFICATION OF REQUIREMENTS FOR DIRECT ACQUISITION TO BE FUNDED WITH U.S. FMS LOAN FUNDS

Cour	ntry:	
	ntification of Requirements:	
ι.	U.S. Defense Item or Service:	
L •		
2.	Quantity:	
3.	Estimated Program Cost (if known): \$	
1.	Projected date of submission of contract to DSAA for funding approval:	-
`om	monts. (Include information regarding firms to receive bid	
Com	nents: (Include information regarding firms to receive bid requests and your competitive acquisition process)	
Com	nents: (Include information regarding firms to receive bid requests and your competitive acquisition process)	
Com	nents: (Include information regarding firms to receive bid requests and your competitive acquisition process)	
Com	requests and your competitive acquisition process)	
Com	requests and your competitive acquisition process)	
	requests and your competitive acquisition process)	
	requests and your competitive acquisition process)	
Com	requests and your competitive acquisition process)	
	requests and your competitive acquisition process)	
	requests and your competitive acquisition process)	
	requests and your competitive acquisition process)	
	requests and your competitive acquisition process)	
	requests and your competitive acquisition process)	
	requests and your competitive acquisition process)	
	requests and your competitive acquisition process)	
	requests and your competitive acquisition process)	

TABLE 9-III-8. Notification of Requirements for Direct Acquisition to be Funded with U.S. FMS Loan Funds

SECTION IV - TRANSPORTATION

A. <u>GENERAL</u>. 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. <u>MARINE TRANSPORTATION WAIVER PROCEDURES</u>. 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.

1

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 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 nonavailability 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 4E841, 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-byshipment 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 4E841, 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.



9-79 Change No. 7, 15 September 1986

*

C. <u>REPORTS TO U.S. DEPARTMENT OF TRANSPORTATION</u>. 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



DoD 5105.38-M

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. <u>General Authority</u>. 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. <u>Scope of Program</u>. 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. For programming purposes, Hawaii is considered to be an overseas location.

4. Purposes. Education and training activities conducted under this chapter shall be designed to encourage effective and mutually beneficial countries; 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 of basic issues involving internationally recognized human rights.

B. AREAS OF PRINCIPAL EMPHASIS. To the extent consistent with the purposes of IMET, principal 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. <u>Encouragement of Professionalism</u>: 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. <u>Management of Resources</u>: Training related to the management of resources at all levels within the foreign defense establishment.

4. <u>Balanced Program</u>: Training that does not devote an inordinate or excessive portion of funds in any one requirement at the expense of others and one in which host country needs are satisfied by an appropriate mix of IMET, MAP, and national resources subject to the availability of funds.

5. <u>CONUS Training</u>: All of the objectives in paragraph C (below) are best served in the long run by CONUS training and education which offers the best training environment and also exposes Foreign Military Trainees (FMTs) to U.S. society, institutions, and goals and the way in which these factors reflect the U.S. commitment to democracy and the basic principles of internationally recognized human rights.

C. <u>OBJECTIVES OF IMET</u>. Within the above purposes, the objectives of providing grant aid training to foreign countries are:

1. <u>Operation and Maintenance Skills</u>. To create skills needed for effective operation and maintenance of equipment acquired from the U.S.

2. <u>Effective Management</u>. To assist the foreign country in developing expertise and systems needed for effective management of its defense establishment.

3. <u>Development of Training Capability</u>. To foster development by the foreign country of its own indigenous training capability.

4. <u>Provide an Alternative to Soviet Military Training</u>. To reduce indigenous country training dependence on the USSR and its allies.

5. <u>Rapport and Understanding</u>. To promote better understanding of the U.S., including its people, political system, and other institutions and how they reflect the U.S. commitment to the principles of internationally recognized human rights.

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.

D. <u>CONSTRAINTS AND DSAA APPROVAL</u>. 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 involving legislation, training policy, technology transfer, and national disclosure policy.

1. <u>DSAA Approval</u>. Consequently, requests for the following types of training must be approved by DSAA on a case-by-case basis and must include specific justification:

on-going civilian law enforcement functions. See also Chapter 2, Section IV, "Special Provisions," para. A.8.

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 ensure compliance with this paragraph. Other potentially sensitive training requests should be addressed to DSAA for appropriate guidance, processing, or decision. Requests for the Combined Strategic Intelligence Training Program (CSITP) should be addressed to the Defense Intelligence agency (ATTN: DIC). Requests which include IMETP funds to support attendance at CSITP must be justified with information copies to DSAA and HQ USAF. See also Chapter 2, Section IV, "Special Provisions," paragraph A.8.

n. <u>Repetitive Training</u>. Repeated participation by foreign individuals in orientations and/or the same training courses, to include formal classroom training following MTT instruction in the same subject material.

o. <u>Training in Support of FMS Equipment</u>. 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. <u>Minimum Duration of Student Training in U.S.</u> 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. If host country elects to fund round-trip transocean travel, no DSAA approval is required to program such training. 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 tours or general/flag rank related courses conducted by the Defense Resources Management Education Center.

q. <u>Deployment of DoD Personnel or Teams</u>. 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 MITs. This includes U.S. Navy refresher training conducted outside the United States and its territorial waters.

r. <u>DISAM Training</u>. IMET funds will not be used to finance DISAM MTTs. IMET funded foreign attendance at DISAM is authorized under two conditions: (1) when no part of the overseas travel is paid by IMET; (2) if all or part of the overseas travel is paid by IMET, each funded student must be scheduled to attend other related courses to ensure at least eight weeks of training duration in CONUS (See para. D.1.p. above). Under either condition, the individuals selected to attend DISAM should occupy security assistance positions within the defense establishment of the host country.

s. <u>Excessive High Cost Training</u>. In principle, IMET funds should not be used for excessive high cost training. High cost training is defined as any education or any single course of training with a tuition cost of \$25,000 or higher. However, selected high cost training will be considered on

**

a case-by-case basis by DSAA when justified, depending upon the training requested, the state of development of the host country, and within an overall balanced program. See also paragraph D.1.b. (above) concerning degree training.

2. <u>Requests for Waivers</u>. Requests for waivers to the above constraints will be submitted to DSAA as soon as the requirement for such training is known. Requests will include complete justification for the training and except for Ambassadorial certification for OTs (see paragraph D.1.i. above) will include a statement of SAO chief concurrence. Such requests will be addressed by the SAO to DSAA and the unified command as joint action addressees. DSAA will respond following receipt of unified command recommendation(s).

3. <u>Programming</u>. Training program lines requiring approval by DSAA will be programmed by the MILDEPs with the appropriate waiver code in the DSAA waiver (card column 58) column of the 4/Q cards. SAOs will be required to submit written justifications at the Unified Command Workshops. Waiver requests not submitted at the workshops will be submitted no later than 90 days prior to student report date. If approved, DSAA will authorize the MILDEP to program requested training and include an "A" in Card Column 57 to signify approval. The waiver code in Card Column 58 will be a permanent entry and maintained for historical purposes. Training waivers approved by DSAA at the Unified Command Workshop may be coded "A" in card column 57 by the MILDEPs.

4. Classified Information.

a. <u>Access to Classified Information</u>. Classified information may be released to foreign nationals only when authorized under the provisions of the National Disclosure Policy and DOD Directive 5230.11. Access to COMSEC information by foreign nationals shall be in accordance with policy issuances of the National Telecommunications and Information Systems Security Committee (NTISSC).

b. <u>Transmission of Classified Materiel</u>. Classified materiel may not be released to students. See Chapter 5, Section II, Paragraph K regarding transmission of classified materiel to foreign governments.

E. TRAINING GUIDANCE.

1. <u>Training Planning</u>. Particular emphasis should be placed on out-year planning of training requirements by SAOs and Unified Commands. SAOs should maintain an active dialogue with host country counterparts to develop a two-year training plan which consolidates host country training needs from a joint perspective taking into consideration all sources of funding (i.e., FMS, MAP, IMET) and all potential sources of training (i.e., indigenous, third country, commercial, and U.S.). SAOs should use the two-year training plan as the vehicle to encourage host country training counterparts to plan beyond a single year program. SAOs should also use the two-year training plan as part of the SAO input to the training AIASA in view of the overlapping reporting periods and similar statistical summary requirements by training analysis code categories. Specific guidance on preparation and presentation of the two-year training plan is contained in paragraph E.2.d. below.

*:

**



10-4.2

*

*

*

2. Joint Service Training Planning Workshops. During each fiscal year Unified Commands will host Joint Service Training Planning Workshops on behalf of the training community. The workshop cycle presently commences during the last week of January with the EUCOM workshop, followed in sequence by the PACOM, CENTCOM, SOUTHCOM and Caribbean workshops. There will be a one-week gap between each workshop with the exception of the Caribbean workshop which will be scheduled to commence on the next Monday after the SOUTHCOM workshop.

a. Workshop Objectives.

(1) Review and coordinate the two-year training plans developed by the SAOs and approved by the Unified Commands for the budget year and planning year.

country.

(2) Finalize the budget year training program for each

(3) Reconcile training policy, program, and planning issues.

b. <u>Workshop Format</u>. Each workshop, consolidated on a joint service basis, will consist of two phases conducted in not more than five duty days. Phase I (Planning and Policy) will consist of a plenary session with presentations by the Unified Command, SAOs, and CONUS attendees as appropriate. Phase I will focus primarily on training planning and policy issues and the review of SAO requests for exceptions to policy. Phase II (Programs) will consist principally of MILDEP panels devoted to a detailed review of country training program data.

c. <u>Workshop Agenda</u>. Unified Commands will provide proposed ** workshop agendas to DSAA with info to the MILDEPs for joint DSAA/MILDEP review in November.

d. Workshop Attendance.

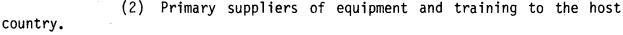
(1) SAO attendance will be limited to one representative per country; this should normally be a U.S. training officer.

(2) Foreign national attendance is not authorized except in those cases where the Unified Command determines that foreign national attendance is critical to the presentation and review of the program and a U.S. training officer is not available to attend the Workshop.

(3) Total number of representatives from each MILDEP will be limited to four personnel.

e. <u>SAO Two-Year Training Plans</u>. SAOs will submit written two-year training plans covering the budget year and the planning year prior to the Joint Service Training Planning Workshop in accordance with guidance from the Unified Command. Two-year training plans will consist of the following topics:

(1) Overall host country training capabilities.



(3) Overall training program objectives.

(4) Significant accomplishments toward meeting the objectives.

Change No. 9, 31 July 1987

(5) Future objectives and program requirements.

(6) Program development, to include a brief description of the training planning process, highlighting host country and SAO roles, problems if any, and plans for improvement.

(7) Brief summary of current year, budget year, and planning year IMET training programs broken out by the nine primary training analysis code categories: PME, MGT, PGS, UPT/FLT, TECH, OT, OCONUS, TEAMS, and SUPPORT. Each category should reflect students, dollars, and dollar percentage of the program. FMS training programs should be broken out by total cases, students, and dollars.

(8) Cost sharing, current status, and budget year forecast, noting service variations, if any.

(9) Host country English language training (ELT), to include status of language labs, plans to enhance or develop ELT, in-country problems, etc.

f. <u>SAO Training Plan Presentations</u>. SAOs will provide an oral * presentation within a time limit and format prescribed by Unified Commands. At a minimum the SAO oral presentation will cover highlights of the two-year summary (current year/budget year/first plan year) by training analysis code categories broken out by students, dollars, and percentage of dollars for each category. The overall objective of the SAO oral presentation is to highlight and clarify the vital aspects of each plan for Unified Command and CONUS workshop attendees to enable them to better respond to the unique requirements of each country.

g. <u>SAO Requests for Exception to Policy</u>. SAOs will submit written policy waiver requests to the Unified Command that include full justification for the training, and except for Ambassadorial certification for OTs, include a statement of the SAO Chief's concurrence. Unified Commands and MILDEPs will recommend waiver approval/disapproval by the end of the first day of the workshop. The justifications and recommendations will be provided to the DSAA representative on the second day of the workshop for final approval/disapproval. Unified Commands will coordinate this effort.

h. <u>MILDEP Presentations</u>. Each MILDEP will make one consolidated presentation during Phase I representing all MILDEP agencies that includes appropriate policy and programming issues. Each MILDEP will provide information copies of MILDEP presentation to the other MILDEPs and the Unified Commands prior to the workshop cycle. DSAA will review MILDEP presentations prior to the workshop cycle.

3. Student Training.

a. <u>Training at U.S. Military Facilities and Civilian Institutions</u>. Under budget project and generic code N1O, individuals are trained at U.S. military facilities and civilian institutions in the U.S. or abroad. Included

*

[This page left blank intentionally]

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 "Q" cards.)

(3) U.S. Service Academies. IMETP funds cannot be used to fund attendance at the service academies.

b. <u>English Language Training</u>. Technical control of all English language training programs 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 training, and provided 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-bycase basis by the Director, DSAA.

(1) <u>Minimum English Comprehension Level (ECL)</u>. 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 level set forth immediately above. Countries will be expected to increase their English language training capability above the minimum 55 ECL requirement. Assistance may be provided under the IMET program by training of instructors at DLIELC, by providing English language mobile training teams (MTTs) or field training services (FTS), and by providing appropriate English language training aids and equipment. Information on these MTTs and FTS is contained in DLIELC 1025.1-M.

*

(3) <u>Specialized English Language Training (SET)</u>. 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 REO column of the MASL for these courses. Specialized English language (technical terminology) training and supplemental technical terminology training may be conducted in CONUS by U.S. 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 equipmentspecific "hands on" training or familiarization, and

(c) Such training is effective and economical for the U.S. and/or foreign government and meets the technical standards set by DLIELC.

(4) <u>Security Assistance Organization (SAO) Responsibility</u>. 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. Test materials to determine the ECL of foreign selectees are provided by DLIELC, together with instructions for administering the tests. ECL minimum requirements by course are listed in the Military Articles and Services List (MASL), published by DSAA, effective FY 84 and beyond.

(5) <u>Service Waivers</u>. 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 in CONUS (or OCONUS) by a commercial contract funded under IMET (or FMS), 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) <u>Test of English as a Foreign Language (TOEFL) and Graduate</u> <u>Record Examination (GRE)</u>. 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 approved military undergraduate or graduate training programs. Inclusion of the cost of the GRE for graduate training at other than military installations 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.

(8) <u>Direct Entry ECL Failure Forfeiture Charge</u>. A forfeiture charge of 50 percent will be imposed in all instances when direct entry FMTs fail to achieve the prerequisite ECL on the CONUS course entry ECL test and when failure results in rescheduling or cancellation of direct entry training

10-7

due to a language deficiency. This forfeiture policy applies to all direct entry FMTs, including those from countries granted a waiver from the incountry screening ECL testing.

c. Indigenous Training.

(1) <u>In-Country Training Capability</u>. Development of country self-sufficiency depends largely upon the quantity and quality of instructors available to operate in-country training establishments.

(2) <u>Instructor Training</u>. As a basic objective, 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) <u>Assistance in Determining Deficiencies</u>. In addition to specialized training for country personnel, MITs 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. However, such MTTs and survey teams will be made available in accordance with paragraph 2 (below).

d. Fifth Quarter Training.

(1) <u>Fund Availability</u>. 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) <u>Obligation of Funds</u>. 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) <u>Restrictions</u>. 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) <u>Program Development</u>. 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



10-8

following listing, therefore, is intended as a guide to subjects generally considered to pertain to this field of activity.

(2) <u>Planning</u>. Defining defense objectives and making decisions among alternative courses of action to achieve these objectives.

(3) <u>Programming</u>. Establishing schedules for achieving objectives, collecting functions and activities sharing the same objective into families (programs), and estimating resource requirements for each.

(4) <u>Budgeting</u>. 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) <u>Management of Capital Assets</u>. Acquisition and disposition of goods and services. <u>Management systems relating directly to tactical use</u> of weapons and support systems are normally excluded.

(6) <u>Management of Resources of Operating Activities, Including</u> <u>Employment of Manpower Resources</u>. Administering the acquisition of consumable resources and their consumption in the execution of assigned missions.

(7) <u>Accounting</u>. Measuring results and status, usually in financial terms, for both organizational units and functional areas.

(8) <u>Reporting</u>. Transmitting financial and non-financial information on status and results of operations and investment to the appropriate levels of management.

(9) <u>Evaluating</u>. Analyzing defense activity performance and test results to determine the merit or degree of effectiveness of the activity or resources concerned.

(10) <u>Auditing</u>. Reviewing the accuracy of reported results and judging the adequacy of and compliance with established policies and procedures.

(11) <u>Financial</u>. Budget submissions, status reports on obligations and allotments, general ledger accounting, working capital fund reports.

(12) <u>Manpower</u>. Military and civilian authorization procedures, manpower status reports, management engineering methods.

(13) <u>Supply</u>. Item and weapon system supply management, inventory accounting, property disposal.

(14) <u>Maintenance</u>. Field maintenance management procedures, depot maintenance industrial fund, standard cost accounting and workloading.

(15) <u>Facilities</u>. Management reports, contract construction procedures.

(16) <u>Acquisition</u>. Contractual procedures, cost information reports.

(17) <u>Research and Development Test and Evaluation</u>. 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.

4. <u>Mobile Training Teams (MTTs)</u>. MTTs are provided under budget project/generic code N2O, and are composed of MILDEP personnel on temporary duty for the purpose of training foreign personnel.

a. <u>Approval Criteria</u>. 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. Finally, MTT requests under IMET should clearly demonstrate that MTTs are the best training option and IMET is the only funding option. Every attempt should be made to provide MTTs through FMS rather than IMET.

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. <u>Authorization Criteria</u>. MTTs may be authorized for deployment to foreign countries and also to U.S. installations and facilities as follows:

(1) <u>Requirements Beyond In-Country U.S. Capability</u>. 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 financed 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) <u>Surveys</u>. 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>U.S. Installations</u>. 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. <u>Implementation</u>. MTTs are implemented by the MILDEP concerned and may be drawn from service resources in the U.S. or overseas, as necessary.

f. <u>Duration</u>. 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 assistance exceeding six months should be met by CONUS training of country personnel leading to an in-country capability and/or programming of engineering and technical services specialists.

g. <u>Subsistence, Per Diem, and Transportation</u>. 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 sub-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 TDY.

h. <u>Coordination and Preparation</u>. 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. <u>Programming Instructions</u>. Compliance with paragraph D.1.q. 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 for further definition and breakdown of these generic codes.

(1) <u>Duration and Numbers in Team</u>. 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, CONUS Travel and Team Orientation, Official Baggage, including excess, if justified, Salaries of DoD Civilians.

(2) <u>TDY Per Diem Allowances Outside CONUS</u>. 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) <u>CONUS Travel Rate</u>. 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) <u>Teams Furnished from Overseas</u>. 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) <u>Official Baggage</u>. 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) <u>Joint MTTs</u>. 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) <u>Column Utilization When Programming MTTs</u>. 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) <u>Predeployment Orientation/Training</u>. 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) <u>Training Aids</u>. 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, 319000-0/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. <u>Not Authorized for Technical Assistance</u>. MTTs are not authorized for the purpose of providing "technical assistance."

5. <u>Technical Assistance</u>. 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. 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, except in the case of the installation of English language laboratories.

b. 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.

6. <u>Field Training Services (FTS)</u>. Budget project N30 provides funds for DoD Extended Training Service Specialists (ETSS) and Contract Field * Services (CFS) personnel, as specified below:

a. Approval Criteria. See paragraph 2.a. above.

b. <u>DoD Extended Training Service Specialists (ETSS)</u>. 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 oualified 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) <u>Duration</u>. 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) <u>Programming Instructions</u>. ETSS/will be programmed under generic code N30.

(a) <u>Requirements</u>. 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) <u>In-Country Travel</u>. For programming purposes, a factor of \$40.00 per man per month is authorized to cover the cost of incountry travel, if the actual cost is unknown.

(c) <u>CONUS Travel</u>. For programming purposes, a factor of \$320.00 is authorized to cover the cost of CONUS travel.

(d) <u>Overseas Living Allowance</u>. For programming purposes, a factor of \$210.00 per man per month is authorized as a living allowance.

(e) <u>Official Baggage</u>. 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. <u>Contract Field Services (CFS) Personnel</u>. 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) <u>Programming Instructions</u>. 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) <u>Contract Cost</u>. 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.

7. 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) <u>Objective</u>. 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.

(2) <u>Country Team Evaluation</u>. 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. OTs should not comprise a major portion of an established program nor be a routine use of country program funds.

(3) Foreign Participants. OTs are generally intended for key personnel. 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) <u>Student Selection</u>. Selection of students for orientation tours and the design of itineraries should be made on the basis of maximum accomplishment of orientation tour objectives as outlined in paragraph C. 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 tour objectives should be avoided. DSAA approval of the orientation tour itinerary and areas of interest is required prior to commitment to the host country.

(5) <u>Approval of Exceptions</u>. Requests for all OTs 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) <u>Size of Tour Groups</u>. Large group OTs are 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. In addition, since OTs are expensive in terms of both service support resources and IMET funds, the number of personnel comprising OTs should be kept to a minimum.

(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 larguage gualified escort essential to tour objectives. Normally, an SAO representative should not be used as escort officer. However, in exceptional cases and with prior approval of DSAA, the executive agency may consider an SAO representative to serve as an escort officer when justified, e.g., because of special qualifications, workload, unusual rapport with key host country personnel, and associated projects/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 \$800.00 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 0, as applicable.

(9) Leave for Participants. When authorized in student Invitational Travel Orders (ITO), leave may be taken by tour participants at the conclusion of an OT at no additional expense to IMET.

10-16

b. <u>Types of Tours</u>. OTs for Distinguished Visitors (DV) and orientation 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 transoceanic 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) <u>Orientation Tours (OTs)</u>. OTs 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.

8. <u>Observer Training</u>. 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. <u>Conditions for Authorization</u>. Observer training will be authorized only when no course covering the desired training is available. This includes specialist-type training.

b. <u>Exclusions</u>. In addition, certain observer training explicitly excludes "hands on" training. For example, foreign personnel enrolled under medical observer training will be prohibited from actual hands-on patient care.

9. 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. Consistent with the responsibilities and duties of trainees, the Geneva Convention (concerning the principles and rules of the laws of armed conflict) should be included.

a. <u>Applicability</u>. The program applies to foreign military trainees and military-sponsored visitors in the U.S. under the security assistance program. As appropriate to the surrounding environment, the IP also applies to DOD training installations overseas performing security assistance military training functions.

b. <u>Responsibility for Implementation</u>. 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.

c. <u>Funding</u>. Extraordinary expense funds (N6O), as limited by foreign assistance appropriations and foreign assistance acts, are also authorized for use in conducting certain IP activities for IMET FMTs.

d. <u>Scope of Funded Activities</u>. 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.

e. <u>Visits to Washington, DC</u>. 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. f. <u>Entertainment and Social Activities</u>. 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.

g. <u>Duty Status of Trainees</u>. 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.

h. <u>Participation of Dependents</u>. 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.

10. <u>Country Liaison Personnel</u>. 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.

11. <u>Correspondence Courses</u>. Correspondence courses are not eligible for * IMET funding.

12. <u>Self-Invited Visits</u>. Self-invited visits are outside the purview of * security assistance. Requests should be submitted outside of security assistance channels, from the host country Washington Attache to the cognizant MILDEP in accordance with applicable MILDEP regulations.

13. <u>Contractor Training</u>. Contractor furnished training is normally not * eligible for IMET funding and should be obtained through FMS. Requests for exceptions will be considered on a case-by-case basis and only when the specific training is not available from the MILDEPs.

14. <u>Civilian FMT Privileges</u>. Civilian FMTs under ITOs are authorized * commissary and exchange privileges subject to MILDEP and unified command regulations.

15. Foreign Military Trainee Positions of Prominence and Influence ** <u>Reporting</u>. Per OSD message 232357Z May 86, each Unified Command will submit data by mail to DSAA (ATTN: COMPT-TMD) annually regarding positions of prominence achieved by former FMTs trained under the U.S. Military Security Assistance Training Programs. The data will be used to assess the effectiveness of the programs in reaching trainees who subsequently achieve positions of prominence and for justification to the Congress of the annual security assistance budget submissions.

a. <u>Description of Military Ranks for Reporting Purposes</u>. For ** purposes of this report, prominent military positions include all general and

flag rank officers and lesser ranks such as military attaches to major world capitals, commanders of elite or singular units with a special task such as guarding the nation's capital, or colonels or navy captain equivalents serving as a chief of a service, senior cabinet aides, senior positions on the joint or general staff, or commanders of training installations which would be held by general or flag officers in the U.S.

b. <u>Description of Civilian Ranks for Reporting Purposes</u>. Civilian ** graduates under military security assistance training programs achieving positions of prominence and influence include heads of state (includes royalty), government cabinet and deputy cabinet ministers, ambassadors, members of parliament and, where known, chiefs of leading business enterprises and other leaders of the civilian community.

c. <u>Data Collection Responsibility</u>. Data should be collected from ** the SAOs by the Unified Commands and submitted to DSAA/TMD, along with any supplemental information deemed appropriate.

d. <u>Data Format</u>. The data will be composed of both an update on ** individuals previously reported if his position or status has changed and the inclusion of any additional former FMTs who have achieved positions of prominence or influence since the last report. The data should be formatted in the following order: (1) country; (2) source of funding (i.e., FMS, IMET, MAP funded); (3) name (last, first, MI); (4) current rank (foreign and U.S. equivalent); (5) prominent positions held (to include all previous positions of prominence); (6) current position; (7) specific training completed (course name or subject); (8) place of training (name of installation); (9) adademic degree (if appropriate); (10) year(s) attended.

e. <u>Reporting Period and Timing</u>. Information should be submitted ** annually, by 1 Jan for the preceeding fiscal year.

f. <u>Reports Control Symbol</u>. This requirement is established as a ** standardized DSAA report under DSAA reports control symbol assigned DSAA (A) 1230.

F. GENERAL GUIDANCE CONCERNING STUDENTS.

1. Selection and Utilization of Trainees.

a. <u>Selection of Trainees</u>. 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. <u>Utilization of Trainees</u>. 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. <u>Student Security Screening</u>. 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. <u>Attendance in Classified Courses</u>. 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).

[This space left blank intentionally.]

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. Release of classified materiel will be in accordance with Chapter 5, Section II, Paragraph K.

3. <u>Student Medical Screening</u>. FMTs are certified to be medically fit generally for military training before they leave their country by either their government or U.S. in-country authority and prior to issuance of the ITO by the SAOs. Therefore, except for those special situations noted below, FMTs are exempt from medical examinations or any MILDEP urinalysis and blood screening programs before commencing training at U.S. training installations.

a. FMTs will or may be tested medically as followed:

(1) At and by U.S. training installations when the associated physical examination is an established prerequisite for admission to training that involves exceptional physical activity or safety, e.g., flying, underwater, ranger, airborne, etc.

(2) Physical examinations in conjunction with sick call or hospitalization in order to diagnose an FMT's ailment.

(3) In the case of Human Immunodeficiency Virus (HIV)/AIDS specifically, as outlined in the Joint Security Assistance Training (JSAT) Regulation (AR 12-15, OPNAVINST 4950.1H, AFR 50-29, MCO 4950.2) which is based on DSAA Memorandum I-018239/86 for the Military Departments, dated 16 Dec 86.

4. <u>Transportation and Accommodations for FMTs</u>. 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. <u>Travel within Student's Country</u>. 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. <u>Modes of Transportation when Furnished by the U.S.</u> 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) <u>Travel to/from CONUS by Military Airlift Command (MAC)</u> <u>Aircraft</u>. 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) <u>Travel to/from CONUS by U.S. Commercial Air or Surface</u>. 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) <u>Travel within CONUS</u>. 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.

d. <u>Funded Travel</u>. 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. <u>Transportation for Dependents of Trainees</u>. 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) for those courses identified in Table 10-II-2, Note 4, 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 is required to utilize U.S. flag carriers if available. In these instances, the trainee will be reimbursed for travel costs as follows:

(1) The MAC tariff rate if MAC transportation would have been the mode utilized through U.S. Government arrangements, or the actual cost of travel, whichever is lower.

lower.

(2) Category Z rate or the actual cost of travel, whichever is

f. <u>Transportation for Emergency Leave</u>. 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. <u>Deviations From Planned Travel Routes</u>. 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. <u>Enroute Accommodations</u>. Accommodations on U.S. installations provided to foreign students enroute will be commensurate with those provided U.S. personnel of equivalent grade.

i. <u>Travel to Non-Resident SAO</u>. 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.

5. 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. When IMET pays travel and living allowance, trainees are entitled to living allowances during travel status, to include the day of departure from home country, through the day of arrival at their first training location. Living allowance in training status will commence the day after arrival at the training location. Living allowance in a travel status will resume the day of departure 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 or any unauthorized delay enroute. In no case will the program pay travel costs or living allowances of trainees traveling within their own country. Living allowances will be computed incrementally in accordance with the JTR on the day of departure from home country and the day of arrival in home country.

(1) <u>Transoceanic Costs Borne by Foreign Country</u>. 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. <u>Entitlements for Trainees in Training Status</u>. 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. <u>Non-Authorized Living Allowances</u>. 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. <u>Advance Payment of Living Allowances</u>. 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. <u>Settlement of Claims</u>. 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 no later than 15 calendar days upon return to country. 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.

6. Baggage Weight Allowance for FMTs.

a. Authorized Baggage.

(1) <u>Authorized Weight Allowance</u>. 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) Two pieces of checked baggage, not to exceed 70 pounds each are authorized for FMTs programmed for training of less than 40 weeks duration.

(b) Three pieces of checked baggage, not to exceed 70 pounds each are authorized for FMTs programmed for flying training of less than 40 weeks duration.

(c) Four pieces of checked baggage, not to exceed 70 pounds each are authorized for FMTs programmed for training of 40 weeks duration or longer.

(d) In those instances where U.S. and foreign flag carriers differ in free baggage allowance, or baggage is authorized beyond 140 pounds, transportation officers will issue Government Excess Baggage Authorization Ticket (GEBAT) or equivalent to cover the difference up to the free allowable amount of the U.S. flag carrier(s) and also any authorized excess baggage allowance.

(2) <u>Instructional Course Materials</u>. 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) <u>Weight Allowances</u>. 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.

10-24

2. 50 pounds for all other courses.

(b) <u>Packing and Labelling</u>. 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) <u>Personal/Unauthorized Matter</u>. The training installation will ensure that no personal effects or other unauthorized matter is shipped with the instructional material.

(d) <u>Cost to Students</u>. 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.

Unauthorized Baggage. Shipment of baggage in excess of the b. 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 govern-Commanding officers of the training or administrative installation ment. 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. <u>Guest Instructors at Panama Canal Area Military Schools (PACAMS</u> [SCIATTS and IAAFA]) and CONUS-USARSA.

(1) Costs incidental to the use of foreign guest instructors at SCIATTS, IAAFA, and CONUS-USARSA are to be included in the fixed operating budgets of each school and not included in course tuition costs. These costs include travel of guest instructors and their authorized dependents, shipment of household goods and living allowance in accordance with Table 10-II-2.

(2) Shipment of household goods from the Panama Canal area or CONUS to their home country is authorized for Latin American guest instructors who have completed a tour of duty at PACAMS or USARSA. 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 when assigned as Deputy Commandant. 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



10-25

*

government. Shipment will be by surface common carrier. Air freight may be used only when surface common carrier is not available.

7. 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.

8. 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.

9. 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 or medical treatment be at U.S. expense.

10. FMT and Dependent Employment. FMTs and alien dependents of FMTs * are not allowed to seek employment during their stay in the United States. U.S. Embassy and/or security assistance personnel should make every attempt to explain this fact to FMTs at predeparture briefings in order to discourage such employment. In this connection, U.S. country team personnel should take all action necessary to insure that passports with A-2 Visas or related documents concerning FMTs and their alien dependents are not annotated with "Employment Authorized."

11. 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.

G. <u>EXTRAORDINARY EXPENSES</u>. 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 b. <u>Senior Officers and Senior Civilian Personnel</u>. (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. <u>Foreign Individual Member of OT/DV</u>. 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. <u>Use for Contingencies</u>. 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. <u>Programming</u>. 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. <u>Costs of Facilities Used for Both IMET and FMS Training</u>. 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. <u>Medical Costs</u>. 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. <u>Supplies and Training Materials (Generic N7C)</u>. 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. Transportation of these materials will be by surface shipment.

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.

J. <u>POLITICAL ASYLUM AND TEMPORARY REFUGE</u>. Requests for political asylum and temporary refuge by FMTs will be handled promptly and with careful attention to the procedures established by DOD Directive 2000.11 and the implementing instructions of the MILDEPS as follows: AR 550-1, SECNAVINST 5710.22, and AFR 110-26. The instructions cover policy and procedures concerning political asylum and temporary refuge requests from foreign nationals while in territory under exclusive U.S. jurisdiction (including territorial seas, the Common-wealth of Puerto Rico, possessions, and territories under U.S. administration and on the high seas and in territories under foreign jurisdiction (including foreign territorial seas).

K. PROGRAM MANAGEMENT.

1. Presentation of Budget Year Waiver Items. SAOs will submit written waiver requests for policy exceptions to items outlined in paragraph D at the annual training Workshops. Requests will include appropriate justification, supporting rationale and detailed information and required Unified Command and MILDEP concurrence prior to DSAA review. Only those waiver requests that have been approved by DSAA will be accepted for programming at the Training Workshops.

2. Assignment of Budget Year Priority Codes. SAOs will assign priority codes A, B, and C for their Budget Year program using the Budget Year level at the annual training workshops. Priority codes A, B, and C should each equal approximately one third of the Budget Year level. Priority A is the highest priority. Priority C is the lowest priority and, if required, would be cut before priorities B and A. In addition, SAOs should assign priority codes D and E to other valid training requirements in excess of the budget level and to take place not earlier than the fourth quarter. Priority codes D and E should each comprise approximately one half of the training above the budget

(deletion)

* *



10-28

level with priority D having the higher priority. Valid training priority coded D and E is defined as training in keeping with IMET policies and objectives, that MILDEPs can accommodate, for which the host country can provide qualified candidates and which has a dollar value that the SAO can reasonably expect to receive at mid-year/end-of-year if funds are available. In most cases, this should not exceed approximately 10 percent of the budget level. SAOs should code all training lines in a WCN series to reflect the code of the program line with the highest priority within that series.

3. <u>Initial Funding of Current Year Training Program</u>. As soon as the apportionment of IMETP funds is received from the Office of Management and Budget, DSAA will fund all priority codes A, B, and C within the apportioned funding/allocation level. SAOs should ensure that priority codes are appropriately adjusted so that the total of all priority A, B, and C training lines equals the allocation level. Adjustment of prioritization will be required if the apportionment level is less than the budget request level.

4. Additions/Increases to Current Year Program. If subsequent additions/increases to current year programs will cause the funded program to exceed the country allocation level, the SAO should simultaneously (1) submit deletions of funded lines sufficient to offset requested funding and/or (2) forward programming to lower the priority codes of selected funded lines to D or E. In the latter case, DSAA will withdraw funding of those lines and they will remain the program in an unfunded status.

Mid-Year Review of IMET Allocation Levels. 5. Unified Commands will provide comments and recommendations concerning the status of individual country IMET allocation levels to DSAA by 15 May. Unified Commands will (1) identify those countries that will not be able to utilize all of their currently allocated IMET levels and recommend revised country allocation levels; (2) identify those country programs that have valid training requirements (as defined in paragraph 2 above) above currently allocated IMET levels and recommend corresponding increases to country allocation levels; and (3) those country programs that will require no change in allocation levels. Recommendations for increases will be prioritized within each Unified Command and will include a descriptive narrative to identify the type of training and number of students associated with the dollars requested. Specific WCN numbers should be identified. Unified Commands will ensure that SAOs submit appropriate program additions/changes reflecting priority codes D or E and quarter availability no earlier than the fourth quarter for those countries that are recommended for increases.

6. <u>End-of-Year Review of IMET Allocation Levels</u>. Unified Commands will provide comments and recommendations concerning the final country IMET allocation levels to DSAA by 1 August. The same procedures used for the Mid-Year Review will apply.

7. <u>Training Analysis Codes</u>. Training Analysis Codes allow training program data to be grouped by categories that facilitate analysis of country IMET programs as they relate to overall IMET objectives. These codes replace the material-oriented generic code structure for training and enable the training community to match country requirements with policy considerations, particularly in the preparation of two year training plans and training AIASA's. A complete listing of all Training Analysis Codes is at Table 10-II-4. The nine primary analysis code categories are:

Category	Description
PME MGT	Officer Professional Military Education Officer Management
PGS	Officer Postgraduate/Degree Related Training
UPT/FLT	Undergraduate Pilot and Other Flight Training
TECH	Technical, Operations, Maintenance, Medical and
	Enlisted Training
OT .	Orientation Tours
OCONUS	OCONUS Student Training
TEAMS	Mobile Training Teams and Field Training Services
SUPPORT	English Language Equipment, Materials, PCH&T, Medical Lines and other Training Support

L. PROGRAM DEVELOPMENT AND SUBMISSION.

1. <u>Purpose</u>. The following provides 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. <u>Sources</u>. 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. <u>Refinements of Budget Year Program</u>. The refinement of the budget year program should be accomplished at the training workshops. The workshops are hosted 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 concerning the programs proffered by the SAOs on behalf of their host countries. MILDEPs submissions of refined budget year and plan year training requirements resulting from the training workshop review will be completed and processed to DSAA by 15 April.

c. <u>Availability of Detailed Data to MILDEPs</u>. Detailed training data for the first plan year program will be made available by SAOs to MILDEPs for processing to DSAA by 15 September, or as may be directed.

3. <u>General Programming Instructions</u>. 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 of this manual. This summary provides a reference for identifying specific training contained in the MASL.

4. <u>Submission of Program Data</u>. 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. <u>Channels of Submission</u>. 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. <u>Submission of Final Current Year Program Changes</u>. Final current year program changes (increases and/or additions) to IMET program requirements must be submitted by SAOs to MILDEPs in proper program change format no later than 5 August and be forwarded by MILDEPs to arrive in DSAA not later than 15 August in order to be considered during the end-of-year closeout of that program on 30 September. To accomplish this, SAO program changes must arrive at the appropriate MILDEP agency no later than Monday of the week before 15 August. Only changes justified as an urgent requirement will be considered after the 15 August cutoff date. These must be approved prior to submission by DSAA and approval will be contingent upon sufficient time remaining to process the change and obligate funds by the end of the fiscal year.

[This space left blank intentionally.]

Change No. 6, 1 March 1986

[This page left blank intentionally.]

.

Change No. 6, 1 March 1986

c. <u>SAO Submission Instructions</u>. 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 Addition	ns. "4" Card.
----------------------	---------------

Responsible Agency	Card Column	Data Element	Instruction	
SAO and MILDEP	1	Card Code	Must be filled. Enter "4".	
MILDEP	2-5	Record Control Number	Leave blank or enter RCN.	
SAO and MILDEP	14-20	Item ID Number	Must be filled. Enter IIN from the MASL.	
MILDEP	21	Generic Code	Must be filled. Enter "N".	
MILDEP	23-24	Reason for Change Code	Must be filled. See Appendix D for codes.	
SAO and MILDEP	25	Student Code	Enter the appropriate code. See Appendix D for codes.	
SAO and MILDEP	26-29	Quantity	Must be filled (leave blank for dollar value 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 and enter "O" in unused columns.	
SAO and MILDEP	30	Program Originator	Must be filled. See Appendix D for codes.	
SAO and MILDEP	31-32	Country/Activ- ity Code	Must be filled. See Appendix D for codes.	
SAO and MILDEP	33-34	Duration	Enter duration from the MASL. When MASL duration is variable (VA), enter number of weeks for students, number of man weeks fo teams and number of man months for Field Training Services (FTS). Right justify units position in Column 34 and enter "0" in unused columns.	
MILDEP	35	Type Assistance Code	Must be filled. See Appendix D for codes.	

DoD 5105.38-M

Responsible Agency	Card <u>Column</u>	Data Element	Instruction
MILDEP	36-43	Unit Price	Must be filled. (Leave blank for dollar value lines.) Enter MASL course cost. When not indicated in the MASL, enter MILDEP deter- mined unit price. Right justify and enter "O" in unused columns.
SAO and MILDEP	45-46	Program Year	Must be filled. Enter last two digits of the appropriate fiscal year.
MILDEP	47 - 50	Funding Date/ Case	Enter the report or start date of training (whichever is earlier) by month/day (MM/DD) 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.
SAO and MILDEP	51-56	Travel and Living Allowance	Enter TLA for each student or team member line 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. Right justify units position in Column 56.
DSAA	57	Status Code	Leave blank.
MILDEP	58	DSAA Waiver Code	Must be filled. Enter "A" for training lines that do not require DSAA waiver or enter appropriate waiver code. See Appendix D for codes.
ARMY	60	TLA Command	(Optional) Entered by Army to indicate command receiving funding for TLA cost.

. .

Change No. 5, 1 September 1985

Responsible Agency	Card <u>Column</u>	Data Element	Instruction	·
SAO and MILDEP	61-65	Worksheet Control Number	Must be filled. Enter WCN as assigned by SAO. In the units position (Column 65) enter sequential or follow-on courses in alphabetical sequence in the order in which training is to be conducted:	
			1234L (language training) 1234A 1234B, etc.	
			ing sequential training funded in the new FY but originating in the previous FY, referred to as carryover training. If a third	*
			de) Where no sequential training is planned, leave the units position blank.	Îetion)
SAO and MILDEP	66-68	Execution Agency Code	Must be filled. Enter EXA ident- ifier from the MASL. Where cross-service training is in- volved, enter the EXA identifier of the MILDEP that will conduct the majority of the training. See Table III of this chapter.	
MILDEP	69	Change Originator Code	Must be filled. See Appendix D for codes.	
SAO and MILDEP	70	Availability/ Report Quarter	Must be filled. Enter "1", "2", "3", "4", or "5" (IMET only) to indicate the quarter in which the student is available. Codes should be adjusted if training schedule changes. All training lines within a WCN series will reflect the quarter availability	

Change No. 8, 31 March 1987

۰.

.

Responsible Agency	Card <u>Column</u>	Data Element	Instruction
	·		of the first line in the se- quence. Medical cost lines will have same quarter availability as earliest line.
DSAA	⁵ 71	Fiscal Code	Leave blank.
SAO and MILDEP	72	Rqmts Priority Code	Must be filled. Enter "A", "B", "C", "D", or "E" as appropriate.
MILDEP	73-80	Total Cost	Must be filled. Enter total cost by multiplying the sum of entries in unit price (Columns 36-43) and travel and living allowance (Columns 51-56) times quantity (Columns 26-29). Right justify units position in Column 80.

(2) <u>Program Changes</u>. "Q" Card. Must include all revised data elements that have changed in addition to data elements listed below:

Responsible Agency	Card <u>Column</u>	Data Element	Instruction	
SAO and MILDEP	1	Card Code	Must be filled. Enter "Q".	
SAO and MILDEP	2-5	Record Control Number	Must be filled. See DSAA detail listing.	
MILDEP	23-24	Reason for Change Code	Must be filled. See Appendix D for codes.	
SAO and MILDEP	31-32	Country/Activ- ity Code	Must be filled. See Appendix D for codes.	
SAO and MILDEP	45-46	Program Year	Must be filled. Enter last two digits of the appropriate fiscal year.	
MILDEP	47-50	Funding Date	Must be filled if training moves to a different quarter. If training has already been funded, a new funding date must be entered.	
SAO and MILDEP	61-65	Worksheet Control Number	Enter (WCN) as it appears in the DSAA detail listing. If the WCN itself is being changed, enter the revised WCN.	

10-34 Change No. 8, 31 March 1987

Responsible Agency	Card <u>Column</u>	Data Element	Instruction	
MILDEP	69	Change Orig- inator Code	Must be filled. for codes.	See Appendix D
SAO and MILDEP	70	Availability/ Report Quarter	Must be filled. priate quarter.	Enter the appro-
	(3) <u>Progra</u>	am Deletions. "R"	Card.	
Responsible Agency	Card <u>Column</u>	Data Element	Instruction	
SAO and MILDEP	1	Card Code	Must be filled.	Enter "R".
SAO and MILDEP	2-5	Record Control Number	Must be filled. listing.	See DSAA detail
MILDEP	23-24	Reason for Change Code	Must be filled. for codes.	See Appendix D
SAO and MILDEP	45-46	Program Year	Must be filled. digits of the ap year.	Enter last two opropriate fiscal
SAO	61-65	Worksheet Control Number	Must be filled. listing.	See DSAA detail
MILDEP	69	Change Originator Code	Must be filled. for codes.	See Appendix D

d. <u>Data Submission Feedback</u>. See Chapter 15, Section III for description of reports provided to MILDEPs via AUTODIN or hard copy. Also see Appendix D for additional data element definitions.

e. <u>Results of DSAA 1000 System Weekly Update</u>. DSAA will prepare and mail IMET Orders after each weekly update of the DSAA 1000 System File. IMET orders will be issued in accordance with paragraph M of this chapter for newly funded lines and changes to previously funded lines.

M. 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 of this manual. 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. <u>IMET Unit Price (Columns 36-43)</u>. 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. <u>IMET Travel and Living Allowance (Columns 51-56)</u>. 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) <u>First Training Destination Known</u>. 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) <u>Cost Included in Travel</u>. Travel includes the cost of transportation to and from the U.S., within the U.S., and baggage and living allowances during travel unless the country declines the IMET living allowance, in which case no living allowance is authorized. Transportation by military or commercial aircraft (when authorized), ship, bus, rail, or other conveyance will be paid when the 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) <u>Travel to and from U.S.</u> 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) <u>Travel within CONUS</u>. 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

in the second second

living allowance while in a travel status. Note: In all cases students are required to travel over the most direct, least cost route.

(3) <u>Living Allowances While in Training Status</u>. 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 transoceanic travel costs and the round trip CONUS costs from U.S. port of entry to the first training location and from the last training location to U.S. port For sequential training conducted at another location, the best of exit. 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) <u>Cross-Service Training</u>. Cross-service training is a training series for a foreign student provided by more than one U.S. military service.

<u>1.</u> <u>Training in Schools of Another Service</u>. 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).

<u>3.</u> 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.

10-37

1

4. <u>Joint Service Courses</u>. 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. These charges are to be programmed for applicable courses, and will be earmarked by an "S" in column 65 to indicate that a penalty fee was charged for that particular training line.

(5) Orientation Tours.

(a) <u>TLA Entries</u>. 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) <u>Escort Officers</u>. An escort officer may be programmed for orientation tours. A factor of \$800.00 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) <u>Observer Training</u>. The procedures above do not apply to observer training. Observer training will be costed in the normal manner described in paragraph la. above.

(6) <u>Temporary Duty Costs</u>. 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

(deletion)

(deletion)

10-38

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) <u>Trainees in Own Country</u>. Each country will pay its own transportation for those trainees training in their home country.

(b) <u>Training Costs for Sequential Training</u>. 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) <u>Trainees Training in Their Own Country</u>. Each country will pay its own living allowance rates for trainees training in their home country.

(b) <u>Trainees Training Outside Their Own Country</u>. 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) <u>Sequential Training</u>. In some cases students have a waiting period before entering a follow-on course. The living allowance is authorized for the waiting period, and will be included in the TLA for the follow-on course.

b. U.S. Southern Command.

.

(1) Living Allowances While in Training Status.

(a) <u>Programming Factor, Panama Canal Area Military</u> <u>Schools (PACAMS)</u>. The programming factor for student living allowance for students while in training status at U.S. service schools in the Panama Canal Area 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 \$75.00 per week for enlisted personnel.

(b) <u>Reimbursement to MILDEPs for Enlisted Personnel</u> <u>Services</u>. Not all of the \$75.00 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) <u>PACAMS Trainees from the Republic of Panama</u>. Panamanian trainees attending <u>PACAMS</u> 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) <u>OJT/Observer Training</u>. 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. <u>Third Country Training</u>. Third country training should be encouraged, with the two participating countries making their own arrangements for the training and associated costs.

(1) <u>Tuition Funding by the U.S.</u> 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) <u>Requests for Offshore Procurement Certification</u>. 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) <u>Commitments for Third Country Training</u>. 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.

N. <u>IMPLEMENTATION</u>. 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) <u>Definition</u>. 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) <u>Purpose</u>. IMET Orders show additions, changes, and or deletions to funded Tines. 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) <u>Country</u>. 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) <u>Number</u>. 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) <u>Identification</u>. 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. <u>Implementation Instructions for the Invitational Travel Order (ITO)</u> for Foreign Military Trainees (FMTs), DD Form 2285.

a. The Invitation Travel Order (ITO) (Figure 10-II-1) is the basic document for all training provided to foreign military trainees (FMTs) under Security Assistance Training Program (SATP) sponsorship in order to provide recognition of the status of the FMTs, and the applicable privileges therein.

b. DD Form 2285 is the only authorized document that will be used by SAOs for FMTs entering U.S. training under the Foreign Assistance Act of 1961, as amended, and the Arms Export Control Act. This form will not be alter nor shortened. If country desires, a native language translation may be attached to the DD Form 2285.

c. The ITO is the controlling document for authorized training, terms, conditions, and privileges. It is also the basic document used for accounting purposes and provides guidance to the appropriate agencies for determining which support is payable and which is not. The SAO is responsible for preparation of the ITO, in accordance with the guidance in this chapter, the Military Department regulations and the instructions below. When all prerequisites have been met, the SAO will issue individual ITOs for each FMT.

- d. General Instructions:
 - (1) Typewrite.

(2) Starting at the left-hand corner, enter the following data at the top of each of the four pages: FMT's surname, rank, country code, WCN and ITO Number.

(3) Select applicable statement by placing "X" in Block.

Example: /X/

(4) Enter all dates as follows: Two digits for the day of month, three alphas for month of year, and last two digits of calendar year.

Example: 30JAN84

(5) If an item requires additional information, but contains no block that refers to Item 16 (Special Conditions), type the following statement after the title of the item--"See Item 16."

e. Instructions relating to specific items. (Items not addressed below are considered self-explanatory).

(1) Item 1, ITO Number. Number consecutively within each fiscal year. Also indicate the fiscal year, and, if required, a one-alpha suffix program originator for internal SAO control purposes. In large country programs, this suffix would preclude duplication of ITO numbers.

Example: 121-84, 39-84-B

(2) Item 5, IMET Order. Include entire IMET Order Number and

date.

Example: 84A/XX/01, 01JAN84

(3) Item 7, Language Prerequisites.

<u>a.</u> Block "A" will be checked and statement completed for those countries that have not been granted waiver from in-country screening or are not exempt from all ECL testing.

b. Block "B" will be checked and statement completed only for those countries that have been granted waiver from in-country screening ECL testing. This waiver is granted on an annual basis by DSAA message, DTG of which will be cited as documentation.

Example: SECDEF Msg DTG 131329 OCT 83

c. Block "C" will only be checked by the five countries exempt from all ECL testing: Australia, Canada, Ireland, New Zealand, and United Kingdom. Cite annual DSAA message as documentation.

(4) Item 10A, US MILDEP Document. Indicate, as appropriate, MILDEP CPL, STATIS, and message, letter or other documentation authorizing implementation of training. If authority is granted by DSAA to issue an ITO prior to receipt of the IMET order, cite that document as authority.

10-42 Change No. 5, 1 September 1985

(5) Item 14A-F(1), Authorized Training. RCN applies to IMET only. For FMS enter "N/A."

(6) <u>Item 15A(3), Dependents</u>. Block "(3)" will be checked only for those IMET FMTs, with authorized accompany dependents, that are attending ACSC, SOS, AWC, CGSC, NCC, NSC, AFIT graduate programs, MCC&SC, AWS, or PGS.

(7) Item 15B(2), Medical Services, Dependents. If Block 15A(1) has been checked, do not check any blocks under 15B(2). Enter "N/A" after the word "Dependents".

(8) Item 15C, Living Allowances. Block (1) will be checked for FMS countries and only those IMET countries participating in full costsharing of living allowances. Block (6) will be checked only for those countries for which Blocks 15C(1) through (5) do not apply in whole. Specific living allowance conditions will be outlined in detail in Item 16, Special Conditions.

(9) Item 15D, Travel. Block (1) will be checked for FMS countries and only those IMET countries participating in full cost-sharing of travel. Block (5) will be checked only for those countries for which Blocks 15D(1) through (4) do not apply in whole. Specific travel allowance conditions will be outlined in detail in Item 16, Special Conditions.

(10) Item 15E(1), Baggage. Block (1) will only be checked and statement completed for FMS countries and only those IMET countries participating in full cost-sharing of travel.

(11) Item 16, Special Conditions. If required, use this space to clarify or amplify information in Items 1 thru 14; to list any special conditions not covered in Item 15; or to list variations in conditions as listed in Item 15. Indicate the item numbers to which the information applies. Other desired information that is not applicable to any specific item (e.g., Embassy address and telephone number in Washington DC) will be entered last under the title of "Additional Information".

Examples of types of entries suitable under Item 16:

7A--Three-point waiver granted for direct entry by SATFA-TRADOC msg, ATFA-R, DTGXXXXXXA OCT 83.

15B(1)(C)(3) and (2)(A)2-Bills for medical care/hospitalization will be forwarded to Embassy in Washington, DC for payment.

15D(2)--FMT has been issued only one-way ticket from home country to Harrisburg, PA. Return transportation will be arranged by last training installation.

15(G)--Request for leave upon completion of training will be submitted directly by the FMT to his Embassy in Washington, DC. Written approval in English from the Embassy to the FMT will constitute approval for leave.

10-43

ł

(12) Item 17, Distribution. New distribution lists will be provided separately by MILDEPS.

f. Amendments and Continuation Sheets. Amendments and continuation sheets should be prepared on plain bond paper, and must include the following information from the original ITO: Item 1 (the original ITO number), Items 2 through 6A, Items 10, 11, and the WCN. The Item Number and description of the information being continued or amended should also be included. Copies should be provided to applicable original ITO recipients, and other addressees required as a result of the change.

g. MILDEP-specific instructions will be provided in the MILDEP regulations and the Joint Security Assistance Training Regulation, when published. In the interim, consult the individual MILDEP HQ for further guidance on preparation of ITO, if any questions arise.

3. <u>IMET Order Recipients</u>. 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.

4. <u>Impact of Section 620(q)</u>, FAA, and "Brooke Amendment" on Utilization of IMET Funds.

a. Section 620(q) reads:

No assistance shall be furnished under this Act to any country which is in default, during a period in excess of six calendar months, in payment to the United States of principal or interest on any loan made to such country under this Act, unless such country meets its obligations under the loan or unless the President determines that assistance to such country is in the national interest and notifies the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate of such determination.

b. The "Brooke Amendment" which is an integral part of each recent ** foreign assistance and related programs appropriations act and continuing resolution states:

No part of any appropriation contained in this Act shall be used to furnish assistance to any country which is in default during a period in excess of one calendar year in payment to the United States of principal or interest on any loan made to such country by the United States pursuant to a program for which funds are appropriated under this Act.

c. Sanctions under Section 620(q) would be triggered by arrearages ** of more than six calendar months on AID-financed leans (Economic Support Fund, etc.) at such time as the Department of State advises DSAA that no waiver of

**

**

**

sanctions is being considered. Sanctions under the "Brooke Amendment" would be triggered by arrearages of more than one calendar year on FMS-financed loans (direct or guaranteed) or AID-financed loans.

d. The impact on utilization of IMET funds under both Section ** 620(q) and the "Brooke Amendment" is identical; therefore, refer to Chapter 9, Section III, paragraph K.4.a-d for the specific sanctions. [NOTE: Utilization of FMS Credit funds are not impacted by Section 620(q).]

O. TRAINING ANNUAL INTEGRATED ASSESSMENT OF SECURITY ASSISTANCE (AIASA) REPORTS. IMET program resources requirements will be included in the training AIASA submitted for all security assistance recipients to the State Department to facilitate decisions as to the allocation of security assistance resources. Copies of these reports are required by DSAA as part of the planning process.

[This space left blank intentionally.]

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. <u>AECA Provisions</u>.

a. <u>Nature of Training</u>. 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. <u>Prohibitions</u>. 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. <u>Reimbursement</u>. In compliance with prescribed pricing categories, the cost to the USG in furnishing FMS training must be paid by the foreign purchaser. Payment must be cash on acceptance, unless a determination is made 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. <u>Bilateral, Combined, or Multilateral Exercises</u>. 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. <u>Separate and Specific Statutory Authorization</u>. 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. <u>Initiation</u>. 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. <u>Annual Country Program Review</u>. 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. <u>Unprogrammed Requirements</u>. 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.

10-46

* (deletion)



Program Finalization. The MILDEP conducting the training d. * 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.

> Program Amendments. e.

(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.

f. Fifth Quarter Planning. The IMET 5th guarter planning and * programming concept is not applicable to FMS training.

Programming Training Under FMS. Requesting and programming training 3. 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.

SAO Submission Instructions. As a minimum, submit the followa. ing 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 K.4.c.(1).

Card <u>Column</u>	Data <u>Element</u>	Instruction	
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.

Card Column	Data Element	Instruction
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.
14-20	Item Ident- ification 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.

Card <u>Column</u>	Data Element	Instruction
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) <u>Program Additions</u>, "4" <u>Card</u>. Only those procedures which differ from previous IMET instructions are indicated. (See IMET instructions in paragraph K.4.c.(1).

Card Column	Data Element	Instruction
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.

Change No. 8, 31 March 1987

(2) <u>Program Changes, "Q" Card</u>. Only those procedures which differ from previous IMET instructions are indicated. See IMET instructions in paragraph K.4.c.(2).

CardDataColumnElementInstruction51-56TLADo not enter. Pertains only to IMET.

(3) <u>Program Deletions</u>, "R" Card. Same as IMET instructions. See paragraph J.4.e. in Section I.

4. Training Requirements Related to Purchase of Major Equipment.

a. <u>General</u>. 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. <u>Planning Programs</u>. 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. <u>ENGLISH LANGUAGE TRAINING</u>. 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. <u>FMS TRAINING TUITION RATES</u>. 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. <u>Rescheduling or Cancellation in Advance</u>. 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. <u>Failure to Complete Course</u>. 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. <u>Civilian Institutions</u>. 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. <u>Responsibility</u>. The purchasing country is responsible for all transportation and travel costs for FMS students. These costs are not included in the LOA.

2. <u>Mode of Travel</u>. 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 nongovernment rate.

3. <u>Baggage</u>. 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. <u>Student Retainable Instructional Material (RIM)</u>. 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. <u>Subsistence</u>. Officers and enlisted personnel will pay for meals taken in government dining facilities at the rate prescribed by the MILDEPs.

b. <u>Quarters</u>. All FMS training students who occupy military quarters must personally pay the service charge or custodial fee as established by the installation commander.

2. <u>Privileges</u>. Foreign military personnel involved in security assistance training, on competent orders (ITOs) authorized by the MILDEPs, and <u>bona</u> <u>fide</u> 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. <u>Eligibility</u>. 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. <u>Protocol Status</u>. Civilians are generally afforded the same protocol status as their equivalent military counterparts, as stated in the ITO.

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. <u>MOBILE TRAINING TEAMS AND FIELD TRAINING SERVICES</u>. 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. <u>TRAINING RELATIONS</u>. 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. <u>SECURITY ASSISTANCE MANAGEMENT TRAINING</u>. 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)

	AINEES (FMT)			moni	h, year)
he U.S. Government hereby issue	es this ITO for the	FMT herein nam	ed to attend the course(s) of in	nstruction herein listed, subj	ct to the
erms and conditions contained h	• •	-	•	-	for FMT
ntering US training under the Fo	oreign Assistance A	ct of 1961, as am	ended, or the Arms Export Co	ontrol Act.	
NAME OF ORGANIZATION			b. ADDRESS (Mailing)		
FUNDING (Check one and complete	le sistement)				
·			_		
A DIMET ORDER		······································	6. LIFMS CASE IDENTIFIER	l	
FMT INFORMATION			·····		
NAME (Sumame (ALL CAPS), Fin	rst, Middle)				
·····					
ANK	C. US EQUIVALEN	IT RANK	d. COUNTRY SERVICE	. COUNTRY SERVICE	10.
DATE OF BIRTH (Day, Month,	PLACE OF BIRT	H (City Province/	District Country)	l	
Year)		(Sity, Frayince/1	entral, Country/		
	1				
. LANGUAGE PREREQUISITES (· · · · · · · · · · · · · · · · · · ·	
. FMT COMPLETED DLI EN	IGLISH LANGUAGE	PROFICIENCY E	CAMINATION OI	N	
					tar)
WITH AN ENGLISH COMP	TREMENSION LEVE		FMT WILL TAKE 1 Score)	THE CONUS COURSE	
ENTRY ECL TEST AT TH	E FIRST TRAINING	INSTALLATION.			
-					
b. WAIVER OF IN-COUNTRY	Y SCREENING ECL (GRANTED BY AU			
				(Deaumentation)	
ENT WULL TAKE THE CO	NUE COURSE ENTE			(Documentation)	
FMT WILL TAKE THE CO	INUS COURSE ENTR		HE FIRST TRAINING INSTALL	•	
FMT WILL TAKE THE CO		Y ECL TEST AT T	HE FIRST TRAINING INSTALL	ATION.	
		Y ECL TEST AT T	HE FIRST TRAINING INSTALL	ATION.	
c. 🗋 FMT IS EXEMPT FROM A	LL ECL TESTING B	Y ECL TEST AT T	HE FIRST TRAINING INSTALL	ATION.	
c. 🗋 FMT IS EXEMPT FROM A	LL ECL TESTING B	Y ECL TEST AT T Y AUTHORITY OF	HE FIRST TRAINING INSTALL	ATION. Documentation)	S.
c. FMT IS EXEMPT FROM A SECURITY (Check one and comp a. US SECURITY SCREENIN	LL ECL TESTING B is to statement, if appl ig has been acco	Y ECL TEST AT T Y AUTHORITY OF (cable) MPLISHED. ALL T	HE FIRST TRAINING INSTALL	ATION. Documentation) D ON AN UNCLASSIFIED BAS	S .
c. FMT IS EXEMPT FROM A	LL ECL TESTING B is to statement, if appl ig has been acco	Y ECL TEST AT T Y AUTHORITY OF (cable) MPLISHED. ALL T	HE FIRST TRAINING INSTALL	ATION. Documentation) D ON AN UNCLASSIFIED BAS	S.
C. FMT IS EXEMPT FROM A SECURITY (Check one and comp . US SECURITY SCREENIN . US SECURITY REQUIRE)	LL ECL TESTING B lete statement, if appl NG HAS BEEN ACCO MENTS HAVE BEEN	Y ECL TEST AT T Y AUTHORITY OF Licable) MPLISHED. ALL T COMPLIED WITH.	HE FIRST TRAINING INSTALL	ATION. Documentation) D ON AN UNCLASSIFIED BAS (Home Country)	
c. FMT IS EXEMPT FROM A SECURITY (Check one and comp a. US SECURITY SCREENIN	LL ECL TESTING B lete statement, if appl NG HAS BEEN ACCO MENTS HAVE BEEN	Y ECL TEST AT T Y AUTHORITY OF Licable) MPLISHED. ALL T COMPLIED WITH.	HE FIRST TRAINING INSTALL	ATION. Documentation) D ON AN UNCLASSIFIED BAS (Home Country) THIS OF ITSELF DO	
C. FMT IS EXEMPT FROM A SECURITY (Check one and comp . US SECURITY SCREENIN . US SECURITY REQUIRE) HAS GRANTED THE FMT	LL ECL TESTING B lete statement, if appl ig has been acco MENTS HAVE BEEN I A SECURITY CLEA	Y ECL TEST AT T Y AUTHORITY OF Licable) MPLISHED. ALL T COMPLIED WITH.	HE FIRST TRAINING INSTALL	ATION. Documentation) D ON AN UNCLASSIFIED BAS (Home Country) (Home Country) evel)	ES NOT
C. FMT IS EXEMPT FROM A SECURITY (Check one ond comp . US SECURITY SCREENIN . US SECURITY REQUIRED HAS GRANTED THE FMT PERMIT THE DISCLOSUR	ILL ECL TESTING B Is the statement, if appl IG HAS BEEN ACCO MENTS HAVE BEEN I A SECURITY CLEA RE OF CLASSIFIED I	Y ECL TEST AT T Y AUTHORITY OF Grable) MPLISHED. ALL T COMPLIED WITH. RANCE EQUIVAL	HE FIRST TRAINING INSTALL (RAINING WILL BE CONDUCTED THE GOVERNMENT OF ENT TO US(Classification L	ATION. Documentation) D ON AN UNCLASSIFIED BAS (Home Country) 	ES NOT
C. FMT IS EXEMPT FROM A SECURITY (Check one ond comp a. US SECURITY SCREENIN b. US SECURITY REQUIRED HAS GRANTED THE FMT PERMIT THE DISCLOSUR OFFICIAL DELEGATED A	ILL ECL TESTING B Is the statement, if appl IG HAS BEEN ACCO MENTS HAVE BEEN I A SECURITY CLEA RE OF CLASSIFIED I AUTHORITY AND U	Y ECL TEST AT T Y AUTHORITY OF Grable) MPLISHED. ALL T COMPLIED WITH. RANCE EQUIVAL US INFORMATION S FOREIGN DISCI	HE FIRST TRAINING INSTALL (RAINING WILL BE CONDUCTED THE GOVERNMENT OF ENT TO US (Classification L SUCH DISCLOSURE MUST BE OSURE REGULATIONS OR DIF	ATION. Documentation) D ON AN UNCLASSIFIED BAS (Home Country) 	ES NOT
C. FMT IS EXEMPT FROM A SECURITY (Check one ond comp a. US SECURITY SCREENIN b. US SECURITY REQUIRED HAS GRANTED THE FMT PERMIT THE DISCLOSUR OFFICIAL DELEGATED A	ILL ECL TESTING B Is the statement, if appl IG HAS BEEN ACCO MENTS HAVE BEEN I A SECURITY CLEA RE OF CLASSIFIED I AUTHORITY AND U	Y ECL TEST AT T Y AUTHORITY OF Grable) MPLISHED. ALL T COMPLIED WITH. RANCE EQUIVAL US INFORMATION S FOREIGN DISCI	HE FIRST TRAINING INSTALL (RAINING WILL BE CONDUCTED THE GOVERNMENT OF ENT TO US (Classification L SUCH DISCLOSURE MUST BE OSURE REGULATIONS OR DIF	ATION. Documentation) D ON AN UNCLASSIFIED BAS (Home Country) 	ES NOT
C. FMT IS EXEMPT FROM A SECURITY (Check one ond comp a. US SECURITY SCREENIN b. US SECURITY REQUIRED HAS GRANTED THE FMT PERMIT THE DISCLOSUR OFFICIAL DELEGATED A	ILL ECL TESTING B Is the statement, if appl IG HAS BEEN ACCO MENTS HAVE BEEN I A SECURITY CLEA RE OF CLASSIFIED I AUTHORITY AND U	Y ECL TEST AT T Y AUTHORITY OF Grable) MPLISHED. ALL T COMPLIED WITH. RANCE EQUIVAL US INFORMATION S FOREIGN DISCI	HE FIRST TRAINING INSTALL (RAINING WILL BE CONDUCTED THE GOVERNMENT OF ENT TO US (Classification L SUCH DISCLOSURE MUST BE OSURE REGULATIONS OR DIF	ATION. Documentation) D ON AN UNCLASSIFIED BAS (Home Country) 	ES NOT
C. FMT IS EXEMPT FROM A SECURITY (Check one and comp . US SECURITY SCREENIN . US SECURITY REQUIRED MAS GRANTED THE FMT PERMIT THE DISCLOSUP OFFICIAL DELEGATED / IMET FUND CITE (Use only whe	ILL ECL TESTING B iele statement, if appl ig HAS BEEN ACCO MENTS HAVE BEEN T A SECURITY CLEA RE OF CLASSIFIED I AUTHORITY AND U n the U.S. Governmen	Y ECL TEST AT T Y AUTHORITY OF Licable) MPLISHED. ALL T COMPLIED WITH. RANCE EQUIVAL US INFORMATION S FOREIGN DISCI	HE FIRST TRAINING INSTALL ((RAINING WILL BE CONDUCTED THE GOVERNMENT OF ENT TO US (Classification L I. SUCH DISCLOSURE MUST BE LOSURE REGULATIONS OR DIF aliowance and/or travel.)	ATION. Documentation) D ON AN UNCLASSIFIED BAS (Home Country) 	DES NOT
C. FMT IS EXEMPT FROM A SECURITY (Check one ond comp . US SECURITY SCREENIN . US SECURITY REQUIRE) HAS GRANTED THE FMT PERMIT THE DISCLOSUP OFFICIAL DELEGATED / IMET FUND CITE (Use only when THE FINANCE OFFICER EFFECTION	ILL ECL TESTING B Is the statement, if appl IG HAS BEEN ACCO MENTS HAVE BEEN I A SECURITY CLEA RE OF CLASSIFIED I AUTHORITY AND U In the U.S. Governmen NG DISBURSEMENT	Y ECL TEST AT T Y AUTHORITY OF WAUTHORITY OF COMPLIED WITH. RANCE EQUIVAL US INFORMATION S FOREIGN DISCI <i>I pays IMET living</i>	HE FIRST TRAINING INSTALL (RAINING WILL BE CONDUCTE THE GOVERNMENT OF ENT TO US (Classification L SUCH DISCLOSURE MUST BE OSURE REGULATIONS OR DIF allowance and/or travel.) ER THIS AUTHORITY WILL FOR	ATION. Documentation) D ON AN UNCLASSIFIED BAS (Home Country) 	DES NOT
C. FMT IS EXEMPT FROM A SECURITY (Check one and comp . US SECURITY SCREENIN . US SECURITY REQUIRE) HAS GRANTED THE FMT PERMIT THE DISCLOSUP OFFICIAL DELEGATED / IMET FUND CITE (Use only when THE FINANCE OFFICER EFFECTION	ILL ECL TESTING B Is the statement, if appl IG HAS BEEN ACCO MENTS HAVE BEEN I A SECURITY CLEA RE OF CLASSIFIED I AUTHORITY AND U In the U.S. Governmen NG DISBURSEMENT	Y ECL TEST AT T Y AUTHORITY OF WAUTHORITY OF COMPLIED WITH. RANCE EQUIVAL US INFORMATION S FOREIGN DISCI <i>I pays IMET living</i>	HE FIRST TRAINING INSTALL (RAINING WILL BE CONDUCTE THE GOVERNMENT OF ENT TO US (Classification L SUCH DISCLOSURE MUST BE OSURE REGULATIONS OR DIF allowance and/or travel.) ER THIS AUTHORITY WILL FOR	ATION. Documentation) D ON AN UNCLASSIFIED BAS (Home Country) 	DES NOT
C. FMT IS EXEMPT FROM A SECURITY (Check one and comp . US SECURITY SCREENIN . US SECURITY SCREENIN MAS GRANTED THE FMT PERMIT THE DISCLOSUP OFFICIAL DELEGATED / IMET FUND CITE (Use only when HE FINANCE OFFICER EFFECTION OUCHER TO THE ACCOUNTING ALLOEP REGULATIONS. . IMPLEMENTING AUTHORITY	ILL ECL TESTING B Is the statement, if appl IG HAS BEEN ACCO MENTS HAVE BEEN I A SECURITY CLEA RE OF CLASSIFIED I AUTHORITY AND U In the U.S. Governmen NG DISBURSEMENT	Y ECL TEST AT T Y AUTHORITY OF WAUTHORITY OF COMPLIED WITH. RANCE EQUIVAL US INFORMATION S FOREIGN DISCI <i>I pays IMET living</i>	HE FIRST TRAINING INSTALL (RAINING WILL BE CONDUCTE THE GOVERNMENT OF ENT TO US (Classification L SUCH DISCLOSURE MUST BE OSURE REGULATIONS OR DIF allowance and/or travel.) ER THIS AUTHORITY WILL FOR	ATION. Documentation) D ON AN UNCLASSIFIED BAS (Home Country) 	DES NOT
C. FMT IS EXEMPT FROM A SECURITY (Check one and comp . US SECURITY SCREENIN . US SECURITY SCREENIN MAS GRANTED THE FMT PERMIT THE DISCLOSUP OFFICIAL DELEGATED / IMET FUND CITE (Use only when HE FINANCE OFFICER EFFECTION OUCHER TO THE ACCOUNTING ALLOEP REGULATIONS. . IMPLEMENTING AUTHORITY	ILL ECL TESTING B Is the statement, if appl IG HAS BEEN ACCO MENTS HAVE BEEN I A SECURITY CLEA RE OF CLASSIFIED I AUTHORITY AND U In the U.S. Governmen NG DISBURSEMENT	Y ECL TEST AT T Y AUTHORITY OF WAUTHORITY OF COMPLIED WITH. RANCE EQUIVAL US INFORMATION S FOREIGN DISCI <i>I pays IMET living</i>	HE FIRST TRAINING INSTALL (RAINING WILL BE CONDUCTE THE GOVERNMENT OF ENT TO US (Classification L SUCH DISCLOSURE MUST BE OSURE REGULATIONS OR DIF allowance and/or travel.) ER THIS AUTHORITY WILL FOR	ATION. Documentation) D ON AN UNCLASSIFIED BAS (Home Country) 	ECUTED
C. FMT IS EXEMPT FROM A SECURITY (Check one and comp . US SECURITY SCREENIN . US SECURITY SCREENIN MAS GRANTED THE FMT PERMIT THE DISCLOSUP OFFICIAL DELEGATED / IMET FUND CITE (Use only when HE FINANCE OFFICER EFFECTION OUCHER TO THE ACCOUNTING ALLOEP REGULATIONS. . IMPLEMENTING AUTHORITY	ILL ECL TESTING B Is the statement, if appl IG HAS BEEN ACCO MENTS HAVE BEEN I A SECURITY CLEA RE OF CLASSIFIED I AUTHORITY AND U In the U.S. Governmen	Y ECL TEST AT T Y AUTHORITY OF WAUTHORITY OF COMPLIED WITH. RANCE EQUIVAL US INFORMATION S FOREIGN DISCI <i>I pays IMET living</i>	HE FIRST TRAINING INSTALL (RAINING WILL BE CONDUCTE THE GOVERNMENT OF ENT TO US (Classification L SUCH DISCLOSURE MUST BE OSURE REGULATIONS OR DIF allowance and/or travel.) ER THIS AUTHORITY WILL FOR	ATION. Documentation) D ON AN UNCLASSIFIED BAS (Home Country) 	ECUTED
C. FMT IS EXEMPT FROM A SECURITY (Check one and comp . US SECURITY SCREENIN . US SECURITY SCREENIN HAS GRANTED THE FMT PERMIT THE DISCLOSUP OFFICIAL DELEGATED / IMET FUND CITE (Use only when HE FINANCE OFFICER EFFECTION OUCHER TO THE ACCOUNTING ALDEP REGULATIONS. IMPLEMENTING AUTHORITY US MILDEP DOCUMENT	ILL ECL TESTING B Is the statement, if appl IG HAS BEEN ACCO MENTS HAVE BEEN I A SECURITY CLEA RE OF CLASSIFIED I AUTHORITY AND U In the U.S. Governmen	Y ECL TEST AT T Y AUTHORITY OF WAUTHORITY OF COMPLIED WITH. RANCE EQUIVAL US INFORMATION S FOREIGN DISCI <i>I pays IMET living</i>	HE FIRST TRAINING INSTALL (RAINING WILL BE CONDUCTE THE GOVERNMENT OF ENT TO US (Classification L SUCH DISCLOSURE MUST BE OSURE REGULATIONS OR DIF allowance and/or travel.) ER THIS AUTHORITY WILL FOR	ATION. Documentation) D ON AN UNCLASSIFIED BAS (Home Country) 	ECUTED
C. FMT IS EXEMPT FROM A SECURITY (Check one and comp . US SECURITY SCREENIN . US SECURITY REQUIRED HAS GRANTED THE FMT PERMIT THE DISCLOSUR OFFICIAL DELEGATED / IMET FUND CITE (Use only whe ALL FUND CITE (Use only whe IMET FUND CITE (Use	ILL ECL TESTING B Iele statement, if appl IG HAS BEEN ACCO MENTS HAVE BEEN T A SECURITY CLEA RE OF CLASSIFIED I AUTHORITY AND U IN THE U.S. GOVERNMENT STATION CITED IN	Y ECL TEST AT T Y AUTHORITY OF Ucable) MPLISHED. ALL T COMPLIED WITH. RANCE EQUIVAL JS INFORMATION S FOREIGN DISCI INFORMATION S FOREIGN DISCI INFORMATION S FOREIGN DISCI	HE FIRST TRAINING INSTALL	ATION. Documentation) D ON AN UNCLASSIFIED BAS (Home Country) 	ECUTED
C. FMT IS EXEMPT FROM A SECURITY (Check one and comp . US SECURITY SCREENIN . US SECURITY REQUIRE) HAS GRANTED THE FMT PERMIT THE DISCLOSUP OFFICIAL DELEGATED / IMET FUND CITE (Use only when ALL OFFICIAL DELEGATED / IMET FUND CITE (Use only when ALL OF REGULATIONS. IMPLEMENTING AUTHORITY US MILDEP DOCUMENT	ILL ECL TESTING B Iele statement, if appl IG HAS BEEN ACCO MENTS HAVE BEEN T A SECURITY CLEA RE OF CLASSIFIED I AUTHORITY AND U IN THE U.S. GOVERNMENT STATION CITED IN	Y ECL TEST AT T Y AUTHORITY OF Ucable) MPLISHED. ALL T COMPLIED WITH. RANCE EQUIVAL JS INFORMATION S FOREIGN DISCI INFORMATION S FOREIGN DISCI INFORMATION S FOREIGN DISCI	HE FIRST TRAINING INSTALL (RAINING WILL BE CONDUCTE THE GOVERNMENT OF ENT TO US (Classification L SUCH DISCLOSURE MUST BE OSURE REGULATIONS OR DIF allowance and/or travel.) ER THIS AUTHORITY WILL FOR	ATION. Documentation) D ON AN UNCLASSIFIED BAS (Home Country) 	ECUTED
C. FMT IS EXEMPT FROM A SECURITY (Check one and comp . US SECURITY SCREENIN . US SECURITY REQUIRED HAS GRANTED THE FMT PERMIT THE DISCLOSUR OFFICIAL DELEGATED / IMET FUND CITE (Use only whe ALL FUND CITE (Use only whe IMET FUND CITE (Use	ILL ECL TESTING B Iele statement, if appl IG HAS BEEN ACCO MENTS HAVE BEEN T A SECURITY CLEA RE OF CLASSIFIED I AUTHORITY AND U IN THE U.S. GOVERNMENT STATION CITED IN	Y ECL TEST AT T Y AUTHORITY OF Ucable) MPLISHED. ALL T COMPLIED WITH. RANCE EQUIVAL JS INFORMATION S FOREIGN DISCI INFORMATION S FOREIGN DISCI INFORMATION S FOREIGN DISCI	HE FIRST TRAINING INSTALL	ATION. Documentation) D ON AN UNCLASSIFIED BAS (Home Country) 	ECUTED
C. FMT IS EXEMPT FROM A SECURITY (Check one and comp . US SECURITY SCREENIN . US SECURITY REQUIRED HAS GRANTED THE FMT PERMIT THE DISCLOSUR OFFICIAL DELEGATED / IMET FUND CITE (Use only whe ALL FUND CITE (Use only whe IMET FUND CITE (Use	ILL ECL TESTING B Iele statement, if appl IG HAS BEEN ACCO MENTS HAVE BEEN T A SECURITY CLEA RE OF CLASSIFIED I AUTHORITY AND U IN THE U.S. GOVERNMENT STATION CITED IN	Y ECL TEST AT T Y AUTHORITY OF Ucable) MPLISHED. ALL T COMPLIED WITH. RANCE EQUIVAL JS INFORMATION S FOREIGN DISCI INFORMATION S FOREIGN DISCI INFORMATION S FOREIGN DISCI	HE FIRST TRAINING INSTALL	ATION. Documentation) D ON AN UNCLASSIFIED BAS (Home Country) 	ECUTED

(FMT) (DD Form 2285) (page 1 of 4 pages).

will b acception a Quars Healt Sec. 2 regula which b. in Un to, an pay a c. d. field be put formis	Prior to depa e required to table in accoind Nationali untine Regula h, Education h, be medically (rdance with th ty Act (8 U.S.) tions of Public and Welfare, 4, blic Law 414, her US laws oc cted from time ountry will insu- ollar instrumer t 30 days of tr s by the FMT responsible foo ll bring adequa tical work. U.S. he FMT in the ate. When flyin ing and individ	are that the FMT h hts to meet all expo aining pending rec r custodial fees and te uniforms and w b, fatigue uniform event that the cou- ng training is invol- dual equipment wi	nd physically s of the Immigra- Foreign lepartment of dcCarran Act able US MILDEP nd regulations has sufficient funds enses while enroute soipt of applicable d personal debts. work clothing for and foot wear will intry work uni- wed, required	obtain the use of all necessar The FMT will also possess ad wear. • The Government of the travel which is part of the tra- part of the course tuition. f. The FMT will comply w regulations. g. The United States may FMTs who violate US law or otherwise unsatisfactory. Th such action in accordance wi h. The Government of the financial responsibility for in while in transit to and from going training or while in leas responsibility for personal in resulting from the FMT's act	equate c United aining pr- with all a, MILDEI MILDEI e FMT's ith US M e United bjuries re the train ve status bjury clai	ivilian clothing States is respon ogram and for v pplicable US M raining and retu P regulations or government wi ILDEP regulati States disclaim ceived by the F ing installation, , and any liabil	for off-duty sible for FMT which costs are ILDEP who are found 11 be alerted to ons. s any lisbuilty or MT listed herein while under- ity or financial	
T P	NVITATION IE SECRETAR BOUT		MILDEP)	THE FMT LIST	ED IN ITEM 8, THIS ORDER, TO (Debarkation Point - Hom			
тс		ret Training Inst		FOR PURPOSE OF C	COMMENCING TRAINING LISTE	D IN ITE	M 14, BELOW.	
	1) RCN	TRAINING (Lie	(3) MASL IIN	(4) MASL DESCR	IPTION		(5) MASL SERV	ICE ID NO.
•	6) TRAINING] SINSTALLATIO] DN	(7) LOCATI	ON	(8) (De	REPORT DATE iy, month, year)	(9) END DATE (Day, month, year)
-	(1) RCN	(2) WCN	(3) MASL IIN	(4) MASL DESCR	IIPTION		(5) MASL SERV	LICE ID NO.
ь	6) TRAINING	I INSTALLATIO	<u> </u> и	(7) LOCAT	ION	(8) (De	REPORT DATE y, month, year)	(9) END DATE (Day, month, year)
	(1) RCN	(2) WCN	(3) MASL IIN	(4) MASL DESCR	IPTION		(5) MASL SER	VICE ID NO.
¢	(6) TRAINING	I INSTALLATI	DN	(7) LOCATI	ON	(8) (Da	REPORT DATE by, month, year)	(9) END DATE (Day, month, year)
	(1) RCN	(2) WCN	(3) MASL IIN	(4) MASL DESCR	IPTION		(5) MASL SERV	ICE ID NO.
a	(6) TRAINING	INSTALLATI	DN	(7) LOCAT	ION	(8) (Da	REPORT DATE by, month, year)	(9) END DATE (Day, month, year)
	(1) RCN	(2) WCN	(3) MASL IIN	(4) MASL DESCR	IPTION		(5) MASL SERV	LICE ID NO.
•	(6) TRAINING	INSTALLATH	N	(7) LOCAT	ION	(8) (De	REPORT DATE by, month, year)	(9) END DATE (Day, month, year)
	(1) RCN	(2) WCN	(3) MASL IIN	(4) MASL DESCR	IPTION		(6) MASL SER	VICE ID NO.
1	(6) TRAINING	INSTALLATI	N	(7) LOCAT	ION	(8) (D)	REPORT DATE sy, month, year)	(9) END DATE (Day, month, year)
15 C			AINING TO THAT te block (s) for each c	the second second second second second second second second second second second second second second second s	VE WILL BE PROVIDED ON	THE BA	SIS OF THIS (DRDER.
	PENDENTS) NO DI PROV) DEPEI IN-CO U.S. G DEPEI) NAC	EPENDENTS AN IDED ATTEND NDENTS ARE A UNTRY TO AC OVERNMENT I NDENTS. CORDANCE WI	RE AUTHORIZED T ANT PRIVILEGES. AUTHORIZED BY TI COMPANY FMT OR EXPENSE. IMET FM TH MASM PART II,	O ACCOMPANY OR . HE FMT'S HOME COI JOIN FMT WHILE IN IT IS NOT AUTHORI CHAP 7, IMET FMT	JOIN FMT, DEPENDENTS WILL UNTRY AND THE DOD SECURI I TRAINING, BUT WILL NOT BE ZED AN INCREASE IN LIVING A IS AUTHORIZED THE INCREAS ORTED NOR SUBSISTED AT US	TY ASSIS	TANCE DRGAN PORTED NOR SL NCE DUE TO PR ENDENTS AUTH	IZATION UBSISTED AT ESENCE OF IORIZED"
								Page 2 of A Page

FIGURE 10-II-1. (Continued) (page 2 of 4 pages)

·

15. CONDITIONS (Continued)		
MEDICAL SERVICES		
	CHARGES FOR ONLY INPATIENT CARE IN TH	
_		E U.S. ARE CHARGEABLE TO THE IMETP.
CHARGEABLE TO THE IME		
(c) I NATO FMTS UNDER FMS: (CHARGES FOR ONLY INPATIENT CARE IN THE	U.S. WILL BE COLLECTED FROM (SELECT ONE)
1 D FMS CASE	2 D FMT	3 D FOREIGN GOVERNMENT
		ZATIONS, AND MEDICAL EXAMINATIONS WILL BE
COLLECTED FROM (SELEC	CT ONE)	
1 D FMS CASE	2 D FMT	3 FOREIGN GOVERNMENT
(2) DEPENDENTS		
(a) AUTHORIZED ACCOMPAN COLLECTED FROM (SELEC		FOR ONLY INPATIENT CARE IN THE U.S. WILL BE
1 🗆 FMT	2 🛛 FOREIGN GOVERNM	IENT
(b) AUTHORIZED ACCOMPAN IMMUNICATIONS, AND ME	YING DEPENDENTS OF IMET AND FMS FMTs: DICAL EXAMINATIONS WILL BE COLLECTED	CHARGES FOR OUTPATIENT AND INPATIENT CARE, FROM (SELECT ONE)
1 🗆 FMT	2 D FOREIGN GOVERNM	IENT
(3) SEE ITEM 16, SPECIAL CON	NDITIONS.	1
LIVING ALLOWANCES		
(1) C LIVING ALLOWANCE IS RE	ESPONSIBILITY OF THE GOVERNMENT OF	
_		(Home Country)
TO DAY OF RETURN ARRI		BY THIS ORDER, FROM DAY OF DEPARTURE FROM DS COVERED BY LEAVE, IN ACCORDANCE WITH INDICATED IN ITEM 9, THIS ORDER.
() IMET LIVING ALLOWANCE	E IS AUTHORIZED FROM DAY OF DEPARTURE	FROM TO DAY OF RETURN ARRIVAL IN
	, EXCLUDING PERIOD	S COVERED BY LEAVE, IN ACCORDANCE WITH MASM
(Country - Other Than	Home Country) RGEABLE TO THE IMET FUND CITE INDICATE	
PART II, CHAP 7, AND IS CHA	NUEABLE TO THE IMET FUND CITE INDICATE	UIRTIEMY, THIS ORDER.
ARRIVAL AT THE CONUS	E IS AUTHORIZED FROM DAY OF DEPARTURE DEPARTURE POINT, EXCLUDING PERIODS CO EABLE TO THE IMET FUND CITE INDICATED	FROM THE CONUS ENTRY PORT TO DAY OF RETURN IVERED BY LEAVE, IN ACCORDANCE WITH MASM PART IN ITEM 9, THIS ORDER.
ARRIVAL AT THE CONUS II, CHAP 7, AND IS CHARG (5) IMET LIVING ALLOWANCE	DEPARTURE POINT, EXCLUDING PERIODS CO EABLE TO THE IMET FUND CITE INDICATED	IVERED BY LEAVE, IN ACCORDANCE WITH MASM PART IN ITEM 9, THIS ORDER. IS ONLY IN ACCORDANCE WITH MASM PART II, CHAP 7,
ARRIVAL AT THE CONUS II, CHAP 7, AND IS CHARG (5) IMET LIVING ALLOWANCE AND IS CHARGEABLE TO 1	DEPARTURE POINT, EXCLUDING PERIODS CO IEABLE TO THE IMET FUND CITE INDICATED E IS AUTHORIZED WHILE IN TRAINING STATL THE IMET FUND CITE INDICATED IN ITEM 9, 1	IVERED BY LEAVE, IN ACCORDANCE WITH MASM PART IN ITEM 9, THIS ORDER. IS ONLY IN ACCORDANCE WITH MASM PART II, CHAP 7,
ARRIVAL AT THE CONUS II, CHAP 7, AND IS CHARG (5) IMET LIVING ALLOWANCE AND IS CHARGEABLE TO 1 (6) SEE ITEM 16, SPECIAL CON	DEPARTURE POINT, EXCLUDING PERIODS CO IEABLE TO THE IMET FUND CITE INDICATED E IS AUTHORIZED WHILE IN TRAINING STATL THE IMET FUND CITE INDICATED IN ITEM 9, 1	IVERED BY LEAVE, IN ACCORDANCE WITH MASM PART IN ITEM 9, THIS ORDER. IS ONLY IN ACCORDANCE WITH MASM PART II, CHAP 7,
ARRIVAL AT THE CONUS II, CHAP 7, AND IS CHARG (5) IMET LIVING ALLOWANCE AND IS CHARGEABLE TO T (6) SEE ITEM 16, SPECIAL CON TRAVEL	DEPARTURE POINT, EXCLUDING PERIODS CO SEABLE TO THE IMET FUND CITE INDICATED E IS AUTHORIZED WHILE IN TRAINING STATL THE IMET FUND CITE INDICATED IN ITEM 9, 1 NDITIONS.	IVERED BY LEAVE, IN ACCORDANCE WITH MASM PART IN ITEM 9, THIS ORDER. IS ONLY IN ACCORDANCE WITH MASM PART II, CHAP 7, THIS ORDER.
ARRIVAL AT THE CONUS II, CHAP 7, AND IS CHARG (5) IMET LIVING ALLOWANCE AND IS CHARGEABLE TO (6) SEE ITEM 16, SPECIAL CON TRAVEL	DEPARTURE POINT, EXCLUDING PERIODS CO IEABLE TO THE IMET FUND CITE INDICATED E IS AUTHORIZED WHILE IN TRAINING STATL THE IMET FUND CITE INDICATED IN ITEM 9, 1	IVERED BY LEAVE, IN ACCORDANCE WITH MASM PART IN ITEM 9, THIS ORDER. IS ONLY IN ACCORDANCE WITH MASM PART II, CHAP 7, THIS ORDER.
ARRIVAL AT THE CONUS II, CHAP 7, AND IS CHARG (5) IMET LIVING ALLOWANCE AND IS CHARGEABLE TO (6) SEE ITEM 16, SPECIAL CON TRAVEL (1) TRAVEL IS RESPONSIBILIT	DEPARTURE POINT, EXCLUDING PERIODS CO EABLE TO THE IMET FUND CITE INDICATED I E IS AUTHORIZED WHILE IN TRAINING STATL THE IMET FUND CITE INDICATED IN ITEM 9, 1 NDITIONS. TY OF THE GOVERNMENT OF	IVERED BY LEAVE, IN ACCORDANCE WITH MASM PART IN ITEM 9, THIS ORDER. IS ONLY IN ACCORDANCE WITH MASM PART II, CHAP 7, (HIS ORDER.
ARRIVAL AT THE CONUS II, CHAP 7, AND IS CHARG (5) IMET LIVING ALLOWANCE AND IS CHARGEABLE TO (6) SEE ITEM 16, SPECIAL CON TRAVEL (1) TRAVEL IS RESPONSIBILIT (2) TRAVEL COVERED BY TH THIS ORDER.	DEPARTURE POINT, EXCLUDING PERIODS CO EABLE TO THE IMET FUND CITE INDICATED I E IS AUTHORIZED WHILE IN TRAINING STATL THE IMET FUND CITE INDICATED IN ITEM 9, 1 NDITIONS. TY OF THE GOVERNMENT OF IIS ORDER, OVERSEAS AND CONUS, IS CHARG	IN TEM 9, THIS ORDER. IN ITEM 9, THIS ORDER. IS ONLY IN ACCORDANCE WITH MASM PART II, CHAP 7, I'HIS ORDER. (Home Country) EABLE TO THE IMET FUND CITE INDICATED IN ITEM 9,
ARRIVAL AT THE CONUS II, CHAP 7, AND IS CHARG (5) IMET LIVING ALLOWANCE AND IS CHARGEABLE TO 1 (6) SEE ITEM 16, SPECIAL CON TRAVEL (1) TRAVEL IS RESPONSIBILIT (2) TRAVEL COVERED BY TH	DEPARTURE POINT, EXCLUDING PERIODS CO EABLE TO THE IMET FUND CITE INDICATED I E IS AUTHORIZED WHILE IN TRAINING STATL THE IMET FUND CITE INDICATED IN ITEM 9, 1 NDITIONS. TY OF THE GOVERNMENT OF IIS ORDER, OVERSEAS AND CONUS, IS CHARG	IN THE IN ACCORDANCE WITH MASM PART IN ITEM 9, THIS ORDER. IS ONLY IN ACCORDANCE WITH MASM PART II, CHAP 7, IHIS ORDER. (Home Country) EABLE TO THE IMET FUND CITE INDICATED IN ITEM 9, IS THE RESPONSIBILITY OF THE
ARRIVAL AT THE CONUS II, CHAP 7, AND IS CHARG (5) IMET LIVING ALLOWANCE AND IS CHARGEABLE TO (6) SEE ITEM 16, SPECIAL CON TRAVEL (1) TRAVEL IS RESPONSIBILIT (2) TRAVEL COVERED BY TH THIS ORDER.	DEPARTURE POINT, EXCLUDING PERIODS CO IEABLE TO THE IMET FUND CITE INDICATED E IS AUTHORIZED WHILE IN TRAINING STATL THE IMET FUND CITE INDICATED IN ITEM 9, 1 NDITIONS. TY OF THE GOVERNMENT OF	IN THE IN ACCORDANCE WITH MASM PART IN ITEM 9, THIS ORDER. IS ONLY IN ACCORDANCE WITH MASM PART II, CHAP 7, IHIS ORDER. (Home Country) EABLE TO THE IMET FUND CITE INDICATED IN ITEM 9, IS THE RESPONSIBILITY OF THE
ARRIVAL AT THE CONUS II, CHAP 7, AND IS CHARG (5) IMET LIVING ALLOWANCE AND IS CHARGEABLE TO 1 (6) SEE ITEM 16, SPECIAL CON TRAVEL (1) TRAVEL IS RESPONSIBILIT (2) TRAVEL IS RESPONSIBILIT (2) TRAVEL COVERED BY TH THIS ORDER. (3) TRAVEL TO AND RETURN	DEPARTURE POINT, EXCLUDING PERIODS CO EABLE TO THE IMET FUND CITE INDICATED I E IS AUTHORIZED WHILE IN TRAINING STATL THE IMET FUND CITE INDICATED IN ITEM 9, 1 NDITIONS. TY OF THE GOVERNMENT OF IS ORDER, OVERSEAS AND CONUS, IS CHARG IFROM (Country - Other Than Home Coun	IS THE RESPONSIBILITY OF THE
ARRIVAL AT THE CONUS II, CHAP 7, AND IS CHARG (5) IMET LIVING ALLOWANCE AND IS CHARGEABLE TO T (6) SEE ITEM 16, SPECIAL CON TRAVEL (1) TRAVEL IS RESPONSIBILIT (2) TRAVEL COVERED BY TH THIS ORDER. (3) TRAVEL TO AND RETURN GOVERNMENT OF	DEPARTURE POINT, EXCLUDING PERIODS CO IEABLE TO THE IMET FUND CITE INDICATED E IS AUTHORIZED WHILE IN TRAINING STATL THE IMET FUND CITE INDICATED IN ITEM 9, 1 NDITIONS. TY OF THE GOVERNMENT OF	IN TEM 9, THIS ORDER. IN ITEM 9, THIS ORDER. IS ONLY IN ACCORDANCE WITH MASM PART II, CHAP 7, INIS ORDER. (Home Country) EABLE TO THE IMET FUND CITE INDICATED IN ITEM 9, IS THE RESPONSIBILITY OF THE Try) RAVEL FROM(Country - Other Than Home Country)
ARRIVAL AT THE CONUS II, CHAP 7, AND IS CHARG (5) IMET LIVING ALLOWANCE AND IS CHARGEABLE TO T (6) SEE ITEM 16, SPECIAL CON TRAVEL (1) TRAVEL IS RESPONSIBILIT (2) TRAVEL COVERED BY TH THIS ORDER. (3) TRAVEL TO AND RETURN GOVERNMENT OF TO CONUS AND RETURN IS	DEPARTURE POINT, EXCLUDING PERIODS CO IEABLE TO THE IMET FUND CITE INDICATED I E IS AUTHORIZED WHILE IN TRAINING STATL THE IMET FUND CITE INDICATED IN ITEM 9, T NDITIONS. TY OF THE GOVERNMENT OF IS ORDER, OVERSEAS AND CONUS, IS CHARG IFROM (Country - Other Than Home Coun (Home Country)	IN TEM 9, THIS ORDER. IN ITEM 9, THIS ORDER. IS ONLY IN ACCORDANCE WITH MASM PART II, CHAP 7, (Home Country) EABLE TO THE IMET FUND CITE INDICATED IN ITEM 9,
ARRIVAL AT THE CONUS II, CHAP 7, AND IS CHARG (5) IMET LIVING ALLOWANCE AND IS CHARGEABLE TO T (6) SEE ITEM 16, SPECIAL CON TRAVEL (1) TRAVEL IS RESPONSIBILIT (2) TRAVEL COVERED BY TH THIS ORDER. (3) TRAVEL TO AND RETURN GOVERNMENT OF TO CONUS AND RETURN IS	DEPARTURE POINT, EXCLUDING PERIODS CO IEABLE TO THE IMET FUND CITE INDICATED I E IS AUTHORIZED WHILE IN TRAINING STATL THE IMET FUND CITE INDICATED IN ITEM 8, T NDITIONS. TY OF THE GOVERNMENT OF	IS THE RESPONSIBILITY OF THE
ARRIVAL AT THE CONUS II, CHAP 7, AND IS CHARG (5) IMET LIVING ALLOWANCE AND IS CHARGEABLE TO T (6) SEE ITEM 16, SPECIAL CON TRAVEL (1) TRAVEL IS RESPONSIBILIT (2) TRAVEL IS RESPONSIBILIT (2) TRAVEL COVERED BY TH THIS ORDER. (3) TRAVEL TO AND RETURN GOVERNMENT OF TO CONUS AND RETURN IS (4) TRAVEL TO CONUS AND P TRAVEL WITHIN CONUS IS	DEPARTURE POINT, EXCLUDING PERIODS CO EABLE TO THE IMET FUND CITE INDICATED I E IS AUTHORIZED WHILE IN TRAINING STATL THE IMET FUND CITE INDICATED IN ITEM 9, T NDITIONS. TY OF THE GOVERNMENT OF	IS THE RESPONSIBILITY OF THE
ARRIVAL AT THE CONUS II, CHAP 7, AND IS CHARG (5) IMET LIVING ALLOWANCE AND IS CHARGEABLE TO T (6) SEE ITEM 16, SPECIAL CON TRAVEL (1) TRAVEL IS RESPONSIBILIT (2) TRAVEL IS RESPONSIBILIT (2) TRAVEL COVERED BY TH THIS ORDER. (3) TRAVEL TO AND RETURN GOVERNMENT OF TO CONUS AND RETURN IS (4) TRAVEL TO CONUS AND P	DEPARTURE POINT, EXCLUDING PERIODS CO EABLE TO THE IMET FUND CITE INDICATED I E IS AUTHORIZED WHILE IN TRAINING STATL THE IMET FUND CITE INDICATED IN ITEM 9, T NDITIONS. TY OF THE GOVERNMENT OF	IS THE RESPONSIBILITY OF THE
ARRIVAL AT THE CONUS II, CHAP 7, AND IS CHARG (5) IMET LIVING ALLOWANCE AND IS CHARGEABLE TO T (6) SEE ITEM 16, SPECIAL CON TRAVEL (1) TRAVEL IS RESPONSIBILIT (2) TRAVEL COVERED BY TH THIS ORDER. (3) TRAVEL TO AND RETURN GOVERNMENT OF TO CONUS AND RETURN IS (4) TRAVEL TO CONUS AND P TRAVEL WITHIN CONUS IS (5) SEE ITEM 16, SPECIAL CON	DEPARTURE POINT, EXCLUDING PERIODS CO EABLE TO THE IMET FUND CITE INDICATED I E IS AUTHORIZED WHILE IN TRAINING STATL THE IMET FUND CITE INDICATED IN ITEM 9, T NDITIONS. TY OF THE GOVERNMENT OF	IS THE RESPONSIBILITY OF THE
ARRIVAL AT THE CONUS II, CHAP 7, AND IS CHARG (5) IMET LIVING ALLOWANCE AND IS CHARGEABLE TO T (6) SEE ITEM 16, SPECIAL CON TRAVEL (1) TRAVEL IS RESPONSIBILIT (2) TRAVEL COVERED BY TH THIS ORDER. (3) TRAVEL TO AND RETURN GOVERNMENT OF TO CONUS AND RETURN IS (4) TRAVEL TO CONUS AND P TRAVEL WITHIN CONUS IS (6) SEE ITEM 16, SPECIAL CON	DEPARTURE POINT, EXCLUDING PERIODS CO EABLE TO THE IMET FUND CITE INDICATED I E IS AUTHORIZED WHILE IN TRAINING STATL THE IMET FUND CITE INDICATED IN ITEM 9, T NDITIONS. TY OF THE GOVERNMENT OF	IS THE RESPONSIBILITY OF THE
ARRIVAL AT THE CONUS II, GHAP 7, AND IS CHARG (5) IMET LIVING ALLOWANCES AND IS CHARGEABLE TO T (6) SEE ITEM 16, SPECIAL CON L TRAVEL (1) TRAVEL IS RESPONSIBILIT (2) TRAVEL COVERED BY TH THIS ORDER. (3) TRAVEL TO AND RETURN GOVERNMENT OF TO CONUS AND RETURN IS (4) TRAVEL TO CONUS AND P TRAVEL WITHIN CONUS IS (5) SEE ITEM 16, SPECIAL CON BAGGAGE (1) NO BAGGAGE WILL BE TR BAGGAGE ALLOWANCES (BAGGAGE ALLOWANCES (BAGGAGE PERMITTED BY WILL CONFORM TO CARR	DEPARTURE POINT, EXCLUDING PERIODS CO IEABLE TO THE IMET FUND CITE INDICATED I E IS AUTHORIZED WHILE IN TRAINING STATL THE IMET FUND CITE INDICATED IN ITEM 9, T NDITIONS. TY OF THE GOVERNMENT OF	IS THE RESPONSIBILITY OF THE
ARRIVAL AT THE CONUS II, GHAP 7, AND IS CHARG AND IS CHARGEABLE TO T AND IS CHARGEABLE TO T (6) SEE ITEM 16, SPECIAL CON L TRAVEL (1) TRAVEL IS RESPONSIBILIT (2) TRAVEL COVERED BY TH THIS ORDER. (3) TRAVEL TO AND RETURN GOVERNMENT OF TO CONUS AND RETURN IS (4) TRAVEL TO CONUS AND P TRAVEL WITHIN CONUS IS (5) SEE ITEM 16, SPECIAL CON BAGGAGE (1) NO BAGGAGE WILL BE TR BAGGAGE ALLOWANCES (BAGGAGE PERMITTED BY WILL CONFORM TO CARR PAID FROM U.S. FUNDS (S. INDICATED IN ITEM B, THI (2) TRAINING LESS THAN 40 I EXCEED 3 PIECES OF CHEC	DEPARTURE POINT, EXCLUDING PERIODS CO EABLE TO THE IMET FUND CITE INDICATED I E IS AUTHORIZED WHILE IN TRAINING STATL THE IMET FUND CITE INDICATED IN ITEM 9, T NDITIONS. TY OF THE GOVERNMENT OF	IN TEM 9, THIS ORDER. IN ITEM 9, THIS ORDER. IS ONLY IN ACCORDANCE WITH MASM PART II, CHAP 7, (Home Country) EABLE TO THE IMET FUND CITE INDICATED IN ITEM 9,
ARRIVAL AT THE CONUS II, CHAP 7, AND IS CHARG II, CHAP 7, AND IS CHARG AND IS CHARGEABLE TO T (6) SEE ITEM 16, SPECIAL CON TRAVEL (1) TRAVEL IS RESPONSIBILIT (2) TRAVEL COVERED BY TH THIS ORDER. (3) TRAVEL TO AND RETURN GOVERNMENT OF TO CONUS AND RETURN E (4) TRAVEL TO CONUS AND P TRAVEL WITHIN CONUS IS (6) SEE ITEM 16, SPECIAL CON BAGGAGE (1) NO BAGGAGE WILL BE TR BAGGAGE ALLOWANCES (BAGGAGE PERMITTED BY WILL CONFORM TO CARR PAID FROM U.S. FUNDS (S. INDICATED IN ITEM 9, THI (2) TRAINING LESS THAN 401 EXCEED 3 PIECES OF CHE((3) FLYING TRAINING LESS T	DEPARTURE POINT, EXCLUDING PERIODS CO EABLE TO THE IMET FUND CITE INDICATED I E IS AUTHORIZED WHILE IN TRAINING STATL THE IMET FUND CITE INDICATED IN ITEM 9, T NDITIONS. TY OF THE GOVERNMENT OF	IN TEM 9, THIS ORDER. IN ITEM 9, THIS ORDER. IS ONLY IN ACCORDANCE WITH MASM PART II, CHAP 7, IN IS ORDER. (Home Country) EABLE TO THE IMET FUND CITE INDICATED IN ITEM 9, IS THE RESPONSIBILITY OF THE Try) RAVEL FROM (Country - Other Than Home Country) ICCATED IN ITEM 9, THIS ORDER. MENT OF (Home Country) ED IN ITEM 9, THIS ORDER. EXCESS BAGGAGE BEING THE DIFFERENCE BETWEEN THE STIPULATED BELOW. BAGGAGE SIZES AND DIMENSIONS LY FOR THAT PORTION OF TRAVEL WHOSE COSTS ARE SS BAGGAGE IS CHARGEABLE TO THE IMET FUND CITE 'LYING): IMET FMT AUTHORIZED 100 POUNDS, NOT TO MT AUTHORIZED 130 POUNDS (TOTAL FOR PERSONAL
ARRIVAL AT THE CONUS II, CHAP 7, AND IS CHARG II, CHAP 7, AND IS CHARG AND IS CHARGEABLE TO T (6) SEE ITEM 16, SPECIAL COM TRAVEL (1) TRAVEL IS RESPONSIBILIT (2) TRAVEL COVERED BY TH THIS ORDER. (3) TRAVEL TO AND RETURN GOVERNMENT OF TO CONUS AND RETURN E (4) TRAVEL TO CONUS AND R TRAVEL WITHIN CONUS IS (5) SEE ITEM 16, SPECIAL COM BAGGAGE (1) NO BAGGAGE WILL BE TR BAGGAGE ALLOWANCES (BAGGAGE PERMITTED BY WILL CONFORM TO CARR PAID FROM U.S. FUNDS (S, INDICATED IN ITEM B, THI (2) TRAINING LESS THAN 40 EXCEED 3 PIECES OF CHEC	DEPARTURE POINT, EXCLUDING PERIODS CO IEABLE TO THE IMET FUND CITE INDICATED I E IS AUTHORIZED WHILE IN TRAINING STATL THE IMET FUND CITE INDICATED IN ITEM 9, T NDITIONS. TY OF THE GOVERNMENT OF	IN TEM 9, THIS ORDER. IN ITEM 9, THIS ORDER. IS ONLY IN ACCORDANCE WITH MASM PART II, CHAP 7, IN IS ORDER. (Home Country) EABLE TO THE IMET FUND CITE INDICATED IN ITEM 9, IS THE RESPONSIBILITY OF THE Try) RAVEL FROM (Country - Other Than Home Country) ICCATED IN ITEM 9, THIS ORDER. MENT OF (Home Country) ED IN ITEM 9, THIS ORDER. EXCESS BAGGAGE BEING THE DIFFERENCE BETWEEN THE STIPULATED BELOW. BAGGAGE SIZES AND DIMENSIONS LY FOR THAT PORTION OF TRAVEL WHOSE COSTS ARE SS BAGGAGE IS CHARGEABLE TO THE IMET FUND CITE 'LYING): IMET FMT AUTHORIZED 100 POUNDS, NOT TO MT AUTHORIZED 130 POUNDS (TOTAL FOR PERSONAL

FIGURE 10-II-1. (Continued) (page 3 of 4 pages)

10-56

. INAVEL	IONS (Continued) . BY POV
mΠ	FMT IS AUTHORIZED BY HIS GOVERNMENT TO TRAVEL BY POV BETWEEN TRAINING INSTALLATIONS.
(2)	FMT IS NOT AUTHORIZED BY HIS GOVERNMENT TO TRAVEL BY POV BETWEEN TRAINING INSTALLATIONS.
LEAVE	
ωD	UPON COMPLETION OF TRAINING, FMT IS NOT AUTHORIZED LEAVE, AND WILL PROCEED IMMEDIATELY AS DIRECTED TO HOME COUNTRY.
(2)	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 AUTHO
h. PARTIC	PATION IN HAZARDOUS DUTY
(n) 🗖	FMT IS PARACHUTE QUALIFIED AND AUTHORIZED TO PARTICIPATE IN "UMPS FROM U.S. AIRCRAFT.
(2) 🗖	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)
(3) 🗖	SPECIFIED BY THE APPROPRIATE U.S. MILDEP FLIGHT QUALIFICATION RECORDS ACCOMPANYING FMT. FMT IS AUTHORIZED TO PARTICIPATE IN FLIGHTS OF U.S. MILITARY AIRCRAFT AS REQUIRED IN CONNECTION WITH PAREDULED COURTER OF METRICIPATE OF PAREDULE OF MILES AND REPORTORY ATTRONOMY
	SCHEDULED COURSE(S) OF INSTRUCTION, OR AS SPECIFIED IN U.S. MILDEP REGULATIONS.
(4)	FMT IS AUTHORIZED TO PARTICIPATE IN HAZARDOUS DUTY TRAINING.
(5) 🗖	NOT APPLICABLE.
16. SPECIA	L CONDITIONS (1/ Applicable)
17. DISTRI	BUTTON
	Page 4 of

FIGURE 10-II-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	Record	Record	2
Control	Control	Control	r and a second se
Number	Number	Number	5
			6
Blank	Blank	Blank	13
Item Ident	Item Ident	······································	14
Number	Number	Blank	20
Generic Code	Generic Code		21
Blank	Blank		22
Reason for	Reason for	Reason for	23
Change Code	Change Code	Change Code	24
Student Code	Student Code		25
			26
Quantity	Quantity	Blank	29
Program	Program		
Originator	Originator		30
Country/	Country/	Country/	31
Activity	Activity	Activity	51
Code	Code	Code	32
code		Code	33
Duration	Duration		34
Type of	Type of		
Assistance	Assistance	Blank	35
ASSIStance	ASSIStance	DIANK	36
Unit Duine	Unit Duine		
Unit Price	Unit Price	•	43
Blank	Blank		
Program	Program	Program	45
Year	Year	Year	46
Funding	Funding		47
Date/Case	Date/Case	·	50
Travel and	Travel and		51
Living	Living		
Allowance	Allowance		56
Blank	Blank	Blank	57
DSAA Waiver	DSAA Waiver		58
Blank	Blank		59
TLA Command	TLA Command		60
Worksheet	Worksheet		61
Control	Control		
Number	Number		65
Execution	Execution		66
Agency Code	Agency Code		68
Change	Change	Change	
Originator	Originator	Originator	69

TABLE 10-II-1. Program Card Formats.

.10-58

ADDITION CARD 4	CHANGE CARD Q	DELETION CARD R	COLUMN
Avail	Avail		70
<u>Report Qtr</u>	Report Qtr		70
Blank	Blank		/1
Rqmts Priority Code	Rqmts Priority Code		72
Total Cost	Total Cost	Blank	73 80

TABLE 10-II-1. (Continued)

DoD 5105.38-M

TABLE 10-II-2

TABLE OF DAILY SUPPLEMENTAL LIVING ALLOWANCES FOR IMET FOREIGN MILITARY TRAINEES

	OFFICER		÷
	And Civilian	Equivalents]	
In Travel Status, Including		•• •	т.
Unscheduled Delays(2)	• Various	Various	
In Training Status:			*
Dependents Authorized (3)(4)(10)	. \$40	N/A	(deletion)
Neither Quarters Nor Mess Available		\$40	,
Orientation Tour Participants (5)		N/A	
Mess Available, Quarters Not (6)	. 27	22	
Quarters Available, Mess Not (6)	. 24	20	
Both Quarters and Mess Available $(6)(7)(11)$. 17	9	*
Both Quarters and Mess Available,	•		
Officers Charged for Mess (Aboard Ship)	. 12	N/A	
Both Quarters and Mess Available,	• •		
Free of Charge (Aboard Ship)	. 9	9	
In Military Hospital (8)	9	9	
In Military Hospital (8) On Leave (10)	. Various	Various	
()	•	:	

NOTES:

- (1) Not applicable to enlisted foreign military trainees (FMTs) attending training at the 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 \$3.50 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) An additional \$5 per day is authorized for accompanied FMTs attending * senior level professional military education courses as follows: Army Command and General Staff College, Army War College, and National Defense University; Air Force Command and Staff College and Air War College; Naval Staff College and Naval Command College; USMC Command and Staff College, Armed Forces Staff College; and USARSA Command and Staff College.
- (4) This rate is authorized only for accompanied FMTs attending the following courses designated by the MILDEPs: Army Command and General Staff College, Army War College, and National Defense University; Air Force Squadron Officer School, Air Force Command and Staff College, Air War

TABLE 10-II-2. Table of Daily Living Allowances for IMET FMTs.

10-60

College, and Air Force Institute of Technology; Naval Staff College, Naval Command College, and Naval Postgraduate School; USMC Command and Staff College, Armed Forces Staff College; and USARSA Command and Staff College. This rate is also authorized for prerequisite courses, follow-on courses, and authorized leave periods. This rate is applicable regardless of availability of quarters and is payable whether FMT lives on or off post.

- (5) Meal Allowance Only. Cost of quarters to be paid from programmed funds by Class A agent/cashier escort officer.
- (6) In overseas areas, including Hawaii where U.S. Government guarters 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). 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.
- (7) Enlisted students from countries that participate in cost-sharing of travel and living allowances who are not entitled to meal cards may receive per diem in an amount greater than \$9. A higher rate is authorized as long as the programmed rate is less than the \$9 plus the daily cost of mess hall meals. When the programmed rate reaches or exceeds the \$9 plus the cost of meals, students will be issued meal cards and will be paid \$9 per day.
- (8) In those cases where an officer FMT is authorized an increased living allowance for accompanying dependents and is subsequently hospitalized, an increased living allowance (\$40) shall apply during period of hospitalization rather than the reduced rate specified herein.
- (9) 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.
- (10) This rate is authorized for guest instructors at CONUS-USARSA.
- (11) The rate of IMET living allowance for guest instructors at PACAMS (SCIATTS and IAAFA) will be the minimum necessary as determined by the appropriate MILDEP agency but not to exceed the rates authorized for students.

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
 - V. Aviation Logistics School, Ft. Eustis, VA
 - W. Army Institute for Military Assistance, Ft. Bragg, NC
 - X. Army Missile and Munitions School, Redstone Arsenal, AL
 - Y. Army Armor School, Ft Knox, KY
 - Z. 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 10-II-3. (Continued)

- Μ. U.S. Marine Corps Training
- Ν. U.S. Navy Training
- Defense Mapping Agency (DMA), Washington, DC S.
- Defense Mapping School, Ft Belvoir, VA Τ.
- Χ. U.S. Air Force Training
- 0. Training U.S. Map Personnel (N5B)
- G. U.S. Army Health Services Command (USAHSC)
 - Armed Forces Institute of Pathology, Washington, DC Α.
 - Β. William Beaumont Army Medical Center, El Paso, TX
 - F. Fitzsimmons Army Medical Center, Aurora, CO
 - Η. Army Environmental Hygiene Agency, Aberdeen Proving Ground, MD
 - L. Letterman Army Medical Center, San Francisco, CA
 - Μ. Madigan Army Medical Center, Tacoma, WA
 - S. Academy of Health Sciences, Ft Sam Houston, TX
 - Τ. Tripler Army Medical Center, Honolulu, HI
 - ₩. Walter Reed Army Medical Center, Washington, DC
 - Χ. Medical Cost-CONUS (GC N7E)
 - Ζ. Army Institute of Dental Research, Washington, DC
 - 0. (Unidentified USAHSC Location)
- Western Command (WESTCOM) Η.
 - All Training in WESTCOM Schools or Units Η.
 - Third Country Training in WESTCOM Areas Ι.
 - 0. (Unidentified Pacific Command (PACOM) Location)
- U.S. Army Forces Command (FORSCOM) Ι.
 - 1st Infantry Division (Mechanized), Ft Riley, KS Α.
 - 1st Cavalry Division, Ft Hood, TX Β.
 - С. 2d Armored Division, Ft Hood, TX
 - 3d Armored Cavalry Regiment, Ft Bliss, TX D.
 - Ε. 4th Infantry Division (Mechanized), Ft Carson, CO
 - F. 5th Infantry Division (Mechanized), Ft Polk, LA
 - G. 7th Infantry Division, Ft Ord, CA
 - 9th Infantry Division, Ft Lewis, WA Η.
 - 24th Infantry Division, Ft Stewart, GA Ι.
 - J. 82nd Airborne Division, Ft Bragg, NC
 - Κ. 101st Airborne Division, Ft Campbell, KY
 - 197th Infantry Brigade, Ft Benning, GA L.
 - Μ. 194th Armored Brigade, Ft Knox, KY
 - 193rd Infantry Brigade (Panama), Ft Clayton 172nd Infantry Brigade (AK), Ft Richardson, AK Ν.
 - Ρ.
 - 3d Corps Artillery, Ft Sill, OK Q.
 - 9. HQ, FORSCOM, Ft McPherson, GA
 - 0. (Unidentified FORSCOM Location)
- Μ. U.S. European Command (EUCOM)
 - All Training in U.S. Army Europe (USAREUR) Schools or Μ. Units
 - 0. (Unidentified EUCOM Location)

TABLE 10-II-3. (Continued)

10-64

Change No. 5, 1 September 1985

- 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 alphanumeric 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) CHIEF OF NAVAL OPERATIONS (CNO) PCN COMMANDER IN CHIEF, US ATLANTIC FLEET (CINCLANTFLT) PCL COMMANDER IN CHIEF, US PACIFIC FLEET (CINCPACFLT) CHIEF OF NAVAL EDUCATION AND TRAINING (CNET) PCP PCT 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

10-65

- J. FMTAG
 - AF CONUS/Variable 0
 - В USAF Academy
 - С Aerospace Defense Command
 - Η Air Force Systems Command
 - Air Training Command J
 - Air University/AF Institute of Technology Military Air Command Κ
 - Q
 - Strategic Air Command Tactical Air Command
 - USAF Security Service U
 - AF Communications Service Y
- **USAFSO** L.

S Т

- 0 Variable
- А IAAFA School
- R. PACAF
 - 0 Variable
 - H Hawaii
 - С Clark AFB



TABLE 10-II-3. (Continued)

10-66

TABLE 10-II-4

TRAINING ANALYSIS CODES

A. CONUS TRAINING

- (1) Officer Professional Military Education
 - AA PME-Senior Level
 - AB PME-Mid Level
 - AC PME-Basic

(2) Officer Management Related Training

- BA Defense Management
- BB Intelligence/EW
- BC Police/Security
- BD Comm-Elect Mgt
- BE Logistics Management
- BF Engineering Mgt
- BG Pers/Manpower/Anal
- BH Administration
- BI Maintenance Mgt
- BJ Computer/ADP Mgt
- BK Finance/Accounting
- BL Other Mgt
- (3) Officer Postgraduate and Degree Related Training CA Postgraduate/Degree
- (4) Undergraduate Pilot and Other Flight Training DA UPT/Flt High Cost
 - DB Other Flt
- (5) Technical Operations, Maintenance, Medical and Enlisted Training
 - EA Aviation Non-Flt
 - EB Aviation Maintenance
 - EC Tech/Maintenance
 - ED Operations
 - EE Missile
 - EF Comm-Elect
 - EG Logistics/Supply-Enl
 - EH Computer/ADP En1
 - EI Police/Security-Enl
 - EJ Administration-Enl
 - EK Mgt Related-Enl
 - EL Instructor
 - EM Medical
 - EN Damage Control
 - EO Contractor
 - EP English Language Prerequisite
 - EQ English Language Admin

TABLE 10-II-4. TRAINING ANALYSIS CODES.

**

- ER Other Language Training (non-English)
- ES Cty Liaison/Exchange
- ET Interpreters CONUS
- EU Other non-Mqt/Enl
- E۷ Unidentified CONUS Tng
- (6)Orientation Tours
 - FA OT-DV
 - FB OT-Non DV
 - FC 0T-Other
- OCONUS TRAINING Β.
 - PME GA
 - HΑ Management
 - ΙA Flight
 - ΙB Tech/Maint
 - IC Operations
 - ID Medical
 - ΙE Correspondence Course
 - IF OTs
 - JA Other
 - Unidentified OCONUS JB

MOBILE TRAINING TEAMS AND FIELD TRAINING SERVICES С.

- KA MTT-PME
- KB MTT-Management/General
- KC MTT-Intelligence/EW
- KD MTT-Medical
- KE MTT-Police/Security
- KF MTT-Comm-Elect Mgt BT
- KG MTT-Logistics Mgt
- KH MTT-Engineering
- ΚĪ MTT-Pers/Manpower/Anal
- ΚJ MTT-Administration
- KK MTT-Maint Mgt
- KL MTT-English Language
- KM MTT-Instructor/MOI
- KN MTT-Aviation
- K0 MTT-Combat Operations
- KP MTT-Non-Combat Operations
- KQ MTT-Maintenance/Repair
- KR MTT-Missile
- KS MTT-Comm-Elec
- KT MTT-Ship Transfer/Tng
- KU MTT-Other
- K٧ MTT-Survey
- KW
- MTT-Excess Baggage
- КΧ MTT-MTT-Training Aids
- KΥ MTT-Lang Lab Install
- ΚZ MTT-Supply Tech
- K1 MTT-Wpns/Munitions/Arms

TABLE 10-II-4. (Continued.)



- K9 MTT-Misc/Unidentified
- LA FTS-Aircraft Eng/Airframe
- LB FTS-Comm-Elec
- LC FTS-Radar Systems
- LD FTS-Armament
- LE FTS-Maintenance
- LF FTS-Training Aids/Devices
- LG FTS-English Language
- LH FTS-Missile
- LI FTS-Other
- LZ FTS-Misc/Unidentified
- D. SUPPORT
 - MA Training Exercises
 - MB Escort Officer
 - MC Supplies/Materials
 - MD Facilities/Rehabilitation
 - ME Services
 - MF Medical Cost-CONUS
 - MG Medical Cost-Overseas
 - MH Instructor Material
 - MI Other
 - NA Extraordinary Expenses
 - NB Training U.S. MAP Personnel
 - NC Training Support MAAG/Command
 - ND Training Support Department of State
 - OA English Language Labs (ELL)
 - OB ELL Spares
 - OC ELL Support Equipment
 - OD ELL Books/Tapes/Pubs
 - OE ELL PCH&T
 - OF Other Training Aids
 - OG Army Books/Tapes/Pubs
 - OH Navy Books/Tapes/Pubs
 - OI AF Books/Tapes/Pubs
 - OJ Army PCH&T
 - OK Navy PCH&T
 - OL AF PCH&T

TABLE 10-II-4. (Continued.)

SECTION III - RECIPROCAL EXCHANGE TRAINING

A. PURPOSE.

1. This section provides information and general guidance for the conduct of reciprocal professional military education and unit exchanges.

2. Detailed implementing instructions will be provided by each military department.

B. <u>PROFESSIONAL MILITARY EDUCATION (PME) EXCHANGE TRAINING</u>. Section 544 of the Foreign Assistance Act of 1961, as amended, authorizes reciprocal exchanges between U.S. PME institutions and comparable institutions of foreign countries and international organizations. Security assistance funds are not authorized for this purpose. PME exchange must be pursuant to an international agreement which provides for the exchange of students on a one-for-one reciprocal basis during the same fiscal year. The Joint Security Assistance Training Regulation provides detailed implementing instructions, to include the prescribed international memorandum of agreement to be used for this purpose. PME exchange requests will be forwarded to the appropriate military department for action and for information to DSAA (ATTN: COMPT/TMD).

C. <u>UNIT EXCHANGE TRAINING AND RELATED SUPPORT</u>. Section 30A of the Arms Export Control Act authorizes reciprocal unit exchanges and related support between the U.S. and foreign countries and international organizations. The related reciprocal training and support must be pursuant to an international agreement and be provided within one year. Should the foreign country or international organization not provide comparable training and support, the U.S. must be reimbursed for the full costs of training and support provided by the U.S. The Joint Security Assistance Training Regulation provides detailed implementing instructions, to include the prescribed international memorandum of agreement to be used for this purpose. Requests for unit exchanges will be forwarded to the appropriate military department for action and for information to DSAA (ATTN: COMPT/TMD).

D. <u>REPORTS</u>. By 1 January each year the military departments will provide the following reports for PME and unit exchanges conducted during the preceding U.S. fiscal year. The PME report will be provided to DSAA (ATTN: COMP/TMD) with an information copy to the OASD Comptroller (Accounting Policy). The unit exchange report will be provided to the OASD Comptroller (Accounting Policy) with an information copy to DSAA (ATTN: COMP/TMD). At a minimum, the report will include, by country, the number of exchanges and, for each exchange, the subject or purpose of the exchange, the number of persons included in the exchange, the cost/comparable value of each of the exchanges, and, if applicable, action taken to recover the cost of any exchanges which were not reciprocated during the fiscal year in question.

Change No. 6, 1 March 1986





*

CHAPTER ELEVEN

MILITARY ASSISTANCE PROGRAM (MAP)

SECTION I - USE OF MAP FUNDS TO FINANCE FOREIGN MILITARY SALES

A. <u>GRANT AID (MAP) FUNDING</u>. 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 from the U.S. Government 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. These MAP funds may not legally be used for either (1) funding direct commercial purchases, or (2) financing interest or repayments of principal or guaranty fees with respect to Federal Financing Bank loans. Funds must be obligated within the period of availability prescribed in the annual appropriation act or the Continuing Resolution Authority (CRA).

a. <u>Allocation</u>. 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.

b. <u>Transfer of Funds</u>. Upon receipt of an approved apportionment of MAP funds from OMB:

(1) The DSAA Budget Division will allocate funds from the MAP ** Parent account to the OSD transfer account, where they become available for transfer to the country FMS Trust Fund. The allocation document will serve as the obligation source document.

(2) The DSAA FR&CPD will prepare, as necessary, a disbursement ** authorization document (Authorization to Disburse MAP Funds to FMS Trust Fund) directing that SAAC prepare and process an SF 1081 (Voucher and Schedule of Withdrawals and Credits) charging the MAP appropriation and crediting the FMS Trust Fund Receipt account. The validated SF 1081, which will contain a country breakout, will serve to expend (disburse) MAP funds and to liquidate MAP obligations simultaneously. No check will be issued.

c. Application of Formerly MAP Funds. The SAAC, in processing the * SF 1081, will deposit the funds into unique country trust fund MAP clearing accounts identified on the SF 1081 and will transfer merged MAP funds from clearing accounts into country trust fund accounts to: (1) Finance LOAs which specify MAP type of assistance funding. *

(2) Satisfy required initial deposits on specific LOAs. (MAP portion of financing will be identified in Block 27 of LOA.)

(3) Liquidate arrearages of 90 days or more on customer DD Form 645 FMS Billing Statements issued quarterly (at specific direction of DSAA Comptroller only).

(4) Offset current amounts due and payable on DD Form 645 FMS Billing Statements (at specific direction of DSAA Comptroller only).

SAAC must ensure that adequate procedures and controls are available to preclude refunds of merged MAP funds to the foreign purchaser.

d. <u>MAP Fund Accounting and Reporting</u>. The DSAA FR&CPD will maintain records of obligations and transfers of funds made on the basis of SF 1081s and report to the Treasury (at the appropriate level) in compliance with Treasury Fiscal Requirements Manual.

e. <u>MAP Restrictions</u>. 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. Offshore procurement (OSP) under FMS cases funded with merged MAP funds is restricted by AECA, Sec. 42(c) (see Chapter 9, Section III, paragraph J). 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.

f. 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. <u>MAP Financed LOAs for Defense Services</u>. P.L. 99-83 amends Section 503(a) of the Foreign Assistance Act (FAA) of 1961, as amended, and provides for elimination of the cost of military pay and entitlements if the sales case for defense services including training or for design and construction services is totally financed by MAP. Effective 1 October 1985, services provided under Sections 21, 22, or 29 of the AECA shall be priced to exclude military pay and entitlements (including retired pay accrual) only for those cases citing MAP funds as the exclusive method of funding in Block 27 of the DD Form 1513. This pricing applies when services are performed regardless of the date of the DD Form 1513. Any subsequent amendment or modification serving to reduce the MAP method of funding below 100 percent shall require repricing to add military pay and entitlements to the entire case.

11-2

**

**

**

3. 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 506 special authority implementing procedures are provided in Section III of this chapter.

4. Impact of Section 620(q), FAA, and "Brooke Amendment" on Utilization ** of MAP Funds.

a. Section 620(q) reads:

No assistance shall be furnished under this Act to any country which is in default, during a period in excess of six calendar months, in payment to the United States of principal or interest on any loan made to such country under this Act, unless such country meets its obligations under the loan or unless the President determines that assistance to such country is in the national interest and notifies the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate of such determination.

b. The "Brooke Amendment" which is an integral part of each recent ** foreign assistance and related programs appropriations act and continuing resolution states:

No part of any appropriation contained in this Act shall be used to furnish assistance to any country which is in default during a period in excess of one calendar year in payment to the United States of principal or interest on any loan made to such country by the United States pursuant to a program for which funds are appropriated under this Act.

c. Sanctions under Section 620(q) would be triggered by arrearages ** of more than six calendar months on AID-financed loans (Economic Support Fund, etc.) at such time as the Department of State advises DSAA that no waiver of sanctions is being considered. Sanctions under the "Brooke Amendment" would be triggered by arrearages of more than one calendar year on FMS-financed loans (direct or guaranteed) or AID-financed loans.

d. The impact on utilization of MAP funds under both Section ** 620(q) and the "Brooke Amendment" is identical; therefore, refer to Chapter 9, Section III, paragraph K.4.a-d for the specific sanctions. [NOTE: Utilization of FMS Credit funds are not impacted by Section 620(q).] SECTION II - UTILIZATION, REDISTRIBUTION AND DISPOSAL OF MAP MATERIEL

A. <u>PURPOSE</u>. 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 <u>not</u> apply to materiel purchased as a result of transfer of MAP funds to the FMS trust fund (see Section I of this chapter).

[This space left blank intentionally.]

B. <u>LEGAL LIMITATIONS</u>. 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 material 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.

С. 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.

Action by the Chief of the SAO. End-item utilization (inventory) 1. 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. person-In the case of lack of resources, however, classification by the foreign nel. government authorities may be accepted.

a. <u>Economic Repairability</u>. Economic repairability will be determined in accordance with DoD Instruction 7220.21.

(1) <u>Standard Condition Codes</u>. Standard condition codes as set forth in the Defense Disposal Manual (DoD 4160.21M) will be used.

(2) <u>Unserviceable Equipment</u>. 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) <u>Screening Excess Against Other In-Country Requirements</u>. 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) <u>Reports of Non-Redistributed MAP Excess</u>. 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. <u>Worldwide Screening of Major and Secondary MAP Excess Materiel</u>. 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. <u>Post Screening Actions</u>. 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. <u>Disposition of Non-Allocated Items</u>. 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 Reutilization and Marketing Service (DRMS).

D. TRANSFER OF MAP EXCESS MATERIEL.

1. <u>Submission of Requirement</u>. 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. <u>Transfer by SAO Holding Excess Materiel</u>. 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. <u>Actions by SAO Receiving Redistributable MAP Property</u>. 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. <u>Reimbursable Transfer</u>. 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. <u>Delivery Procedures and Charges for MAP Excess Materiel - Other</u> <u>Than MIMEX, Ships, and Aircraft</u>. MAP property, other than MIMEX Offer allocations, ships and aircraft, will be delivered by the releasing country.

(1) <u>Redistributable MAP Items</u>. Redistributable MAP items will be delivered free alongside vessel. MAP will pay for unloading from carrier and loading items aboard ship.

(2) <u>Items Being Returned for U.S. MILDEP Stocks or Disposal</u>. 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) <u>MAP Property shipped via Rail or Highway</u>. 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. <u>Redistributable Property Sold Under Foreign Military Sales</u> (FMS). For redistributable MAP excess property sold under FMS the purchasing country will pay all inland carrier, loading, unloading, and ocean costs.

c. <u>Delivery Costs of Ships and Aircraft</u>. Ships and aircraft will be delivered in accordance with arrangements made between the USG and the releasing country.

d. <u>Packing, Crating, and Handling (PCH) Charges</u>. Packing, crating and handling costs will be born by the releasing country for:

(1) <u>Redistributable MAP Property and Items Returned to U.S.</u> <u>Stocks</u>.

(a) Redistributable MAP property, and

(b) Items being returned for U.S. MILDEP's stock or disposal.

(2) <u>Redistributable Property Sold Under FMS</u>. 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) <u>Redistributable MAP Property</u>. By the receiving country current year MAP program for redistributable property.

(2) <u>Property Being Returned to U.S. Stocks</u>. By the MILDEP for property being returned to its stock.

(3) <u>Redistributable Property Sold Under FMS</u>. By the country purchasing the redistributable MAP property under FMS.

f. <u>Application of Accessorial Charges</u>. Accessorial charges will be applied in accordance with DoD Instruction 7510.4.

E. <u>CANNIBALIZATION AND RETENTION OF MAP PROPERTY</u>. 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

11-6

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. In the case of items which were * delivered prior to 1975, the President may waive the requirement that such net * proceeds be paid to the United States Government if he determines that to do * so is in the national interest of the United States."

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. <u>Methods of Disposal</u>. 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. <u>Disposal Through Defense Reutilization and Marketing Office</u> * (DRMO). This method is in accordance with the provisions of the Defense Disposal Manual (DoD 4160.21M) through the DRMOs, 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. <u>Country-to-Country Special Arrangements</u>. 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. <u>Preferred Method of Disposal</u>. It is preferable from the DoD standpoint to use the Defense Reutilization and Marketing Service for disposal * of disposable MAP property. However, in many cases it is not practical to exercise this option, either because there is no DRMO 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. <u>Demilitarization of Disposable MAP Property</u>. 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. DRMS.

SECTION III - SECTION 506 SPECIAL AUTHORITY

A. <u>PURPOSE</u>: This section provides procedures for emergency drawdowns authorized under Section 506 of the Foreign Assistance Act of 1961, as amended.

B. SECTION 506(A).

1. Law: If the President determines and reports to Congress in accordance with Section 652 of the FAA that:

a. An unforeseen emergency exists which requires immediate military assistance to a foreign country or international organization; and

b. The emergency requirement cannot be met under the authority of the Arms Export Control Act or any other law except this section; he may direct, for the purposes of this part, the drawdown of defense articles from the stocks of the Department of Defense, defense services of the Department of Defense, and military education and training, of an aggregate value not to exceed \$75,000,000 in any fiscal year.

2. <u>Interpretation</u>: Section 506(a) provides neither funds nor contract authority. It does not authorize new procurement for contracting in order to provide or replace the material, services or training directed. It only authorizes the drawdown of material from Department of Defense stocks and the provisions of non-contractual services and training from Department of Defense resources for grant as military assistance under Part II, FAA. The non-contractual services and training. Reimbursement will be dependent upon subsequent appropriation action. Assistance furnished under Section 506, FAA,

*

is furnished subject to all other laws and regulations applicable to assistance furnished pursuant to Section 503(a)(1), FAA.

3. Implementation:

a. After an emergency is identified, the Department of State will write a presidential determination which, after being signed by the President, authorizes DOD to furnish up to a specified dollar value, military assistance to the country specified in the determination.

b. DSAA (Operations Directorate), with country, ambassador, SAO, CINC, OJCS, State Department and ISA input, will provide implementing instructions to the appropriate military department identifying requirements and providing dollar ceiling levels. Pricing will be in accordance with IMET/MAP (not FMS rates).

c. Military Departments will:

1. Drawdown articles, services and/or training from DOD assets in accordance with DSAA instructions.

<u>2</u>. Submit programming data to the DSAA 1000 system in accordance with guidance provided in Chapter 15, Section III, para. D of this manual for defense articles and services, and Chapter 10, para. J for training.

<u>3.</u> Report deliveries to DSAA in accordance with guidance provided in Chapter 15, Section III of this manual.

<u>4.</u> Provide guidance to implementing activities as to organizational responsibilities in future drawdowns and regarding which DOD appropriations, funds or accounts are to hold accounts receivable for drawdowns already complete or in progress.

d. DSAA will issue an unfunded MAP order to the military department citing .004 limitation. The MAP order provides a detailed accounting of articles, services and training and is the basis for reimbursement to the military departments if funded by Congress.

e. DSAA will monitor the dollar ceiling levels to insure that funding authorizations are not exceeded. There is no legal authority either to exceed the dollar value specified in the presidential determination or to reimburse implementing agencies for any such excess.

C. SECTION 506(B):

1. Law.

a. The authority contained in this section shall be effective for any such emergency only upon prior notification to the Committee on Foreign Affairs of the House of Representatives, the Committee on Foreign Relations of the Senate, and the Committee on Appropriations of each House of Congress.

b. The President shall keep the Congress fully and currently informed of all defense articles, defense services, and military education and training provided under this section.

D. SECTION 506(C):

ß

1. Law: There are authorized to be appropriated to the President sums as may be necessary to reimburse the applicable appropriation, fund, or account for defense services and military education and training provided under this section.

2. Implementation:

a. DSAA will request funds for reimbursement of Section 506, FAA, drawdowns via the MAP appropriation budget submission.

b. If military assistance program funds are appropriated by Congress and apportioned by ONB to reimburse 506(a) authorizations:

<u>1.</u> DSAA will determine share to be provided each military department.

2. DSAA will provide transfer authorization of funds via SF 1151.

3. Military departments are responsible to reimburse the appropriate fund, account or appropriation.

4. Reimbursable orders are not authorized in anticipation of Congressional approval. DOD components will only maintain memo entries on accounting reports until the appropriation expires for obligation. Section 632(d), FAA, provides that the amount of reimbursement "shall" be credited to the "current" available appropriations, funds or accounts of the agency that furnished the military assistance.

5. Industrial fund and stock fund accounts must absorb the costs until appropriation is enacted.

6. If any commercial transportation costs are involved, U.S. dollars cannot be used. Use of DTS, MAC or SAMM is authorized.

Change No. 8, 31 March 1987

CHAPTER TWELVE

LEASES AND LOANS OF DEFENSE ARTICLES

SECTION I - LEASES

A. AUTHORITY AND PURPOSE.

Normally, the U.S. Government (USG) makes defense 1. Use of Leases. 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. 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. <u>DoD Approval</u>. 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. <u>DoD Component Responsibilities</u>. 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

Lease Format. The basic lease format at Figure 12-I-3 will be used 1. 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 12-1-2. 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 The lease will be signed by the appropriate DoD component and period. DSAA (Operations provided to the 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 Identifier has been established, an X will be used for the DoD component Identification. This lease designator will be clearly shown on the top of each page of the lease, on the top of each page of Schedules and Appendices, and on any accompanying documents. The associated FMS case must reference the lease designator.



3. Duration.

a. <u>Not to Exceed Five (5) Years</u>. 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. <u>Renewals of Title 10, USC 2667 Leases</u>. 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. <u>Rental Payment</u>. 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. <u>Certificate of Delivery</u>. 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.

Exceptions. The provisions of paragraphs B.4. and B.5., above shall 7. 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 joint resolution stating * that it objects to the proposed lease. Valuation for purposes of Section 63(a)(1), AECA is in terms of replacement cost as specified in paragraph B.4., above.

C. COORDINATION

1. <u>DSAA Coordination Responsibilities</u>. 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. <u>Terminations</u>. 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 joint 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. <u>Renewals</u>. 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.

Submission. Section 62(a), AECA requires certification to the a. 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. <u>Approval</u>. 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.

Payment Schedules. The lease designator will be used to track the 1. 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. The implementing agency, responsible for the administration of the DD Form 1513 lease associated FMS case, is responsible for reporting costs incurred on the case via the DD Form 1517 performance reporting system.

F. <u>LEASE CLOSURE</u>. 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. <u>Quarterly Report</u>. 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 with a copy to SAAC by each DoD * component which has unexpired leases under its cognizance. This report will identify leases entered into previously under the authority of title 10, USC 2667 and the AECA, Chapter 6; the report will identify statutory authority for the lease.

2. <u>Financial Report</u>. 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. <u>Report on Equipment Usage</u>. 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 applies to leases of ships authorized in separate, specific legislation unless * such legislation expressly otherwise provides. *

DETERMINATION REGARDING THE LEASE OF (ARTICLES(S)) TO (COUNTRY OR INTERNATIONAL ORGANIZATION) PURSUANT TO CHAPTER 6 OF THE ARMS EXPORT CONTROL ACT

(Lease Designator)

ited to, too	ermine that ed nonexpendable ols, ground supp ot for the time r	ort equipment	ment, includin, test equipment	
national sec (Country or	letermine that urity reasons fo International Oro s under the Arms	or providing ganization) on	such Defense A a lease basis	Articles to the
				· · · · ·
	(Date)		(Signat	ure)
Attachment a/s				
Concur:	State (PM)			

FIGURE 12-1-1. Determination Regarding the Lease of Article(s) to Countries or International Organizations Pursuant to the Arms Export Control Act, Chapter 6.

12-8

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 countersignature, 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):

Recommend you approve the draft lease agreement and sign the Determination.

Attachments a/s

1. 2. 3.

FIGURE 12-I-2. Memorandum for the Director, DSAA.

Page of (Lease Designator)

0

LEASE OF

BETWEEN

THE UNITED STATES GOVERNMENT

AND

This LEASE, made as of the <u>(Date)</u> between the United States Government (hereinafter called the "Lessor Government") represented by its Department of the <u>and the GOVERNMENT OF</u> (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 may 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

ВҮ		Ву
	(Typed Name)	(Typed Name)
	(Title)	(Title)
	(Date)	(Date)
		COUNTERSIGNATURE:
		ВҮ
		(Typed Name)
		Director, Defense Security Assistance Agency (Title)
		(Title)
· .		(Date)
		(Date)

,

Page of (Lease Designator)

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. <u>Initial Condition</u>. 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. <u>Conditioning and Transfer Cost</u>. 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.

Inspection and Inventory. Immediately prior to the delivery of the 4. 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. <u>Maintenance</u>. 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. <u>Risk or Loss</u>. 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. <u>Indemnification</u>. 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-I-3. (Continued)

8. <u>Alterations</u>. 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. <u>Termination</u>. 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. <u>Title</u>. 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. <u>Reimbursement for Support</u>. 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. <u>Covenant Against Contingent Fees</u>. 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-I-3. (Continued)

15. <u>Proprietary Rights</u>. 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. <u>Costs of Lessor Government</u>. 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. <u>Distribution</u>. 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

SCHEDULE A

T0

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	NŚN	REPLACEMENT COSTS UNIT VALUE TOTAL VALUE	(INCLUDING DEPRECIATION) PER MONTH
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 12-1-3. (Continued)

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)

1. Action Officer's name, office, and telephone number (for individual located in Washington D,C., area provide commercial number, for outside Washington D.C., area provide AUTOVON and commercial numbers.)

FIGURE 12-I-4. Memorandum for the Director for Operations, DSAA.

TRANSMITTAL NO.(NUMBER) - (YEAR)

NOTICE OF PROPOSED LEASE PURSUANT TO SECTION

62 OF THE ARMS EXPORT CONTROL ACT

(i) **Prospective Lessee:**

(ii) Description of Articles Provided: (Type and Quantity)

(iii) Total Estimated Value: (In terms of replacement cost)

(iv) Terms and Duration of Lease: (Period of Lease/Total Rental - /Special Conditions)

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.

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.

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.

DoD 5105.38-M

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.

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/Organiza-tion) 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.

DoD 5105.38-M

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 joint resolution stating that it objects to the proposed lease.

The Department of Defense has transmitted the required notification to the Congress on (date), Assuming that the Congress does not object to the proposed lease, the enclosed lease will be signed and issued to your (Government/Organization) by the authorized Department of Defense representative on or about (date). In the event that the Congress should object to this proposed lease, you will be notified promptly of that fact.

Should your (Government/Organization) wish to accept this lease, it should await receipt of the signed lease.

Sincerely,

Enclosure a/s

FIGURE 12-I-10. Letter Advising Lessee of Congressional Notification of Lease for MDE for Over One Year.

*

*

**

FIGURE 12-I-11

RCS: DSAA(0)1146

Prepare a report in the format below (classified if necessary) for each lease ** of any value, providing for the lease of property to a foreign government or international organization. Leases will be reported until the property is returned to U.S. custody, or lease is completed by other action.

FORMAT

The following data will be included for all leases:

Lessee:

Lease case designator (if applicable):

7.

Item(s):

Date of lease and statutory authority (AECA Sec. 61, 10 USC 2667, * Other):

.

Duration/special terms:

Expiration date:

Replacement value of lease material (when leased):

Total rental or summary of other considerations:

Rental paid to date:

Date lease reported to the Congress (if required under the AECA, Section 62):

Action taken on expired lease or lease due to expire during next ** quarter:

Lease being renewed:**Date material returned:**Material sold (FMS Case Designator):**Other action status than that above:**

FIGURE 12-1-11. RCS: DSAA(Q)1146

DoD 5105.38-M

* (deletion)

[This page left blank intentionally.]

12-25 Change No. 7, 15 September 1986

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 <u>(insert</u>) 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 <u>(insert)</u> Representative

FIGURE 12-I-12. Certificate of Delivery.

NOTE: Recommended distribution: Original to: MILDEP JAG Copies to: DSAA MILDEP SA Activity SAO

12-26 Change No. 7, 15 September 1986

FIGURE 12-I-13

LEASE CLOSURE INFORMATION

SUBJECT: (<u>Chapter 6, AECA/10 USC 2667</u>) 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:

Date .

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

the sources

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 <u>bona fide</u> 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. <u>Cost Recovery</u>. 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.

С. 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

PURPOSE. The administrative implementation of Security Assistance Α. 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 Budget formats and instructions for completion will be and MAAG budgets. 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. <u>FMS Administrative Budget</u>. 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.

MAP Administrative Budget. MAP and IMET program administrative a. 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. <u>SAO Budget</u>. 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) <u>Assistance-in-Kind (AIK)</u>. 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) <u>Contributed Currencies</u>. 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) <u>Cost Recovery Policy</u>. 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) <u>Financial Management</u>. 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) <u>Program Objective Memorandum (POM) Guidance</u>. 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) <u>Budget Call/Budget Submissions</u>. 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) <u>Preparation of Budget</u>. 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) <u>Facilities Projects</u>. 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 0&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) <u>Automated Data Processing (ADP) Projects</u>. 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 materiel.

(c) <u>Special Projects</u>. 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) <u>Base Operating Support Costs</u>. Base operating support ** (BOS) costs encompass numerous management, administrative, and support functions associated with the operation of a military installation or activity. BOS costs may be included in FMS administrative budgets only if they are incurred primarily for the benefit of the FMS program. Section 109 of Public Law 99-83, the International Security and Development Cooperation Act of 1985, excludes from charging to FMS administrative funds "a pro rata share of fixed base operation costs." Those BOS costs that may be charged to FMS administrative funding are identified in the annual budget call.

(e) <u>Dedicated Security Assistance Activities</u>. 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 Affairs Command (USASAC), the U.S Navy International Logistics Control Office (NAVILCO), the U.S. Air Force Logistics Command -International Logistics Center (AFLC-ILC), the Security Assistance Accounting

Center (SAAC), and the Defense Institute of Security Assistance Management (DISAM). The designation of selected activities as "dedicated" permits charging some prorated BOS costs to FMS administrative funds. In those instances where a MILDEP operates a relatively large full-time 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 some BOS costs at "dedicated" activities. However, as indicated in paragraph (d), P.L. 99-83 excludes from charging to FMS administrative funds a pro rata share of fixed base operation costs. The Congress defined fixed base operation costs to include, among others, costs for the following: Alcohol and drug abuse program, fire protection, pest control, laundry and dry cleaning, food service, base chaplain, morale, welfare and recreation, and restoration of historical landmarks. In those instances where the full-time 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 budget call provides additional guidance on BOS costs.

(f) <u>Billing FMS Administrative Funds for Reimbursements</u>

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, 20.9% of the 27.9% civilian retirement acceleration should be * budgeted for return to the U.S. Treasury Miscellaneous Receipts Account. The * agency contribution of 7% for civilian retirement and all other acceleration * such as insurance, other benefits and Medicare are budgeted for reimbursement * to the appropriate MILDEP financing appropriations.

FMS PAYROLL ACCELERATION RATES (effective FY 1986)

*

	Civilian	Officer	Enlisted	
Retirement	27.90%	~ ~ ~	د میروستی دارد. میرد با انتخاب می وی مت	*
Insurance (Health & Life)	4.70%		e • ••	*
Other Benefits (Unemployment, Sever-	1.80%	6.00%	18.00%	*
ance Pay, Workman's Compensation)				*
Medicare	1.35%			*
Total Acceleration	35.75%	6.00%	18,00%	*

(h) <u>Exempted Programs</u>. 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) <u>Issuance and Use of Funds</u>. 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. <u>MAP Administrative and Overhead Support and SAO Budget Systems/</u> Procedures.

a. <u>General</u>. 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. <u>Responsibilities</u>.

(1) <u>Administrative Agency</u>. 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) <u>Department of the Army</u>. The countries in the CINCEUR and CINCSO area of responsibility.

(b) <u>Department of the Air Force</u>. The countries in the CENTCOM area of responsibility.

(c) <u>Department of the Navy</u>. 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) <u>Authorization Document Review</u>. The SAOs will review the <u>Joint Table of Allowance</u> 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) <u>MAP Budgets/Financial Plans</u>. 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) <u>Unified Command Role</u>. 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) <u>Administrative Agency Role</u>. 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) <u>MAP/SAO Budget Calls</u>. DSAA issues two budget calls each year requiring submission of budget estimates and supporting justification materiels 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) <u>President's Budget Call</u>. 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) <u>Mid-Year Review Budget Call</u>. This budget call is issued in mid-January calling for submission of estimates and supporting materiels 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. <u>Development and Submission of Budget Estimates.</u>

(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) <u>Quarterly Military Manpower Report for SAOs</u>, MISSIONS, MilGroups, RCS: DSAA (Q) 1218.

(a) Section 515(d) 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.	Sample	Format
----	--------	--------

	COL 1	COL 2	COL 3	COL 4	COL 5
	SERVICE	RANK	NUMBER OF MEMBERS ON BOARD	NUMBER OF MAN MONTHS ON BOARD DURING QTR	NUMBER OF MONTHS IN USG PAID OR AIK HOUSING
Α.	Army	0-6 0-4	2 2	4 6	3 3
	Subtotal	XXXX	4	10	6
Β.	Navy	0-5 0-2 E-7	1 3 2	3 9 6	3 - -
	Subtotal	XXXX	6	18	3
С.	Air Force	0-6 0-5 E-6	3 3 5	9 8 15	9 (3) 3 -
	Subtotal	XXXX	11	32	12 (3)
D.	Marine Corps	0-5 0-4	1 1	3 2	-
	Subtotal	XXXX	2	5	` -
Ε.	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. <u>Report Instructions</u>. 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 0-6 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 0-6'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 0-6 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:

<u>CERTIFICATION BY REQUESTING OFFICIAL</u>: 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. <u>PURPOSE</u>. 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. <u>GAO Audits</u>. 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. <u>DoD Internal Audits</u>. 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. <u>NOTIFICATION OF AUDITS AND INSPECTIONS</u>. 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. <u>Releasability to GAO</u>. 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:

(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.

Э

E. <u>RELATIONSHIP WITH AUDIT/INSPECTION AGENCY</u>. 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.

SECTION III - DSAA FINANCIAL MANAGEMENT REVIEW PROGRAM

**

A. <u>BACKGROUND</u>. The Director, DSAA, is responsible for carefully monitoring the requirements for and the availability of funds to support Foreign Military Sales (FMS) programs. Many FMS recipients have limited resources with which to finance essential defense programs. These factors highlight a requirement for DOD and the military departments to review the financial status of FMS programs in order that FMS customers may base programmatic and financial decisions on accurate and timely information.

PURPOSE. The DSAA Financial Management Review Program (FMRP) (RCN 1150) Β. was established to identify and resolve current financial problems and to provide an "early warning" system for emerging problems so that the USG and the customer may have as many options as possible in resolving these problems. The FMRP constitutes a country-level overview of a customer's program, taking into account current and projected requirements and anticipated resources, including FMS credits, Military Assistance Program grants, and budgeted This information can assist FMS customers in managing their national funds. limited resources and in making crucial decisions related to future FMS purchases. The FMRP does not duplicate or substitute for FMS case financial and logistical reviews conducted by implementing agencies (IAs) with in-country counterparts, but ties together individual IA programs into an overall country financial summary.

C. PROCEDURES.

1. Each quarter, DSAA selects up to four FMS customer programs for review. For the programs selected, DSAA requests selected financial data (see Figure 13-III-1) on a list of cases representing about 90% of the ordered value of the FMS program.

2. IAs will be requested to complete a case worksheet furnished by DSAA for each case selected. The following is an explanation of data elements that may be included in the worksheet:

a. Total Case Value: "Estimated Cost" (articles/services/administrative/accessorial value) reflected in block (26) of the 1513 or in block (27) of the latest amendment (1513-1) or modification (1513-2) to the case.

b. Net Case Value: "Estimated Cost" (articles/service value) reflected in block (21) of the 1513 or in block (22) of the latest amendment (1513-1) or modification (1513-2) to the case.

c. Obligations. The implementing agency's total financial obligations related to the case during the periods cited on the form, e.g., value of contracts let and requisitions issued.

d. Working Funds. The amount of funds to be expended on behalf of the case during the period cited on the form; i.e., an estimate of the disbursements (reimbursable and direct cite) that SAAC will make from the trust fund for deliveries and contractual progress payments. e. Reserves. Additional funds that are required to be on hand for termination liability and contractor holdback. [For a further definition of reserves, see SAMM Chapter 7, Section II, Para. C.8.c.(2)(B).]

f. Estimated Supply Completion Date. The data that all articles will have been delivered and all services performed. Provide date in YYMM format; e.g., Mar 87 would be 8703.

g. Estimated Closure Date. The date that a Case Closure Certificate will be submitted to the SAAC. (YYMM)

h. Excess Case Value. Any portion of case value that is in excess of anticipated total costs. For example, if a requisition case was originally established for \$10,000,000 but at the end of the ordering period requisitions totaling \$8,500,000 had been issued (including administrative fees, accessorial charges, and reasonable allowance for price increases), the case value would have a potential excess of \$1,500,000.

i. Remarks. Any exceptional circumstances concerning the financial status of the case, e.g., payment schedule front-loaded at customer request; -1 or -2 pending to increase/decrease case value or revise payment schedule; closure delayed because case in litigation, etc.

3. Following consolidation and analysis of the data, DSAA will meet or correspond with IAs, as appropriate, to follow-up on recommended actions.



FIGURE 13-III-1

SOURCES OF DATA REVIEWED

DSAA 1200 SYSTEM

Case listing (90% coverage) Case descriptions LORs Offers outstanding Accepted/Unimplemented

DSAA FR&CPD

MAP and FMSCR program data Totals Committed Disbursed Uncommitted Undisbursed Commercial contracts FMSCR repayment schedules

IMPLEMENTING AGENCIES

contractor holdback

SAAC/DIFS

Case values **Obligations** Deliveries Multi-year working funds (disbursements) Reserves for termination liability & Undelivered values Disbursed/undelivered progress payments Estimated supply completion dates Computed termination Estimated closure dates liability Estimated excess program value Potential shortfalls Unearned advances Collections Treasury cash Available cash FRB balances Holding accounts FRB arrearages Billing history and forecast Disbursement history Case closure certificate inventories Crossleveling agreements

SAOs-CUSTOMERS

Potential new sales requests Potential funding for new sales requests Budgeting data FMSCR/MAP Cash (national funds)

FIGURE 13-III-1. SOURCES OF DATA FOR RCN 1150.

**

DoD 5105.38-M

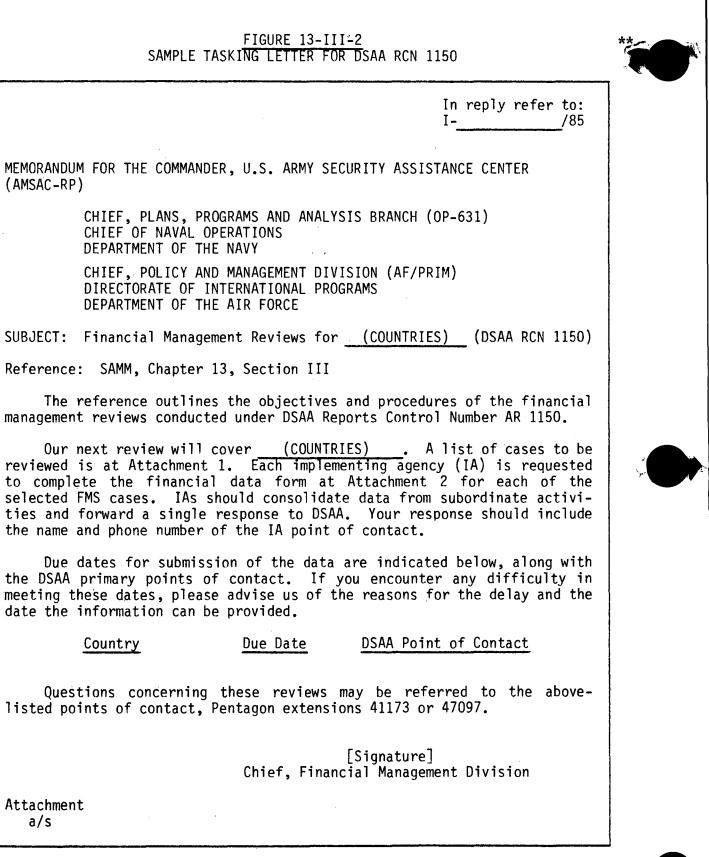


FIGURE 13-III-2. SAMPLE TASKING LETTER FOR DSAA RCN 1150.



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. <u>Purpose</u>. 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. <u>MANAGEMENT</u>. 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 is limited * to \$1.07 billion for FY 1987 and each year thereafter. The SDAF may not be * obligated without prior Congressional approval obtained through the annual budgeting process in appropriations acts.

14-1

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 transferred to a MILDEP.

3. <u>Method of Collection</u>. 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.

D. <u>OPERATING CONCEPTS</u>. 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. <u>CRITERIA FOR PROCUREMENT</u>. 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.

14-2

- 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. <u>Plan</u>. 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. <u>Procurement</u>. The DSAA issues MIPRs (DD Form 448s) to the appropriate MILDEP or agency for the purchase of SDAF items. The MIPR is processed * generally in accordance with DOD Federal Acquisition Regulation (FAR) * Supplement, Subpart 8.70 - 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). 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. <u>Procurement of SDAF Items</u>. Procurements for SDAF shall be subject to the FAR and in particular to FAR 25.7303 on notification to prospective * sources of the procurement for a potential Foreign Military Sale (FMS) and to FAR 25.7304 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. <u>Payments for Contract Administration Services (CAS)</u>. 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. <u>Requisitioning and Billing Procedures for Items Purchased from U.S.</u> <u>Service Stocks (MILSTRIP)</u>. 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 interfund 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 contractorinitiated requisitions will be accomplished by SF 1080 billing to SAAC. All bills (interfund and SF 1080s) must identify MIPR and line.

6. <u>Pricing of SDAF Items Purchased from U.S. Service Stocks</u>. Stock funded items sold to the SDAF will be priced at standard price plus the current replacement surcharge rate for non-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. <u>Contractor Rental Fees</u>. Contractor rental fees incurred on SDAF procurements will be included in the items' unit price when billed to SAAC.

b. <u>Personnel Costs</u>. 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. <u>FMS Add-Ons</u>. Add-on factors for non-recurring RDT&E, non-recurring production, asset use, and PCH&T will not be charged to the SDAF.

8. <u>Reporting Deliveries to the SDAF Account</u>. Delivery of stock items to the SDAF must be reported to the SAAC within seven days of transfer in ownership. 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. <u>Delivery Reporting Summation</u>. The SAAC will maintain automated records of reported deliveries to the SDAF account for major items 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.

14-4

Change No. 2, 2 Jan 1985

10. <u>Interdepartmental Orders</u>. Sub-MIPRs issued by one Military Department to another may not cite SDAF funds. Sub-MIPRs must cite the issuing services funds.

11. <u>Payment for Transportation of SDAF Items</u>. 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. <u>Storage of SDAF Inventories</u>. Major SDAF equipment held in DoD * inventories will normally be segregated from other DoD items. However, as an exception to this general policy, SDAF items with a limited shelf life may be co-mingled with service inventories so long as separate and accurate inventory records 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. <u>Inventory Losses</u>. All inventory losses related to SDAF secondary ** items will be absorbed at the time of the loss by the Military Department responsible for storing the items. However, an appropriate pro rata cost of all inventory losses will be charged to the SDAF in the price of the secondary item at the time of sale to the SDAF. If SDAF major items are lost while held in inventory by the responsible Military Department, that department will conduct an investigation in accordance with the requirements of DOD 7200.10-M. Results of this investigation will be forwarded to the Director, DSAA, for disposition.

14. <u>Billing for Ammunition</u>. The U.S. Army will bill the SDAF account by ** SF 1080 to reimburse the Conventional Ammunition Working Capital Fund.

G. FMS SALES OF SDAF ITEMS.

1. <u>Price and Availability Data</u>. 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. <u>LOA Preparation</u>. 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 normally using the SDAF cost increased by applicable FMS add-ons.
- -- Sales prices for stock items will be computed using replacement pricing criteria in Chapter 7 of 7290.3-M.
- -- 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. <u>Implementing Guidance</u>. 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. <u>DD Forms 2060/2061</u>. 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. <u>Spares and Support</u>. 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. b. <u>Major Equipment</u>. Major SDAF equipment items shipped to FMS customers will be reported to SAAC by the Military Departments on DD Form 1517s or 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.

c. <u>Customer Billing</u>. SAAC will assure that all costs incurred on a case for the sale of SDAF items are billed to the FMS customer.

H. <u>EQUIPMENT LOANS</u>. 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. 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. <u>TRANSFERS FINANCED BY MILITARY ASSISTANCE PROGRAM (MAP) FUNDS</u>. 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. <u>Reporting</u>. The SAAC prepares the reports listed below in accordance with the applicable sections of the DoD 7220.9-H.

Report	Applicable Section of DoD 7220.9-H	
Statement of Financial Condition, Std. Form 220 and 221 with Supporting Schedules	Chapter 94	*
Analysis of Appropriation and Fund Balances, TFS Form 2108	Figure 93-1	*
Report of Budget Execution DD Form 1176	Figure 93-2	*

2. <u>Collection Reporting</u>. 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:

Accounting Subhead	Source		
.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.		

<u>NOTE</u>: Although authorized to capitalize the SDAF, other conflicting legislation prohibits the use of this source of funds for SDAF capitalization at this time.

3. <u>Congressional Reporting</u>. 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.

14-8

*

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 2431(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. <u>Inventory Reporting</u>. SDAF items delivered into inventory or loaned to a MILDEP will be reported to DSAA as provided in Figure 14-I-2.

K. <u>ADMINISTRATIVE EXPENSES</u>. 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 ACOUISITION FUND LOAN AGREEMENT

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 14-1-1. 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

SECTION II - FOREIGN MANUFACTURE OF U.S. DEFENSE EQUIPMENT

A. <u>PURPOSE</u>. The purpose of this section is to define U.S. policy with respect to requests for release of <u>technical data</u> and offset procurement7 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. <u>BACKGROUND AND SCOPE</u>. 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. <u>Within NATO</u>: 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 <u>selected nations</u>: 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. <u>General.</u> DoD <u>Directive</u> 5530.3⁷ 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 Such delegation is granted on a case-by-case basis. DoD Instrucreceived. tion 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 International agreements for the coproduction of major defense Directive. 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. <u>Congressional Notification</u>. 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 of 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. <u>International Agreements Involving Foreign Manufacture of Defense</u> <u>Items Manufactured in Government-owned, Government-operated Plants</u>. 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.

PRINCIPLES REGARDING COPRODUCTION POLICY.

D.

p the co

varan

Defense policy regarding coproduction is provided in DoD 1. General. 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.

ya Vo Technical Data. Technical data is defined as recorded information, 2. régardless of form or characteristic, of a scientific or technical nature. It Mmay, for example, include document research, experimental, developmental, or sengineering 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 engineer-; ing 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.

SQ. Initiation of Coproduction Programs. Discussions on coproduction 3. 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 After such agreements are signed, the appropriate DoD described below. component will perform necessary managerial and reporting functions.

a. Origin, nature, and scope of the program;

b. Supporting rationale for its approval;



Implications of the proposed technology transfer endorsed by с. the DoD component;

Any exceptions to the National Disclosure Policy (NDP) which d. are required or have been approved, together with the scope and limitations of the exceptions:

Impact of such coproduction on U.S. industry, including both e. the prime and subcontractors involved in the manufacture of the items being considered:

The views of these prime and subcontractors with respect to the f. proposal;

The impact of the program on the U.S. mobilization base for the g. item; and

The impact of the program on any other authorized foreign h. production of the same item.

Coproduction Program Financed with FMS Credit Funds. 4.

**

AECA Section 42(b) Notification by Department of State. Seca. tion 42(b) of the Arms Export Control Act requires the Secretary of State to provide advice to the Congress prior to the approval of the use of any FMS credit or proceeds of any FMS loan to finance coproduction or licensed production in a foreign country. The advice to Congress must include a description of the defense article(s) to be produced under a coproduction program or licensed production and the probable impact of the proposed transaction on employment and production within the U.S.

DSAA Advice to Department of State. DSAA Operations will not **b**. approve release of an FMS Letter of Offer (LOA), or funding of a direct sale contract for coproduction/licensed production which is covered under a government-to-government MOU, to be financed with FMS credit funds until the Department of State has been advised of the pending program, and the Department of State has advised Congress as required by AECA, Section 42(b). The letter to the Department of State will advise of the country, type of proposed transaction (FMS, LOA or direct commercial sale), description of program and identification of extent of foreign production, and impact on employment and production within the U.S. (to the extent such information is available).

Status Report of Coproduction Programs. The MILDEPs will provide a 13 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.

- b.
- ċ.

Latimated total dollar value of items being produced; Name and location of principal U.S. production facilities T = 0.358 kwhether they are U.S. Government owned, or privately owned; Third country sales authorized, if any. Specific The Identic d. involved, and whether they are U.S. Government owned, or privately owned;

e. quantity involved;

The Identity of any Congressional committees which have been f. informed of these programs according to MILDEP records;

Copies of any LOAs or MOUs in MILDEP files covering these programs; and

14-15

h. Date agreement was signed, LOA was accepted, or MAP order was approved. Mow E. E - buckmu F ----

W E. 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 <u>after</u> 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. Types of Agreements. In order to ensure that all NATO "Cooperative Projects" are properly certified to the Congress pursuant to Section 27(c) of the AECA, any DOD component proposing to sign, on behalf of the United States, any international agreement with NATO or member country thereof involving either the sharing of research, development, testing or evaluation costs, i.e., RDT&E costs of any defense articles, and if there is to be any joint production ensuing therefrom, the costs of such production (see Section 27(a)(1), AECA) or "Family of Weapons" programs (see Section 27(a)(2), AECA) will, not later than sixty days prior to the planned signature of the proposed agreement, forward to the FMS Control Division, DSAA Comptroller, a copy of the proposed agreement and the information for a certification required by Section 27(c)(1), AECA. The information which is required is contained in paragraph 5 below. This does not apply to data or information exchange agreements; to feasibility studies that involve no waivers of or reductions in charges under the AECA and no ongoing research, development, testing, or evaluation commitments; or to any cooperative research and development agreement which does not provide for the sharing of costs which are funded wholly or partly with DOD RDT&E appropriations.

3. <u>Waiver or Reduction of Charges</u>. 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.



Change No. 6, 1 March 1986

14-16

4. <u>Prepayment of Termination Liability</u>. 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.

5. <u>Certification to Congress</u>. 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;



Change No. 4, 1 May 1985

[This page was left blank intentionally.]

.



14-16.2

Change No. 4, 1 May 1985

**

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. <u>DoD Policy</u>. It is DoD policy not to enter into government-togovernment 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. <u>Semiannual Report</u>. 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 U.S. GOVERNMENT-OWNED TECHNICAL DATA.

Approval to Release USG-Owned Technical Data. (Including TDPs for 1. a. Approval of the DSAA. All requests to acquire U.S. Government-

a. <u>Approval of the DSAA</u>. All requests to acquire U.S. Governmentowned 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 components for FMS LOAs for complete or partial TDPs will be referred to the DSAA for review. USG-owned TDPs will only be released under FMS procedures and 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 for FMS cases and the line item will clearly identify the item of defense equipment to which the TDP applies. The LOA will clearly define the purpose for which the TDP is released, and the applicable limitations and restrictions on the purchaser's use of the data.

(1) <u>TDPs for Production Purposes - Credit Financing</u>. LOAs for the sale of TDPs for production purposes will normally be financed on a cash basis. In the exceptional case when an LOA for a production TDP is approved for FMS credit financing under the AECA, notification must first be 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. Title 10 USC, Section 4542, prohibits the transfer of a technical data package from any Government-owned and operated defense plant manufacturing large caliber cannons to any foreign government, or assisting any 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, unless the exceptional requirements of the statute are met. Headquarters DA must be consulted as to whether these requirements can be met before action is taken to commit the USG to transfer such TDPs.

b. <u>Types of Requests</u>; Requests for TDPs normally fall into one of three categories:

(1) for use in operation and maintenance of items of U.S. equipment which had previously been transferred to the recipient,

(2) for use in production, of the item, follow-on development of the item/components or improving an item of U.S. equipment (or derivations thereof), and

(3) for study or evaluation purposes (for consideration of the desirability of a later request to the USG for use in production).

TDPs for which the U.S. Government Owns Rights of Use. с. Transfer of U.S. Government-owned TDPs (TDPs for which the USG owns rights of use) to foreign governments will be made only under FMS procedures and on a reim-Foreign industries must order U.S. Government-owned TDPs bursable basis. through their governments; and, if sold, the TDPs will be used only by agents, of the purchasing governments. The LOA 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, the LOA will include the appropriate fee for authorized production. Guidelines for the rovalty fee computation are included in paragraph H below. 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 H below. The DD Form 1513 will clearly state (on the first page after identification of the item) the purpose of the TDP, as follows:

(1) "This TDP is for production purposes."

2

(2) "This TDP is for study purposes only - no production is authorized."

(3) "This TDP is for operation and maintenance only - no production is authorized."

d. <u>Editing Munitions Control Export Licenses</u>. The Munitions Control Export Licenses for technical assistance, technical information, and technical data will be annotated to indicate that U.S. Government-owned TDPs can be transferred only under FMS procedures.

2. Sale of TDPs for Operation and Maintenance Purposes.

a. <u>General</u>. Technical data packages (TDPs) will normally not be sold for the purpose of conducting operations and maintenance (O&M) of U.S. equipment. It will only be sold for O&M if there is no other viable means of



ensuring that the U.S. origin equipment can be maintained. TDPs will not be sold for this purpose unless the Military Department is able to verify that the specific item of U.S. equipment was provided to the foreign country through authorized transfer.

b. <u>Data Required by the DSAA</u>. If release of 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 DOD component having cognizance over the item will provide the Director, DSAA, information shown at Figure 14-II-1 prior to release of the LOA, for use in making a release determination.

c. Letter of Offer and Acceptance Provisions. 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 Amendment (DD Form 1513-1) will be issued for the provision of a certified production technical data package and the applicable charges for its use for manufacture. 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. Sale of TDPs for Production Purposes or Study Purposes.

a. <u>General</u>. If the item requested to be produced in a foreign country is in excess or long supply position in a MILDEP inventory or if foreign production would result in an adverse impact on the U.S. mobilization base for items currently being produced in the United States, requests for technical data for foreign production or evaluation of the item will normally be denied. Referrals of requests to DSAA for production authorization should include the appropriate information relevant to the intended end use of the TDP. An official written communication is required from the purchaser that states the intended end use of the TDP in every case. An LOA for release of TDPs for study purposes will not be offered unless the DOD is willing to release the TDP for production purposes also.

b. <u>Data Required by the DSAA</u>. In the event a TDP is requested for purposes of foreign production of an item of U.S. defense equipment, the MILDEP having cognizance over the item will provide the Director, DSAA, the information shown at Figure 14-II-2 prior to release of the LOA, for use in making a release determination. c. <u>Royalty Fee Guidelines</u>. When the purchasing country intends to use the TDP for production, a royalty fee will be assessed for each item produced. Procedures on royalty fee computations, LOA presentation, collection, and waiver considerations are included in paragraph H below.

d. Letter of Offer and Acceptance Provisions. The MILDEPs shall include the applicable notes listed in (1), (2), and (3) below in LOAs for sale of TDPs for study/production purposes:

(1) TDPs Provided for Study Purposes:

<u>The technical data package offered herein is provided</u> <u>strictly for study purposes only</u>. 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 Amendment (DD form 1513-1) will be issued for the provisions of a certified production technical data package and the applicable charges for its use for manufacture.

(2) TDPs Provided for Indigenous Defense Production Purposes:

(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 each unit produced 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 an 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.

and the second second second second second second second second second second second second second second second

Change No. 8, 31 March 1987

(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) Production Validation - The Government of (country) will permit U.S. Government personnel access to government and contractor facilities, records, and storage sites to review the implementation of the requirements of this LOA. Such access will be permitted when mutually convenient, but within a reasonable period of time after the request. Visits will be accomplished under established visit procedures.

(j) Flowback of <u>(country)</u> Technical Data to the U.S.:

<u>1.</u> Technical Data - <u>(Country)</u> 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 <u>(defense equipment)</u> made in the course of development, evaluation, production, operation, and maintenance of (defense equipment).

<u>b.</u> All technical data pertaining to manufacturing processes employed in the production of <u>(defense</u> equipment).

c. Technical data pertaining to changes proposed in the design of <u>(defense equipment)</u> but not adopted.

d. Notwithstanding <u>a., b.</u>, and <u>c.</u> 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 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.

<u>3.</u> 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.

Sale:

(3) <u>TDPs for Production Purposes which Authorize Third Country</u> ⁷

(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 each unit produced 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 an 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 <u>(country name/s)</u> 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 resting from a claim asserted by the owner of 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) Production Validation - The Government of (country) will permit U.S. Government personnel access to government and contractor facilities, records, and storage sites to review the implementation of the requirements of this LOA. Such access will be permitted when mutually convenient, but within a reasonable period of time after the request. Visits will be accomplished under established visit procedures.

(i) The cost of the documentation provided hereunder does not include periodic updating (revisioning service), which may be requested under a separate LOA, if desired.

(j) Flowback of (country) Technical Data to the

U.S.:

<u>1.</u> Technical Data - <u>(Country)</u> 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:

<u>a.</u> All technical data pertaining to changes, modifications, and improvements in the design of <u>(defense equipment)</u> made in the course of development, evaluation, production, operation, and maintenance of <u>(defense equipment)</u>.

b. All technical data pertaining to manufacturing processes employed in the production of <u>(defense</u> equipment).

<u>c.</u> Technical data pertaining to changes proposed in the design of <u>(defense equipment)</u> but not adopted.

Notwithstanding a., b., and c. above, d. 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 <u>(country)</u> 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.

<u>3.</u> Contract Provisions - <u>(Country)</u> 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. <u>Restrictive Markings on TDPs</u>. In all cases, care will be taken to insure that the TDP bears clear identifying marks stating any restrictions which indicate 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.

5. <u>Reporting in the 1200 System</u>. For reporting purposes, the line on the LOA for the applicable royalty fee (and nonrecurring 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.

6. <u>Revisioning Services</u>. The sale of revisioning services, which provide for the updating of TDPs on a continual basis, may be offered only for TDPs for which transfer has been approved. These services for upgraded or improved items require separate transfer authorization.

H. ROYALTY FEE MANAGEMENT.

**

1. <u>Guidelines</u>.

a. <u>General</u>. Charges for the use of TDPs to be used to manufacture or produce items for non-U.S. Government use are referred to as royalty fees. (DOD 7290.3-M, Section 715 applies.) Royalty fees apply when there is a firm U.S. Government authorization to produce items for non-USG use. LOAs for TDPs, as a minimum, will:

(1) be constructed of two line items, that is, one for the TDP and a second line for the total royalty fee;

(2) include a planned production schedule, actual or estimated, as a supplemental condition against which estimated royalty fees will be assessed;

(3) contain a supplemental condition that authorizes U.S. representatives to validate the accuracy of production when required, and

(4) list and quantify production for approved third country production where such transfers have been authorized by the U.S. Government.

Production quantities authorization will normally require validation after no more than ten years.

b. Royalty Fee Computation.

(1) For MDE items, the approved MDE nonrecurring cost recoupment charge is assessed for each item produced. For non-MDE items, a percentage surcharge is applied on the basis of the item's current DOD inventory price. The percentage surcharges are as follows:

(a) 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 price for each complete unit produced in country.

(b) Where the DOD has specifically approved "in-country" production for third country sale, a royalty fee of 8% of the latest or current U.S. unit price for each complete unit produced in-country for third country sale.

14-25

(2) When the production quantity is approved in the LOA, the NRC charge or appropriate percentage of the current DOD inventory price in effect will be used as the royalty fee. Once established, the royalty fee will be effective for the production of the approved quantity and not subject to retroactive recalculation. For subsequent production quantities approved, the royalty fee will be recalculated based on the then most current DOD inventory price or NRC charge. The price basis will exclude all FMS surcharges or FMS-unique factors. The authorized production of U.S. defense items will normally not exceed a period of ten years.

(3) Based on cost effective considerations, a royalty fee will not be assessed when the total royalty fee value is less than \$100 and when an LOA would otherwise have to be modified to include the royalty fee line.

c. <u>Reductions and Waivers</u>. The royalty fee may be reduced or waived when the Director, DSAA, determines that special circumstances warrant a specific exception:

(1) The charge for "in-country" consumption may be waived when the foreign applicant is a current recipient of MAP or concessional FMS credit funds.

(2) If the item to be produced is obsolete and no longer being manufactured for U.S. MILDEPs and/or is not available in the MILDEP inventories, the royalty fee may be reduced or waived.

(3) Royalty fees may be reduced by the proportion of U.S. manufactured components purchased from the U.S. and incorporated in the end item being manufactured by the customer if it is demonstrated that a duplicate royalty fee would be assessed.

(4) Any reduction or waiver of royalty fees is required to be approved in writing by the DSAA and the Office of the ASD (Comptroller).

Billing of Royalty Fees. The royalty fee will be automatically d. billed according to the payment schedule that will be based on a production schedule. Revised payment and production schedules will be formalized by a DD Form 1513-2 Notification. If a production schedule is not available at the time of LOA preparation for an approved quantity, the purchaser will have 12 months to provide a schedule. A supplemental condition will be placed in the LOA to (1) require that the production schedule be provided within 12 months for the quantity of items authorized for production by the LOA and (2) advise the customer that if no production schedule is provided then a bill for either one year production or 1/10 of the total authorized production, at the U.S.G. option, will be presented for payment. Ten months after LOA acceptance SAAC will request that the MILDEP obtain a production schedule from the FMS purchasers. If no reply is received from the customers within 45 calendar days of the date of the request, the MILDEP will issue a DD Form 1513-2 and a bill for either one year production quantity or 1/10 of the total authorized production quantity will be presented by SAAC for payment. Should the production quantity authorization be more or less than the normal ten year validation, the amount to be billed will be adjusted accordingly.

2. <u>Royalty Fee Collection</u>. SAAC is the supporting activity or line manager for the royalty fee line. The TDP line will be delivery reported using normal FMS billing procedures. For the royalty fee line, SAAC will be the official accounting station. The royalty fee line will be delivery reported and accounted for by the SAAC. SAAC will maintain and liquidate obligations for the royalty fee line and deposit receipts according to DOD 7290.3-M. SAAC will record commitments, obligations, disbursements, and performance. Financial data will be available in the DIFS data base and the MILDEPs will have normal access as with any other FMS case. SAAC will also provide "FK" feedback as recorded in DIFS to the MILDEP.

3. <u>Monitorship</u>. The SAAC will request the MILDEP to confirm the actual production schedule on an annual basis after acceptance of FMS cases. DSAA will determine the requirement to spot check foreign production. If required, DSAA will select a sampling of country reported productions and request a Security Assistance Organization (SAO) or other U.S. Government representative to inspect the in-country production facility to verify that royalty payments are commensurate with actual production. The sampling will be selected by DSAA based on recommendations by the IAs and SAAC. The results of the inspection and any corrective action will be furnished to DSAA and a copy furnished to the applicable IA and SAAC. The SAAC will report anticipated and actual collections of royalty fees through the DSAA (Q) 1112 Report to the DSAA Comptroller (Financial Management Division).

4. <u>Closure</u>. The SAAC will furnish the MILDEP a statement that all financial obligations have been met.

5. TDPs Sold or Transferred Via other Sources.

poses;

a. <u>Guidelines</u>. SAAC will collect royalty fees associated with foreign production where TDPs were or are obtained by foreign governments through means other than FMS case and that are used for production purposes for the benefit of non-U.S. Government users. A documented country agreement to pay the royalty fee is required prior to collection. These procedures apply except when a waiver has been approved or in the unusual event that the U.S. contractor pays to the MILDEP directly.

b. <u>Process</u>. When the royalty fee requirement and the associated assessment is identified, SAAC will:

(1) Establish a pseudo FMS case designator for control pur-

(2) Advise the foreign government, through the SAO, that a production schedule is required within 45 days to SAAC;

(3) Bill the foreign government according to the production schedule through the normal FMS billing process using a DD Form 645;

(4) Receive and review the annual production report required from the country;

14-27

(5) Verify through DSAA the accuracy of the production schedule on a sampling basis, and

(6) Report anticipated and actual collections to DSAA via the DSAA (Q) 1112 Report.

If a production schedule is not available, SAAC will provide pertinent data to the SAO and request the SAO to obtain production status and a schedule of future productions. SAAC will suspense the query and follow up for two three-month intervals. Further pursuit of the query should be requested of DSAA Operations.

**

FIGURE 14-II-1

DATA SHEET FOR TDP TRANSFERRED FOR OPERATION AND MAINTENANCE

- 1. Nomenclature of hardware, major end item or component part, as applicable:
- 2. Major assemblies or components in TDP having USG patent or other proprietary rights not releasable without prior approval:
- 3. Copy of all pertinent correspondence with the purchaser concerning the TDP is attached.
- 4. Statement as to whether the TDP requirement would be met by means of pertinent DOD instructions, maintenance manuals or other similar publications:
- 5. In-country inventory of major end items requiring maintenance support from the requested TDP:
- 6. Current status of DOD maintenance capability, e.g., is there an excess depot level capability at the DOD facility:
- 7. Security classification of the TDP:

· }

8. DOD component recommendation on releasing the TDP:

FIGURE 14-II-1. Data Sheet for TDP Transferred for Operation and Maintenance.

FIGURE 14-II-2

DATA SHEET FOR TDP TRANSFERRED FOR STUDY OR PRODUCTION

- 1. Nomenclature of hardware, major end item or component, as applicable:
- 2. Quantity to be produced by, and production schedule of, the requesting government:
- 3. Intended use or end disposition of item to be produced, to include names of third country purchasers, if item is for third country sale:

4. Current status of U.S. production and stock on hand of item(s) involved:

- a. U.S. production:
- b. Stock on hand:

c. Excess or about to be excess:

- 5. U.S. and foreign production history for last five years:
 - a. U.S.:
 - b. Foreign: _____
- Future U.S. production plans (define planned quantity in two categories, i.e., approved or proposed);

a. Approved: ______b. Proposed: ______

7. Current U.S. source(s) of supply for item:

8. Current cost to U.S. Government of the item, and whether it is produced in-house or under government contract:

FIGURE 14-II-2. Data Sheet for TDP Transferred for Study or Production.

14-30 Change No. 8, 31 March 1987

9. Security classification of the TDP and of the item to be produced:

- a. TDP:_____
- b. Item:

10. Other countries authorized to produce the item:

11. Impact sale may have on U.S., FMS and/or other programs:

- 12. Whether intended recipients of production have previously obtained the item to be produced and quantities obtained, actual or estimated:
- 13. Major assemblies or components in TDP having patent or other proprietary rights not releasable without prior approval:
- 14. Copy of all pertinent correspondence with the purchaser concerning the TDP is attached.
- 15. Statement as to whether the TDP requirement would be met by means of pertinent DOD instructions, maintenance manuals or other similar publications:

16. DOD component recommendation releasing the TDP:

FIGURE 14-II-2. (Continued)

CHAPTER FIFTEEN

DSAA MANAGEMENT INFORMATION SYSTEMS

SECTION I - DSAA 1200 FOREIGN MILITARY SALES (FMS) SYSTEM OVERVIEW, GUIDANCE, AND DATA SUBMISSION INSTRUCTIONS

A. <u>PURPOSE</u>. 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.

General. The DSAA 1200 System is an aggregation of country oriented 1. 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. <u>Types of Data Contained in the System</u>. The DSAA 1200 System contains two separate and distinct types of data records as indicated below:

a. <u>Case Level Records</u>. 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) <u>Congressional Notification</u>. 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) <u>Letters of Request (LOR)</u>. 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) <u>DSAA Countersignature of Letter of Offer (LOA)</u>. Includes the countersignature (offer) date and the offer expiration date.

(b) <u>Acceptance by Country</u>. Notification from the country that they have accepted the terms of the offer is posted as an updated case status.

(c) <u>Obligational Authority</u> (OA). The date of issuance of obligational authority by SAAC to the implementing agency is provided by SAAC.

(d) <u>Program Directive Guidance</u>. 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) <u>Delivery/Completion and Case Closure</u>. 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.

Item Detail Data. Detail records, which correspond to the b. 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 logis-tics 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 For implemented cases the data represents the month end monthly basis. 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. <u>Case Level</u>. 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. <u>Item Detail Data</u>. 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. <u>Case Level Transaction Data</u>. 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. <u>Item Detail Data</u>. 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. <u>Input Formats</u>. 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:

Code	Meaning	Preparing Agency
S1	Letter of Request (LOR) Format- Transaction Type S1	Implementing Agency (IA)/DSAA
S2	Congressional Transaction Format- Transaction Type S2	DSAA
\$3	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. <u>Submission of Data</u>. 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 (Trans- action 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 O1 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 can- celled during the Letter of Request or Congressional 1200 status cycle (anytime before offer status). A "Z" status code should be entered for LOR can- cellation. 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	Number of		Instruction
Column	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 abbrevi- ated 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 (Trans- action 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 O1 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 Construc- tion 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 Notifica- tion 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 Notifi- cation 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 Notifica- tion to Congress Date, the other three positions must be alpha. Where there is a Statutory Notification to Con- gress 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 "O" (zero) if filled (back-filled case). If left blank, is assumed the case is a "lead track- ing 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-I-2. (Continued)

Card Column	Number of Columns	Data	Instruction
			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.
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. The Construction Case Value field is entered and/or changed by Change Originator "Q" or "S". If a zero value is entered, the construc- tion 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-I-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 (Trans- action 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.

DoD 5105.38-M

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, ther 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-I-3. (Continued)

Card	Number of		· · · · · · · · · · · · · · · · · · ·
Column	Columns	Data	Instruction
			may be removed by entering an asteris (*) in the rightmost column. Once the record is in Accepted Status, thi field entry (Acceptance Date) may hav changes made to it by using Change Originator "G", "Q", or "S". To blan 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 Cancellatio Date entry. To blank out the Cancel- lation Date through direct transactio 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, whic 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-I-3. (Continued)

Card Column	Number of Columns	Data	Instruction .
			positions. If a zero value is en- tered, 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 record- ed 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 construc- tion 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.

IMPLEMENTING AGENCY FORMAT - TRANSACTION TYPE S4

Card Column	Number of Columns	Data	Instruction
1-2	2	Card Code (Trans- action 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 O1 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 YYMMDD format. Only the appro- priate Implementing Agency's Change Originator code or $DSAA(C/O = Q \text{ or } S)$ 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 YYMMDD format. Only the appropriate Implementing Agency's Change Origin- ator code or DSAA ($C/0 = Q$ 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 right- most column.
26-31	6	Supply Completion Date	If filled, this field must be numeric in YYMMDD 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.

.

REDESIGNATING KEY FORMAT - TRANSACTION TYPE S5

Card Column	Number of Columns	Data	Instruction
1-2	2	Card Code (Trans- action 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	01d Case Amendment Number	May be blank or filled with zeroes for a basic case; otherwise, this field must be numeric using codes O 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 O1 thru 99.
21-80	60	Blank	Leave Blank.

TABLE 15-I-5. Redesignating Key Format - Transaction Type S5.

UNDER DOD PREPARATION FORMAT (ADD/CHANGE/DELETE) TRANSACTION TYPE S6

۰.

Card	Number of		
Column	Columns	Data	Instruction
1-2	2	Card Code (Trans- action 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 Prepara- tion Date (DSAA, Operations)	When date is available, enter using all numerics in YYMMDD format.
25-30	6		When date is available, enter using all numerics in YYMMDD format.
[<u>NOTE</u> : action.		of the two dates ab	ove must be present for an add trans-
31-40	10	Under DoD Prepara- tion Value	If filled, must be all numeric (whole dollars).
41-80	40	Case Description	Must be filled for all add trans- actions. All entries must contain at least fifteen (15) non-blank, meaningful characters followed by the quantity of the major defense equip- ment items in parentheses (where appropriate).

UNDER DOD PREPARATION FORMAT - (CHANGE) TRANSACTION TYPE S7

Card Column	Number of Columns	Data	Instruction
1-2	2	Card Code (Trans- action 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	30 6 Under DoD Prepara- tion Date (DSAA, Comptroller)							
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 Congres- sional Transmittal Number.					
46-51	6	Cancellation Date	Entry is required only if a case is cancelled.					
52-57	6	New Case Identifi- cation	This is an optional field.					
58-80	23	Blank	Leave blank.					

SECTION II - DSAA 1200 FOREIGN MILITARY SALES (FMS) SYSTEM OUTPUT PRODUCTS

A. <u>PURPOSE</u>. 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. <u>SOURCE OF OUTPUT REPORTS</u>. The reports discussed herein are drawn from the DSAA 1200 System data base.

C. <u>CATEGORIES OF DSAA 1200 SYSTEM OUTPUT</u> 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. <u>Requirements for Requests</u>. Requests for reports described in this chapter will be honored by DSAA, Comptroller, Data Management Division, if releaseable 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. <u>Submission of Requests</u>. All requests should be directed to DSAA, Office of the Comptroller, Data Management Division, Washington D.C. 20301.

3. <u>Report Parameters</u>. 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. <u>Classification of Reports</u>. 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. <u>Availability of Reports</u>. 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. <u>Update (Data Management) Products</u>. 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 <u>may not</u> be requested by other organizations.

(1) <u>Maintenance Acceptance and Error List</u>. 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) <u>File Maintenance Management Alert List - Offers Tendered</u> <u>Summary</u>. 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) <u>Available Reports</u>. 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) <u>Item Delivery Status - Report E</u>. 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) <u>Item Purchases by NSN - Report I</u>. 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) <u>Sort and Select Options for Item Detail Level Reports</u>. See Table 15-II-3 of this section.

c. Summaries by Category from Item Detail Level.

(1) <u>Available Reports</u>. The following reports summarize purchases and/or deliveries into generic groupings and are available using the Item Detail Level data:

(a) <u>Summary of Purchases - Report D</u>. 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 to the year shown the last year of data included in the report. (See sample report at Figure 15-II-3 of this section.)

(b) <u>Selected Item Summary - Report G</u>. 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) <u>FMS Status of Purchases and Deliveries - Report H.</u> 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) <u>Sort and Select Options for Summaries by Category-Item</u> <u>Detail Level</u>. See Table 15-II-3 of this section.

d. Case Level and Summary Management Reports.

(1) <u>Available Reports</u>. The following paragraphs describe the reports available in this category:

(a) <u>Fiscal Year Activity - Report B</u>. 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) <u>Case Listing - Report C</u>. 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) <u>Case Milestone Dates and Intervals - Report J</u>. 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) <u>Congressional 36(b)</u> <u>Case Dates - Report K</u>. This report displays for each country and implementing agency selected: congressional transmittal number and date each case was forwarded to State Depart-

15-25

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) <u>FMS Case Level Summary - Report L</u>. 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) <u>Sort and Select Options for Summary Management Reports</u>. See Table 15-II-4 of this section.

F. <u>ABBREVIATED TITLES USED IN DSAA 1200 SYSTEM OUTPUT PRODUCTS/REPORTS</u>. 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.

15-27

UAZOS UAZOS UAZOS Totals
UNXDE TOTALS
UNYCE Totals
UNZOO UNZOO Totals
UVEOS Totals
UVFOO Totals
UVG88 UVG88 Totals
TRY TOT

THIS IS A SAMPLE REPORT

RCS 1200-DELVRYPRD(E)-EA CNUUAZ80	THIS
--------------------------------------	------

IS A SAMPLE REPORT

UNCLASSIFIED

AS OF 02 NOV 83 PROCESSED 8 DEC 83 PAGE 3

۰.

CC À HO RSW COEUSNDESCRIPTIONUI CM U UAZOB LOO LOOGIGOGOSUPOPHS SUPPLY OPERATIONS XX CN U UAZOB LGA LGADISIODIGEXPM LOGISTIC MANAGEMENT EXP XX					IMPO	EMENTING AGENCY: DM/ AREA:	•
I CASE GEN CC A HO RSN CDENSN	DESCRIPTION	-41	SC TL	FYQ	DELPURCHASED COMQTYVALUE	DELIVERED QTYVALUE	UNDELIVERED
CN U UAZOO LGA LGAOISIOOLOGEXPN CN U UAZOO UAZ J54691000TNGA1DS	LOGISTIC MANAGEMENT EXP		ĊĊ	772 772 772		3398 2020 100975 106385	
CN U UNXON UNX J54691000THGA1DS CASE TOTALS	TRAINING AIDS	XX	cc	644	51172 51172	51172 51172	
CN U UNYON UNY JSA691000TNGA1DS CASE TOTALS	TRAINING AIDS	xx	cc	644	5046 5046	5046 5046	
CM U UNZOS LOO LOOGIOGOSUPOPNS CM U UNZOG UNZ JSA691000TNGAIDS CASE TOTALS	SUPPLY OPERATIONS TRAINING AIDS	XX XX			5490 46237 51727	5490 46237 51727	
CN U UVEOB UVE JSA691000THGA1DS CASE TOTALS	TRAINING AIDS	XX	cc	654	7311 0 73110	73110 73110	
CN U UVFOD UVF J54691808TNGALDS CASE TOTALS	TRAINING AIDS	XX	cc	654	6109 6109	6109 6109	
CN U UVG00 LOG LOGGIDOGOSUPOPNS CN U UVG00 UVG JSA691000TNGA1DS CASE TOTALS		XX XX	с с сс	654 654	2828 35947 3877 5	2828 35947 38775	
COUNTRY TOTALS					2487222	2485636	1586

UNCLASSIFIED DSAA - FOREIGN MILITARY SALES ITEM DELIVERY STATUS

THIS IS A SAMPLE REPORT

FMS FIGURE 15-II-1 ITEM DELIVERY STATUS

UNCLASSIFIED DSAA - FOREIGN MILITARY SALES ITEM PURCHASES BY MSM

THIS IS A SAMPLE REPORT

THIS IS A SAMPLE REPORT

1113 10 8 388 10 88 88

COUNTRY:	sau SE	QUENCE: GEN/NSN, CTRY, CA	SE NO.		IMPL	EMENTING AGENCY: DMA Area:	La construction de la construction de la construction de la construction de la construction de la construction
I CASE CC A 'NO RSN'	GEN CDENSN	DESCRIPTION	-UI TL	FYQ	DELPURCHASED COMQTYVALUE	411ALOE	UNDELIVERED QTYVALUE
CO U UAMOS UAM Co U Ubdos Ubd Co U Ubdos Ubd Co U Ubeog Ube Co U Uxxog Uxx Co U Uxxog Uyr Co U uxco Q1	J5A691000THGA1DS J5A691000THGA1DS J5A691000THGA1DS J5A691000THGA1DS J5A691000THGA1DS J5A691000THGA1DS	TRAINING AIDS TRAINING AIDS TRAINING AIDS TRAINING AIDS TRAINING AIDS TRAINING AIDS TRAINING AIDS TRAINING AIDS TRAINING AIDS TRAINING AIDS	XX C XX C XX C XX C XX C XX C XX C	761 774 781 662 662	2467 405 1000 1438 1830	2467 499 1000 1438 1830 77	405
CO U X6500 001 CO U X6600 001 CO U X6800 001 CO U X6900 001 NSN TOTALS	J54691000THG41D5 J54691000THG41D5 J54691000THG41D5 J54691000THG41D5 J54691000THG41D5	TRAINING AIDS TRAINING AIDS TRAINING AIDS TRAINING AIDS	XX CC XX CC XX CC XX CC	654 664 684 694	// 161 20 115 1676397	161 20 115 1675992	405
CO U UBFOE UBF NSM TOTALS	JSV769ZOGNSTDPUB	NON-STANDARD FORMS/PUBS	XX CC	793	432	432	
CN U SBAGO SBA CN U SBAGO SBB CN U SBOGO SBC CN U SBOGO SBC CN U SADOG SBD CM U SAAGO SAA CO U SAAGO SAA CO U SAAGO SAA CO U UAXOG UAX CO U UAXOG UAX CO U UBAGO UBA CO U UBBGO UBB NSM TOTALS	J&A768200MAPSPUB J&A768200MAPSPUB J&A768200MAPSPUB J&A768200MAPSPUB J&A768200MAPSPUB J&A768200MAPSPUB J&A768200MAPSPUB J&A768200MAPSPUB J&A768200MAPSPUB J&A768200MAPSPUB J&A768200MAPSPUB J&A768200MAPSPUB J&A768200MAPSPUB	NON-STANDARD FORMS/PUBS BOOKS, MAPS + PUBLICATIONS BOOKS, MAPS + PUBLICATIONS		782 783 793 813 804 811 763 764 765 772	1449 147073 185608 201715 241384 867 518 137 1639 759 93 781955	147073 183608 201715 241384 867 518 157 1639 759 93 780506	1449
CN U SBACO LOC CN U UAAOO LOC CN U UAAOO LOO CN U UAAOO LOO CN U UALOO LOO CN U UALOO LOO CN U UAROO LOO CN U UAROO LOO CN U UAROO LOO CN U UALOO LOO	LocaloceSuperha LocaloceSuperha LocaloceSuperha LocaloceSuperha LocaloceSuperha LocaloceSuperha LocaloceSuperha LocaloceSuperha LocaloceSuperha LocaloceSuperha LocaloceSuperha LocaloceSuperha	SUPPLY OPERATIONS SUPPLY OPERATIONS		782 684 694 704 704 704 714 723 772 644		2375 3179 8 1377 2110 71 1074 70 3390 5490 2828	. 94

RCS 1200-NSNPURCHS(I)-IA THIS IS A SAMPLE REPORT AS OF 02 NOV 83 PROCESSED & DEC 83 PAGE 2 JSA CO UNCLASSIFIED

FIGURE 15-II-2. FMS Item Purchases by NSN.

15-28

DoD 5105.38-M

FIGURE 15-II-2 FMS ITEM PURCHASES BY NSN

HIS IS A SAMPLE REPORT	DSA		GH MILITAF Of Purcha			THIS IS A SAMPLE REPORT					
OUNTRY: BRAZIL	SEQUEN	CEF CC -					IMP	EMENTING	AGENCY: AREA:	ALL	
CATEGORIES/DESCRIPTIONS	FY 50-74	₽Y 75	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83	CUMULATIVE Fy 50-83
OWITZERS 155 MM Ortars 81 MM	20 19		6 21								26
ORTARS 107 MM - 4.2 INCH IFLES RECOILLESS 106 MM			12	200							200
THER WEAPONS UP TO 75MM	-	72	16	30							72
OUNTS 20 MM Ounts 40 MM	42 12										. 12
OUNTS 3 INCH/50 Aunchers Rocket	18 21		47								68
TOTAL VEH + WPNS (+ SP)	36514	255	546	455	33	1			2	16898	54704
ORPEDOES	21	108									129
TOTAL AMMUNITION	7156	14396	3396	3783	2734			149	746	900	33260
IDEWINDER MISSILES =			- 87								87
TOTAL MISSILES (+ SP)	9		285		WH				6,0	264	618
TOTAL COM EQPT (+ SP)	4863	293	248	65	458				200	501	6629
TOTAL DTHER EQPT (+ SP)	6784	963	957	11	44				106	596	9380
TOTAL REP + REHAB EQPT	36123	1	285	2	350			200	298	35	37293
TOTAL SUPPLY OPER	\$200	1700	720	972	999		173	248	983	1727	13722
TOTAL TRAINING	3672	365	285	204	71		495	470	604	1190	7357
TOTAL OTHER SERVICES	5804	909	19	3038	1126	311	76	270	400	968	12921
TOTAL BOOKS MAPS + PUBS	37	2	**	62	1047		10	438	1185	345	3125
TOTAL NON-SPEC REQMTS					46 16						**
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	
RCS 1200-PUR DA BR	CHASES(D)-DA	TH

DA BR

SIDEWINDER MISSILES

TORPEDOES

WH LESS THAN \$500 HIS IS A SAMPLE REPORT

FY 1976 INCLUDES 7T UNCLASSIFIED

= QTY IS MISSILES VALUE INCLUDES SUPPORT EQUIP AS OF 08 DEC 83 PROCESSED 13 DEC 83 PAGE 2

FMS FIGURE

15-29

.

UNCLASSIFIED

UNTRY: BRAZIL							
UNIRT BRAZIL	SEQUENCE: CC	•		1	MPLEMENTING AGE		
CATEGORIES/DESCRIPTIONS	CUM THRU FY 1977 RTY VALUE	FY 1978 QTY VALUE	FY 1979 QTY VALUE	FY 1988 QTY VALUE	FY 1981 QTY VALUE	FY 1982 QTY VALUE	FY 1985 QTY VALUE
DIO MEL+TRANSPRIBL EQP	25						
DIGS TACTICAL	125	• •					143
L+TEL TERMINL+TRANS EQP	32						
MUNICATION EQP SPARES	3988 1313	70 388				208	310 48
TOTAL COM ERPT (+ SP)	5469	458				200	501
ITARY BRIDGES	2112						
L KITS AND SETS	656						
IERATURS SOKW + LARGER		11				106	239
IER SUPPLIES	2876	6 1	· · · ·			•	357
OTAL OTHER EQPT (+ SP)	8635	44				106	596
AIR AND REHABILITATION	12069	350			248		35
POVERHAULS	24342						
GTAL REP + REHAB EQPT	36411	350			208	.298	35
PLY OPERATIONS R + MAINT OF STOCKPTLES	:6449	649		75	119	607	710
ISTICS MANAGEMENT EXP	3145	350		77	118	376	1017
OTAL SUPPLY OPER	9592	995		173	248	983	1727
INING AIDS AND PUBL	1584	70			3		5
						604	1185
				495	470	604	1198
HNICAL ASSISTANCE Earch and development		1120		76	270	408	123
ER SERVICES	2275	6					28
	DID MBL+TRAMSPRIBL EQP IDO-RADAR EQP AIRBORNE IDOS TACTICAL EPHONE STS -TEL TERMINL+TRAMS EQP ER COMMUNICATIONS EQP MUNICATION EQP SPARES OTAL COM EQPT (+ SP) ITARY BRIDGES CTORS CRR + WHLD L KITS AND SETS CTORS CRR + WHLD L KITS AND SETS CTORS CRR + WHLD L KITS AND SETS CTORES CRR + WHLD L KITS AND SETS CTORES CRR + WHLD L KITS AND SETS CTORES CRR + WHLD L KITS AND SETS OTAL COMERE EQPT (+ SP) AIR AND REHABILITATION P OVERHAULS OTAL REP + REHAB EQPT PLY OPERATIONS R + MAINT OF STOCKPILES ISTICS MANAGEMENT EXP DIAL SUPPLY OPER [MING AIDS AND PUBL [MING DTAL TRAINING [MICAL ASSISTANCE IAS SERVICES	QTY VALUE DID MBL+TRAMSPRTBL EQP 25 DID RADAR EQP AIRBORNE 125 LIDS TACTICAL 125 EPHONE SETS 12 -TEL TERMINL+TRANS EQP 32 ER COMMUNICATIONS EQP 3968 MUNICATION EQP SPARES 1313 GTAL COM EQPT (+ SP) 5469 ITARY BRIDGES 2112 CTORS CRLR + WHLD 110 L KITS AND SETS 636 COTAL COM EQPT (+ SP) 5469 ITARY BRIDGES 2112 CTORS CRLR + WHLD 110 L KITS AND SETS 636 CO THER SUPPORT EQP 2720 ER SUPPLIES 2876 OTAL OTHER EQPT (+ SP) 8635 AIR AND REMABILITATION 12069 POVERHAULS 24542 OTAL TREP + REMAB EQPT 3143 STAL SUPPLY OPER 9592 INING AIDS AND PUBL 1564 INING AIDS AND PUBL 1564 INING AIDS AND PUBL 1564 INING AIDS AND PUBL 1901 </td <td>CATEGORIES/DESCRIPTIONS FY 1977 FY 1978 QTY VALUE QTY VALUE VALUE QTY VALUE QTY VALUE VIO MBL+TRANSPRTBL<eqp< td=""> 23 10-RADAR EQP AIRBORNE 125 VIO.RADAR EQP AIRBORNE 125 4 6 VIO.RADAR EQP AIRBORNE 125 5 6 VIO.RADAR EQP AIRBORNE 125 70 70 VID.RADAR EQP AIRBORNE 125 5 6 VID.GORTICAL 125 1313 368 OTAL COM EQPT (+ SP) 5469 458 ITARY BRIDGES 2112 60 CTORS CRUE + WHLD 110 120 L KITS AND SETS 656 ER SUPPORT EQP 2720 11 C OTHER SUPPORT EQP 26342 350 OTAL COM RENABILITATION 12069 350 PUT OPERATIONS 6449 649 C ALS MANGEMENT EXP 3143 350 DTAL EQP AIRBENT 1584 70 INING AIDS AND PUBL 1584 70 INIGA</eqp<></td> <td>ATEGORIES/DESCRIPTIONS FY 1977 FY 1978 FY 1978 FY 1979 QTY VALUE QTY VALUE<!--</td--><td>CATEGORIES/DESCRIPTIONS CUN THRU PY 1977 QTY VALUE QTY V</td><td>CUM THRU PY 1977 TY 1978 PY 1978 TY 1978 PY 1979 PY 1978 PY 1979 FY 1980 TY VALUE PY 1980 TY VALUE TY 1978 TY VALUE PY 1978 TY VALUE PY 1978 TY VALUE PY 1978 TY 1981 TY VALUE PY 1978 TY 1981 TY 100 TACTICAL PY 1978 TY 100 TY 00FER PY 1978 TY 1010 TY 118 TY 10FER PY 1978 TY 1010 TY 118 TY 10FER PY 1978 TY 1010 TY 118 TY 10FER PY 1978 TY 1010 TY 10FER PY 1978 TY 1010 TY 10FER PY 1978 TY 1010 TY 10FER PY 1978 TY 100 TY /td><td>CUM THRU INTEGORIES/DESCRIPTIONS CUM THRU FY 1977 FY 1978 FY 1979 FY 1980 FY 1981 FY 1982 FY 1981 FY 1982 FY 1981 FY 1982 FY 1982 FY 1981 FY 1982 FY 1982 FY 1981 FY 1982 FY 1981 FY 1982 FY 1010< FY 1010 FY 1010</td></td>	CATEGORIES/DESCRIPTIONS FY 1977 FY 1978 QTY VALUE QTY VALUE VALUE QTY VALUE QTY VALUE VIO MBL+TRANSPRTBL <eqp< td=""> 23 10-RADAR EQP AIRBORNE 125 VIO.RADAR EQP AIRBORNE 125 4 6 VIO.RADAR EQP AIRBORNE 125 5 6 VIO.RADAR EQP AIRBORNE 125 70 70 VID.RADAR EQP AIRBORNE 125 5 6 VID.GORTICAL 125 1313 368 OTAL COM EQPT (+ SP) 5469 458 ITARY BRIDGES 2112 60 CTORS CRUE + WHLD 110 120 L KITS AND SETS 656 ER SUPPORT EQP 2720 11 C OTHER SUPPORT EQP 26342 350 OTAL COM RENABILITATION 12069 350 PUT OPERATIONS 6449 649 C ALS MANGEMENT EXP 3143 350 DTAL EQP AIRBENT 1584 70 INING AIDS AND PUBL 1584 70 INIGA</eqp<>	ATEGORIES/DESCRIPTIONS FY 1977 FY 1978 FY 1978 FY 1979 QTY VALUE QTY VALUE </td <td>CATEGORIES/DESCRIPTIONS CUN THRU PY 1977 QTY VALUE QTY V</td> <td>CUM THRU PY 1977 TY 1978 PY 1978 TY 1978 PY 1979 PY 1978 PY 1979 FY 1980 TY VALUE PY 1980 TY VALUE TY 1978 TY VALUE PY 1978 TY VALUE PY 1978 TY VALUE PY 1978 TY 1981 TY VALUE PY 1978 TY 1981 TY 100 TACTICAL PY 1978 TY 100 TY 00FER PY 1978 TY 1010 TY 118 TY 10FER PY 1978 TY 1010 TY 118 TY 10FER PY 1978 TY 1010 TY 118 TY 10FER PY 1978 TY 1010 TY 10FER PY 1978 TY 1010 TY 10FER PY 1978 TY 1010 TY 10FER PY 1978 TY 100 TY /td> <td>CUM THRU INTEGORIES/DESCRIPTIONS CUM THRU FY 1977 FY 1978 FY 1979 FY 1980 FY 1981 FY 1982 FY 1981 FY 1982 FY 1981 FY 1982 FY 1982 FY 1981 FY 1982 FY 1982 FY 1981 FY 1982 FY 1981 FY 1982 FY 1010< FY 1010 FY 1010</td>	CATEGORIES/DESCRIPTIONS CUN THRU PY 1977 QTY VALUE QTY V	CUM THRU PY 1977 TY 1978 PY 1978 TY 1978 PY 1979 PY 1978 PY 1979 FY 1980 TY VALUE PY 1980 TY VALUE TY 1978 TY VALUE PY 1978 TY VALUE PY 1978 TY VALUE PY 1978 TY 1981 TY VALUE PY 1978 TY 1981 TY 100 TACTICAL PY 1978 TY 100 TY 00FER PY 1978 TY 1010 TY 118 TY 10FER PY 1978 TY 1010 TY 118 TY 10FER PY 1978 TY 1010 TY 118 TY 10FER PY 1978 TY 1010 TY 10FER PY 1978 TY 1010 TY 10FER PY 1978 TY 1010 TY 10FER PY 1978 TY 100 TY	CUM THRU INTEGORIES/DESCRIPTIONS CUM THRU FY 1977 FY 1978 FY 1979 FY 1980 FY 1981 FY 1982 FY 1981 FY 1982 FY 1981 FY 1982 FY 1982 FY 1981 FY 1982 FY 1982 FY 1981 FY 1982 FY 1981 FY 1982 FY 1010< FY 1010 FY 1010

GA BR

UNCLASSIFIED DSAA - FOREIGN MILITARY SALES Selected Item Summary

COUNTRY: BRAZIL

IN THOUSANDS OF DOLLARS

RCS 1208-SIPURCHES(0)-OA GA BR

THIS IS A SAMPLE REPORT

FMS

FIGURE 15-II-4 SELECTED ITEM SUMMARY

HH LESS THAN \$500 FY 1976 INCLUDES 7T THIS IS A SAMPLE REPORT U N

CLASSIFIED

* QTY IS MISSILES VALUE INCLUDES SUPPORT EQUIP AS OF 08 DEC 83 PROCESSED 13 DEC 83 PAGE

3

THIS IS A SAMPLE REPORT

FIGURE

15-11-4.

FMS Selected Item Summary.

FMS	
MS STATUS	
Ч Г	
IGURE 15-II-5 PURCHASES AND	
DELIVERIE	

DoD 5105.38-M

ES

282,557 282,557

IMPLEMENTING AGENCY: ALL AREA:

2,281

7,716

1.829

1,829

----DELIVERIES----

QTY

CUMULATIVE VALUE

THIS IS A SAMPLE REPORT

----UNDELIVERED----

CUMULATIVE C - QTY VALUE L

28 3,808

5,205

1,296

1,296

54,269

54,269

H 10

H #

IN THOUSANDS OF DOLLARS RCS 1208-DELIVRIES(H)-HA HA BR

HA SR

THIS IS A SAMPLE REPORT

TOTAL OTHER SERVICES

BOOKS, MAPS + PUBLICATIONS

NON-SPEC ROMTS (NON-CEIL)

TOTAL NON-SPEC REGMTS

TOTAL BOOKS MAPS + PUBS

CATEGORIES/DESCRIPTIONS

COUNTRY: BRAZIL

OTHER SERVICES FMSQ 1 AGREEMENT

COUNTRY TOTAL

WORLDWIDE TOTAL

LESS THAN \$500 THIS IS A SAMPLE REPORT

4

SEQUENCE: CC

9TY

UNCLASSIFIED

= QTY IS MISSILES VALUE INCLUDES SUPPORT EQUIP AS OF 08 DEC 83 PROCESSED 13 DEC 83 PAGE

UNCLASSIFIED

DSAA - FOREIGN MILITARY SALES FMS STATUS OF PURCHASES AND DELIVERIES

VALUE

28 817

168

345

345

35,805

35,805

CUMULATIVE FY TO DATE VALUE QTY VALUE

2,309

12,921

3,125

3,125

336,827

336.827

**

*

-

15-31

FIGURE 15-11-6. FMS Fiscal Year Activity.

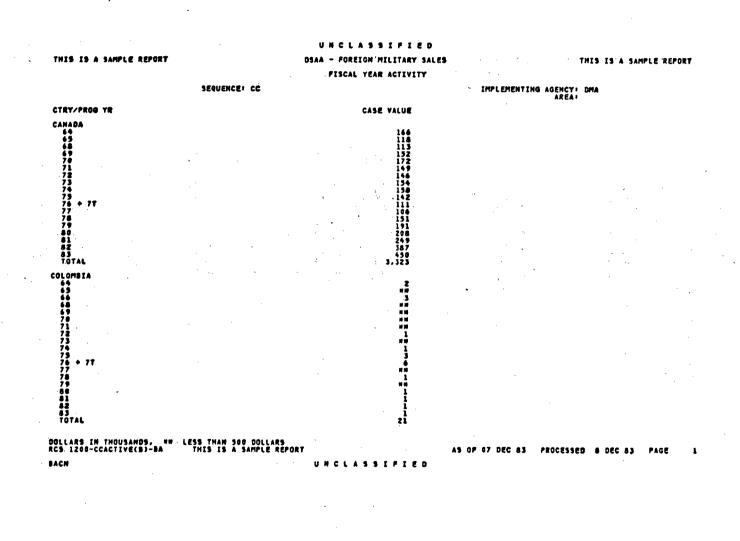


FIGURE 15-II-6 FMS FISCAL YEAR ACTIVITY

DoD 5105.38-M

15-32

FIGURE 15-II-7. FMS Case Listing.

RCS 1200-CASE(C)-CA

COUNTRY TOTAL

CNUSBADD

THIS IS A SAMPLE REPORT

THIS IS A SAMPLE REPORT

UNCLASSIFIED.

AS OF 07 DEC 83 PROCESSED & DEC 83 PAGE 1

COUNTRY: CANADA	SEQUENCE: CC	IMPLEMENTI	IG AGENCY: DMA Area:	
I CASE S OFFER CC A NO FY TDATE	ACCPT IMPLT DATEDATE	NC		TOTAL C Value L
$ \begin{array}{cccccccccccccccccccccccccccccccccccc$	12 JUL 78 18 SEP 78 64 APR 79 28 OCT 79 17 APR 88 31 MAY 80 12 MAY 68 12 MAY 60 02 MAY 68 02 MAY 68 04 MAY 68 02 MAY 68 04 MAY 69 04 MAY 69 13 JUL 63 31 JUL 63 04 MAY 69 29 APR 69 16 MAY 69 29 APR 69 16 MAY 69 29 APR 69 16 MAY 70 05 M	ROUND DOT SCREENS FLIGHT INFORMATION PUBLICATIONS DDD FLIGHT INFORMATION PUBLICATIONS REQUEST FOR FLIP SUBSCRIPTION RENEWAL RENEWAL OF FLIP SUBSCRIPTION TRAINING AIDS PUB TRAINING AIDS FLIGHT PUBLICATIONS FLIGHT PUBLICATIONS FLIGHT FUBLICATIONS FLIGHT FUBLICATIONS FLIGHT FUBLICATIONS FLIGHT FLIGHT INFO PUBLICATIONS FLIGHT INFORMATION PUBLICATIONS TRAINING AIDS PUB TRAINING AIDS PUB	•	1,586 151,485 191,177 207,766 246,626 35,909 6,354 70,979 57,610 40,061 7,853 104,571 136,902 27,435 7,194 129,682 14,082 15,402 138,570 125,646 158,412 141,842 110,620 106,385 51,172 5,046 51,727 7,3,110 6,109 38,775 2,487,221
COUNTRY TOTAL				

UNCLASSIFIED DSAA - FOREIGN MILITARY SALES

CASE LISTING

THIS IS A SAMPLE REPORT

DoD 5105.38-M

FIGURE 15-II-7 FMS CASE LISTING

IGURE 15-·11-8 FMS Case Miles. tone Dates and Their Interval

S .

T

CASE MILESTONE DATES AND THEIR INTERVALS IA RECT C NO ACCEPTANC NO DATE DAY PROG DIR NO Date MTH DELIVERY NO DATE DAY I/A LOA NO OFFER NO LOR Date CASE S NO DAY DATE DAY DATE DAY COMP DATE DAY DATE CC Å CO U SAA CO U SAB CO U UAC CO U UAD CO U UAE CO U UAE CO U UAB CO U UAB 11 OCT 79 264 08 OCT 80 50 12 JAN 70 04 JAN 71 8 20 JUI 71 21 13 JAP 72 21 MAY 72 149 03 JUI 72 106 28 JUN 72 16 02 JAN 73 86 13 SEP 73 14 10 JAN 74 25 20 JUI 74 56 07 JAN 75 516 03 JUI 75 516 15 JAN 76 8 30 JUN 76 8 30 JUN 76 192 31 JUN 77 19 01 JUN 77 19 01 JUN 77 19 01 JUN 77 19 01 JUN 76 53 30 JUN 66 32 JUN 65 33 JUN 65 34 JUN 68 34 JUN 68 34 JUN 68 34 JUN 68 01 JUL 80 27 NOV 80 12 JAN 70
 30
 JUH
 81

 31
 DEC
 82

 12
 JAH
 70
 121
 03
 JAH
 80
 03
 JAH
 80

 12
 JAH
 71
 109
 03
 JAH
 80
 03
 JAH
 80

 12
 JAH
 71
 102
 03
 JAH
 80
 03
 JAH
 80

 12
 JAH
 71
 102
 03
 JAH
 80
 03
 JAH
 80
 03
 JAH
 80
 03
 JAH
 80
 13
 30 JUN 81 31 DEC 82 03 JAN 80 10 SEP 79 08 SEP 80 10 SEP 79 31 11 OCT 79 881012222333445555566666777789 0000000000 12 JAH 70 24 JAH 71 23 JUL 71 23 JUL 71 23 JUL 71 24 MAY 72 21 MAY 72 28 JUL 72 28 JUL 72 28 JUL 72 28 JUL 72 29 JAH 73 20 JUL 75 30 JUL 75 30 JUL 75 30 JUL 75 31 JUL 75 31 JUL 77 12 JAN 71 10 AUG 71 10 AUG 71 10 AUG 71 10 GT 72 17 OCT 72 29 MAR 73 29 SEP 73 34 04 FEB 74 24 02 JUL 74 213 28 AUG 74 19 25 AUG 75 21 18 JUN 75 104 23 SEP 75 76 24 JUN 75 104 23 SEP 75 76 24 JUN 75 104 23 JAN 76 38 09 JUN 76 21 06 JUL 77 90 14 NOV 77 24 11 JUN 79 28 OCT 65 28 OCT 65 28 JUN 64 30 JUN 68 30 JUN 68
 CC0
 U
 UAL

 U
 X65< 07 JUN 76 28 JUN 76 07 DEC 76 16 May 77 07 JUN 76 28 JUN 76 07 DEC 76 16 May 77 3-2 26 16 18 13 JUN 77 13 JUN 77 01 DEC 78 28 OCT 65 28 OCT 65 15 AUG 78 18 02 SEP 78 98 66 64 65 65 65 65 30 JUN 64 30 JUN 65 30 JUN 66 30 JUN 68 30 JUN 69

UNCLASSIFIED

DSAA - FOREIGN MILITARY SALES

RCS JA COUSAA08

COUSAAGE

THIS IS A SAMPLE REPORT

PAGE PROCESSED 8 DEC 83 THIS IS A SAMPLE REPORT AS OF 47 DEC 83 UNCLASSIFIE

FMS CASE MILESTONE DATES ĩ AND-IIò THEIR INTERVALS

THIS IS A SAMPLE REPORT

DATE

2

DoD 5105.38-M

DoD 5105.38-M

77 Ś **CONGRESS IONAL** -FIGURE 15 SECTION σī 5-II-! 36(b ص ت ÷ AECA CASE DATE in

UNCLASSIFIED ATBYTADD THIS IS A SAMPLE REPORT DSAA - FOREIGN MILITARY SALES THIS IS A SAMPLE REPORT CONGRESSIONAL (36 B) CASE DATES ACCEPTANC NO CASE ESTAB I CASE TRANS TO STATE ND 36B STATE NO ADVANCED NO FORMAL ND STATE NO CC A AM NO DATE DAY APPROVAL DAY NOTI/CONG DAY NOTI/CONG DAY LIST DATE DAY ND OFFER NO DATE DAY MOTI/CONG DAY LIST DATE 99 SEP 80 31 10 OCT 80 24 AUG 81 30 23 SEP 81 19 FEB 80 185 03 APR 81 10 SEP 80 185 03 APR 81 10 SEP 80 30 10 OCT 80 94 MAY 81 38 11 JUH 81 25 AUG 77 35 29 SEP 77 18 MAY 78 35 22 JUH 78 66 SEP 78 41 17 OCT 78 06 MAY 80 27 29 MAY 80 29 APR 80 30 29 MAY 80 29 APR 80 30 29 MAY 80 26 MAY 81 74 21 JUL 81 23 JUL 80 495 01 DEC 81 23 JUL 80 495 01 DEC 81 23 JUL 80 495 01 DEC 81 23 JUL 80 495 01 DEC 81 23 JUL 80 495 01 DEC 81 23 JUL 80 495 01 DEC 81 23 JUL 80 495 01 DEC 81 23 JUL 80 495 01 DEC 81 23 JUL 80 495 01 DEC 81 23 JUL 80 495 01 DEC 81 23 JUL 80 495 01 DEC 81 23 JUL 80 495 01 DEC 81 23 JUL 80 495 01 DEC 81 23 JUL 80 495 01 DEC 81 24 APR 81 874 12 SEP 83 32 JUL 80 671 26 MAY 82 23 JUL 80 671 26 MAY 82 23 JUL 80 671 26 MAY 82 23 JUL 80 671 26 MAY 82 23 JUL 80 671 26 MAY 82 23 JUL 80 671 26 MAY 82 24 JUL 80 671 26 MAY 82 25 JUL 80 671 26 MAY 82 25 JUL 80 671 26 MAY 82 26 MAY 75 15- 03 NOV 75 25 AUG 75 15- 03 NOV 75 25 AUG 75 15- 03 NOV 75 25 AUG 75 15- 03 NOV 75 25 AUG 75 15- 03 NOV 75 25 AUG 75 15- 03 NOV 75 25 AUG 75 15- 03 NOV 75 25 AUG 75 15- 03 NOV 75 25 AUG 75 15- 03 NOV 75 25 AUG 75 15- 03 NOV 75 25 AUG 75 15- 03 NOV 75 25 AUG 75 15- 03 NOV 75 25 AUG 75 15- 03 NOV 75 25 AUG 75 15- 03 NOV 75 25 AUG 75 15- 03 NOV 75 25 AUG 75 15- 03 NOV 75 25 AUG 75 15- 03 NOV 75 25 AUG 75 15- 03 NOV 75 25 AUG 75 15- 03 NOV 75 25 AUG 75 15- 01 DEC 81 21 MAR 80 24 14 APR 80 21 MAY 81 DATE DAY DATE 10 OCT 80 21 23 SEP 81 203 24 MAR 76 98 10 OCT 80 75 11 JUN 80 75 29 SEP 77 13 22 JUN 78 29 30 DCT 78 4 17 OCT 78 28 02 JUN 80 9 30 DEC 80 161 21 JUL 81 70 01 DEC 81 19 AUG 80 17 JUL 81 17 FEB 76 08 SEP 80 19 AUG 80 01 APR 81 25 AUG 77 24 FEB 78 27 SEP 78 17 JUL 78 09 APR 80 09 APR 80 01 APR 81 21 APR 81 21 APR 81 31 OCT 80 14 APR 82 30 JUN 76 19 19 JUL 76 22 May 81 AT B YTA 80-101 06 AUG 80 AT D KBF 1 81-086 13 JUN 81 AT D SEA 80-122 25 AUG 80 AT D SEA 80-122 25 AUG 80 AT D YAS 80-100 07 AUG 80 AT D YBB 81-047 05 MAR 81 AT P AID 77-078 05 JUL 77 AT P AKY 78-023 25 JAN 78 AT P AKY 78-023 25 JAN 78 21 38 21 22 33 13 AUG 80 17 JUL 81 17 JUL 81 13 AUG 80 01 APR 81 24 APR 81 25 SEP 88 11 JUL 78 03 APR 80 03 APR 80 03 APR 80 03 APR 80 04 APR 81 12 JUH 80 13 JUH 80 13 JUH 80 13 JUH 80 14 HUN 75 15 AUG 87 14 HUN 75 15 AUG 87 14 HUN 75 15 AUG 87 14 HUN 75 15 AUG 87 14 HUN 75 15 AUG 87 14 HUN 75 15 AUG 87 14 HUN 75 15 AUG 87 7 6 31 867183467170000007077723 6 24 DEC 80 24 DEC 80 26 JUN 81 12 OCT 77 21 JUL 78 03 NOV 78 14 NOV 78 14 NOV 78 11 JUN 80 02 JUN 80 10 JUN 81 29 SEP 81 01 DEC 81 01 DEC 81 12 OCT 77 22 AUG 78 13 DEC 78 12 OCT 77 32 22 AUG 78 40 13 DEC 78 34 18 DEC 78 30 11 JUL 80 10 12 JUN 80 42 22 JUL 81 83 226666515 52227111119199400001 522234444442422255555 74444 08 DEC 81 12 JUN 80 12 JUN 80 12 JUN 80 01 DEC 81 01 DEC 81 01 DEC 81 01 DEC 81 01 DEC 81 01 DEC 81 01 DEC 81 01 DEC 81 01 DEC 81 01 DEC 81 24 SEP 83 44 08 APR 77 108 28 MAY 82 31 12 NOV 78 33 12 NOV 76 109 25 OCT 76 77 03 NOV 75 109 30 SEP 77 46 01 DEC 81 21 APR 80 05 DEC 81 05 DEC 81 05 DEC 81 05 DEC 81 05 DEC 81 01 DEC 81 01 DEC 81 01 DEC 81 01 DEC 81 12 JUN 80 12 JUN 80 23 MAR 81 12 JUN 8 17 23 MAR 81 12 JUH 80 23 MAR 81 23 MAR 81 28 MAR 81 08 NOV 77 03 JUH 80 03 JUH 80 03 JUH 80 03 JUH 80 27 MAY 75 14 NOV 75 25 AUG 77 12 JUH 80 29 FEB 80 24 MAR 81 01 DEC 81 4 30 DCT 81 17 26 DCT 83 25 JUL 77 17 28 JUN 82 60 05 DEC 81 16 NOV 81 11 AUG 77 27 AUG 82 6 ä 60 27 AUG 82 60 27 AUG 82 24 JUN 75 1- 31 DCT 76 19 FEB 76 15 NOV 77 28 JUN 82 28 JUN 82 24 JUN 75 91 NOV 76 19 FEB 76 15 NOV 77 01 DEC 81 ž ž 4 3 59 71 01 DEC 81 4 21 APR 801171 05 DEC 81 87 JUL 83 41 20 48 9 7 21 APR 80 48 24 MAR 81 AT P SET 81-035 04 FEB 81 AS OF 87 DEC 83 PROCESSED 8 DEC 83 PAGE 1 THIS IS A SAMPLE REPORT RCS KA UNCLASSIFIED

IGURE 15-11-9. FMS **Congressional** Section 36(b), AECA Case Dates

ĩ

15 မ္ပ်

FIGURE 15-11-10. FMS Case Level Summary.

٠.

CC A OPP T D VALUE PURCHASES PURCHASES DELIVERIES BALA CH U SBA08 78 X H 1.586 1.586 CH U SB00 78 X H 191.177 191.177 CH U SB00 78 C H 236.626 248.626 248.626 CH U SB00 78 C H 35.909 35.909 CH U A80 68 C H 6.354 6.354 CH U A80 68 C H 7.979 70.979 CH U A80 67 C H 7.853 7.853 CH U A80 2 1	COUNTRY! CANADA	SEQUENCE: CC		IMPLE	MENTING AGENCY: DMA Area:	•
CH U 358300 73 C H 151,485 151,485 151,485 CH U 35000 76 191,177 191,177 191,177 CH U 35000 207,764 207,764 207,764 CH U 35000 246,626 246,626 246,626 CH U 35,909 35,909 35,909 CH U 3800 68 C 8354 CH U 48,626 246,626 246,626 CH U 48,626 6,354 6,354 CH U 48,050 6,354 6,354 CH U 48,051 57,610 57,610 CH U 40,051 64,051 104,051 CH U 40,059 C 136,902 136,902 CH U 40,059 C 7,635 7,435 CH U 40,059 C 136,902 136,902 CH U 40,070 C 7,134 7,135						UNDELIVERE BALANCE
CN U 35800 78 C N 151.485 151.485 151.485 CN U 35008 79 C N 191.177 191.177 CN U 35008 70 207.766 207.766 207.766 CN U 35008 C N 207.766 207.766 CN U 35008 C N 207.766 207.766 CN U UAB00 68 C N 35.909 35.909 CN U UAA00 68 C N 70.979 70.979 70.979 CN U UAC00 68 C N 97.610 57.610 57.610 CN U UAA00 69 C N 7.853 7.853 7.853 CN U UAA00 69 C N 106.571 104.571 104.571 104.571 CN U UAA00 69 C N 7.435 7.435 7.435 CN U UAA00 70 C N 7.435 7.134 136.902 CN U </td <td></td> <td>1,586</td> <td>1,586</td> <td></td> <td></td> <td>1,58</td>		1,586	1,586			1,58
CH U SSC00 79 C N 191.177 191.177 191.177 CH U SSE00 81 C N 207.766 207.766 207.766 CH U SSE00 81 C N 248.626 248.626 248.626 CH U UA00 68 C N 35.909 35.909 CH U UA00 68 C N 6.354 6.354 CH U UA00 68 C N 70.979 70.979 CH U UAF00 69 C N 60.61 40.061 CH U UA00 69 C N 104.571 104.571 104.571 CH U UA00 70 C N 27.435 27.435 27.435 CH U UA00 70 C N 129.682 129.682 129.682 CH U UA00 71.94 7.194 7.194 7.194 CH			151,485			
CM U SBD00 207.766 207.766 207.766 W U SBD00 AC N 207.766 207.766 207.766 M U UA00 C N 207.766 207.766 207.766 M U UA00 C N 35.909 35.909 35.909 M U UA00 68 C N 35.909 35.909 35.909 M U UA00 68 C N 70.979 70.979 70.979 70.979 M U UA00 68 C N 97.610 57.610 57.610 M U UA00 69 C N 90.2135.7 7.853 7.853 7.853 M U UA00 60 C N 104.571 104.571 104.571 104.571 N U UA00 70 C N 27.435 27.435 27.435 27.435 N U UA00 70 C N	N U SACOA 79 C N	191,177	191,177		191,177	
CH Ú SBE08 81 C N 248.626 248.626 248.626 248.626 U U UA00 68 C N 35.909 35.909 35.909 CN U UA00 68 C N 6.354 6.354 6.354 CN U UA00 68 C N 70.979 70.979 CN U UAF00 64 C N 97.610 57.610 57.410 CN U UA100 64 C N 97.651 70.879 70.979 CN U UA100 64 C N 97.651 74.610 40.061 CN U UA100 70 C N 126.902 136.902 136.902 136.902 CN U UA00 70 C N 27.435 27.435 27.435 27.435 CN U UA00 70 C N 129.682 129.682 129.682 129.682 CN U <td></td> <td>207.766</td> <td>207,766</td> <td></td> <td>207,766</td> <td></td>		207.766	207,766		207,766	
H U		248,626	248,626			
CH Ú JABOB (68) Č M 6.354 6.359 6.354 CH Ú JABOB (68) Č M 70.979 70.979 70.979 CH Ú JAFOB (64) Č N 97.610 57.610 57.610 CH Ú JAFOB (64) Č N 97.610 57.610 60.061 CH Ú JAFOB (64) Č N 7.853 7.853 7.853 CH Ú JAJOB (69) Č N 106.571 104.571 104.571 CH Ú JAJOB (69) Č N 106.571 104.571 104.571 CH Ú JAHOB 70) Č N 126.902 135.902 136.902 CH U JAHOB 70 C N 27.435 27.435 27.435 CH U JAHOB 70 C N 7.194 7.194 7.194 CH U JANOB 71 C N 129.682 129.682 129.682 14.002 CH U JANOB 72 C N 7.133 7.133 7.133 CH U JANOB 72 C N 15.642 15.642 14.022 <td></td> <td>35,909</td> <td>35,909</td> <td></td> <td></td> <td></td>		35,909	35,909			
CH U UAC08 68 C H 70,979 70,979 70,979 CH U UAC08 68 C H 77,610 57,610 57,610 CH U UAA00 69 C H 60,061 40,061 40,061 CH U UAA00 69 C H 7,853 7,853 7,853 CH U UAA00 70 C H 104,571 104,571 104,571 CH U UAA00 70 C H 27,435 27,435 27,435 CH U UAA00 70 C H 129,682 129,682 129,682 CH U UAA00 71 C H 129,682 129,682 14,082 CH U UAF00 71 C H 129,682 136,571 136,571 CH U UAF00 71 C H 129,682 129,682 14,082 CH U UAF00 71 C H 129,682 129,682 14,082 CH U UAF00 71 C H 129,582 5,402 5,402 CH U UAF00 72 C H 136,570 136,571 135,677 CH U UAF00 73 C H 153,6412 153,647 133,647 CH U UAF00 75 C H 153,6412 154,412 154,412 CH U UAF00 77 C H 164,385 106,385 166,385 CH U UAF00 77 C H 106,385 106,385 166,385		6,354	6,354		6,354	
W U JAF00 S7.610 S7.610 <ths7.610< th=""> <ths7.610< th=""> S7.6</ths7.610<></ths7.610<>		70,979				
H U U U V		57,610				
H U		40,061	40,061		48,061	
TH U U UAR00 49 C N 104.571 104.571 104.571 N U UAR00 70 C N 27.435 27.435 27.435 N U UAR00 70 C N 27.435 27.435 27.435 N U UAR00 70 C N 27.435 27.435 27.435 N U UAR00 70 C N 27.635 27.435 27.435 N U UAR00 71 C N 129.682 129.682 129.682 N U UAR00 71 C N 129.682 14.082 14.082 N U UAR00 71 C N 136.570 138.571 135.571 N U UAR00 73 C N 153.646 153.647 133.647 N U UAR00 75 C N 153.646 153.647 133.647 N U UAR00 75 C N 153.642 134.822 141.842 N U UAR00 75 C N 164.825 106.626 104.620 N U UAR00 77 C N 106.385 106.385 166.385 N U UAR00 77 C N 104.827 51.172 51.172 N U UAR00 77 C N 104.385 106.385 106.385 N U		7,853	7,853		7,853	
H U		104,571			104,571	
H U U U U U 27.435 27.435 27.435 H U U U 1400 70 C N 7.194 7.194 7.194 H U UAP00 71 C N 129.682 129.682 129.682 129.682 H U UAP00 71 C N 129.682 129.682 14.082 H U UAS00 71 C N 3.602 5.402 5.402 H U U U 136.570 138.571 135.571 135.571 N U UAV00 72 C N 153.6467 153.647 153.647 N U UAV00 73 C N 153.6461 153.647 153.647 N U UAV00 75 C N 153.642 161.842 161.842 N U UAV00 77 C N 156.412 158.412 158.412 N U UAV00 77 C N 116.620 110.620 110.620 N U U U U N 110.620		136,902				
H Ú U ANOD 70 C N 7,194 129,682 129,682 129,682 129,682 129,682 129,682 14,082 14,082 14,082 14,082 14,082 14,082 14,082 158,612 138,571 7,133		27,435	27,435		27,435	
N U UAPOD 71 C N 129.682 129.682 129.682 N U UARDD 71 C N 14.082 14.082 14.082 N U UASDD 71 C N 14.082 14.082 14.082 N U UASDD 71 C N 5.402 5.402 5.402 N U UASDD 71 C N 7.133 7.133 7.133 N U UAUDD 72 C N 7.133 7.133 7.133 N U UAUDD 73 C N 155.646 153.647 153.647 N U UAUDD 74 C N 155.646 153.647 153.647 N U UAXDD 75 C N 1158.412 158.412 158.412 N U UAXDD 76 C N 141.842 161.842 161.842 N U UAXDD 76 C N 106.385 106.385 106.385 N U UAXDD 76		7,194	7,194			
H U U 14.082 14.082 14.082 14.082 14.082 14.082 14.082 14.082 5.402 7.133 7.1		129.682	129,682			
H U JASOB 71 C N 5,402 5,402 5,402 5,402 H U JATAB 72 C N 138,571 138,547 138,547 138,547 138,547 138,547 138,542 141,642 141,642 141,642 141,642 141,642 141,642 141,642 141,642 141,642 141,642 1410,620 106,385 166,385		14,082	14,082		14,082	
N U I38,570 I38,571 I38,571 N U UAU00 72 C N Y <td></td> <td>5,402</td> <td>5,402</td> <td></td> <td>5,402</td> <td></td>		5,402	5,402		5,402	
M Ú V 7,133 7,133 7,133 M Ú VU00 73 C N 153,646 153,647 153,647 M U VU00 73 C N 153,646 153,647 153,647 M U VU00 73 C N 153,646 153,647 153,647 M U VU00 73 C N 153,642 141,842 141,842 M U VU00 73 C N 110,620 110,620 M U VU00 73 C N 110,620 110,620 M U VU00 73 C N 106,385 106,385 M U VU00 64 C N 51,172 51,172 M U VU00 64 C N 51,727 51,727 N U VU000 65 C N 73,110 73,110 N U VU000 65 C		138,570	138,571		138,571	
N U	N UL UAUGO 72 C N	7,135	7,133			
N U U U 158.412 158.412 158.412 N U U 158.412 158.412 151.842 N U U 110.620 110.620 110.620 N U UAY00 76 C N 110.620 110.620 N U UAY00 77 C N 106.385 106.385 N U UAX00 64 C N 51.172 51.172 N U UAX00 64 C N 51.727 51.727 N U UAX00 64 C N 51.727 51.727 N U UAX00 64 C N 51.727 51.727 N U UVG00 65 C N 73.110 73.110 N U UVG00 65 C N 38.775 38.775 38.775		153,646			153,647	
N U V		158,412			158,412	
H Ú UAYOD 76 C N 110.620 110.620 110.620 H Ú UAYOD 76 C N 100.325 106.385 106.385 H Ú UAYOD 77 C N 100.325 106.385 106.385 H Ú UAYOD 64 C N 51.172 51.172 51.172 M Ú UAYOD 64 C N 5.046 5.046 5.046 N U UNYOD 64 C N 51.727 51.727 51.727 N U UYEOD 65 C N 73.110 73.110 73.110 N U UYEOD 65 C N 38.775 38.775 38.775		141,842	141,842			
N U 106.385 106.385 106.385 N U UNX00 64 C N 51.172 51.172 N U UNX00 64 C N 51.172 51.727 N U UNX00 64 C N 51.727 51.727 N U UNX00 65 C N 73.110 73.110 N U UVF00 65 C N 6.109 6.109 N U UVG00 65 C N 38.775 38.775 38.775		110,620				
IN U UNX00 64 C N 51,172 51,172 51,172 51,172 51,172 51,172 51,727		- 106,385	106.385			
N U U UNT00 64 C N 5,046 <t< td=""><td>N U UNXOG 64 C N</td><td>51,172</td><td>51,172</td><td></td><td>51,172</td><td></td></t<>	N U UNXOG 64 C N	51,172	51,172		51,172	
N U ÚN200 64 Č N 51,727 51,727 51,727 N U UVE00 65 C N 73,110 73,110 73,110 N U UVE00 65 C N 6,109 6,109 6,109 N U UVE00 65 C N 38,775 38,775 38,775		5,046	5,046			
N U VE08 65 C N 73,110 <td></td> <td>51,727</td> <td></td> <td></td> <td></td> <td></td>		51,727				
H Ú ÚVEDŮ 65 Č N 6,109 6,109 6,109 N Ú UVGDŮ 65 Č N 38,775 38,775 38,775		73,110	73,110			
N Ű ÚVGDÓ 65 Č N 38,775 38,775 38,775		6,109	6,109		6,109	
NULLING TOTAL 2.485.636 2.485.636		38,775	38,775		38,775	
LUNIET IUING	OUNTRY TOTAL	2,487,221	2,487,222		2,485,636	1,58

UNCLASSIFIED

DSAA - FOREIGN MILITARY SALES FMS CASE LEVEL SUMMARY

RCS-1200-CASESUM(L)-LA UNDEFINED PURCHASES FROM +3 TO -3 NOT DISPLAYED CNUSBAGO

THIS IS A SAMPLE REPORT

THIS IS A SAMPLE REPORT

UNCLASSIFIED

AS OF 07 DEC 83 PROCESSED 8 DEC 83 PAGE

THIS IS A SAMPLE REPORT

FIGURE 15-II-10 FMS CASE LEVEL SUMMARY

1

15-36

SAMPLE REQUEST FORM

Report Name _____Item Delivery Status - Report E

Number of Copies <u>1</u> Sort Sequence <u>Country (Alphabetic)</u>

<u>Select Options</u> (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	e 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.

5

TABLE 15-II-1. Sample Request Form.

ABBREVIATED TITLES USED IN THE DSAA 1200 SYSTEM OUTPUT REPORTS

Abbreviation	Meaning
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.

.

Abbreviation	Meaning
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
МТН	Month
NO	Number
NSN	National Stock Number
OFFER DATE	Offer Date - also referred to as Counter- Signature Date

TABLE 15-II-2. (Continued)

Abbreviation	Meaning
0ED	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-II-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.

SORT OPTIONS	<u>REPORT E</u>	REPORT D,G,H	REPORT I
Area, Country Area, Country, Implementing Agency Sub-Area/Country Country (Alphabetic) Country, Implementing Agency Country, Fiscal Year Implementing Agency, Country Generic/NSN, Country	X X X X X X X	X X X X	X X X X X X X X
NOTE: Within these major sorts, report RSN where appropriate.	ts are sequ	uenced by case	identifier and
PAGE BREAK OPTIONS			
First Sort Position First and Second Sort Position First, Second, Third Sort Position	X X X	X X X	X X X
SELECT OPTIONS			
Area Unified Command Ceiling Country Country Implementing Agency Case Identifier Case Amendment Indicator Status	X X X X X X X X	X X X X X	X X X X X
Beginning and Ending Date-FY and Quar Classification Major Defense Equipment Unit of Issue Commitment Forecast Overdelivered Completed Line Generic Selected Item Sequence Number Worldwide total only Bypass worldwide recap	ter X X X X X X X X X	X X X X X X X	X X X X X X X X

TABLE 15-II-3. Sort and Select Options for Item Detail Level and Item Detail Summarized to Category Reports.

.

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.

SORT OPTIONS	REPORT B	REPORT C	REPORT J,K	REPORT L
Area, Country (CC) Area, Country, Implementing Agency (IA) Sub-Area/Country Country (Alphabetic) Country, Implementing Agency Country, Fiscal Year (FY) Implementing Agency, Country IA, Country, FY IA, FY IA, FY IA, Congressional Transmittal	X X X FY	X X X X X X	X X X X K	X X X X X X
NOTE: Within these major sorts, PAGE BREAK OPTIONS	, reports are	sequenced	by case ide	ntifier.
First Sort Position First and Second Sort Positior First, Second and Third Sort Position	n X X X	X X X	X X	X X X
SELECT OPTIONS				•
Area Unified Command Ceiling Country Country/Activity Implementing Agency Case Identifier Case Amendment Identifier Status Beginning and Ending Date-FY and Quarter Classification Million Dollar Cases Major Defense Equipment	X X X X X X X X X X	X X X X X X X X X X X	X X X J,K Qtr	X X X X X X X X X X X
Value Relations Low Undelivered High Undelivered Worldwide total only Bypass Worldwide Recap	x	X		X X X X X

TABLE 15-II-4. Sort and Select Options for Case and Summary Management Reports.

SECTION III - DSAA 1000 MATERIEL AND TRAINING SYSTEM OVERVIEW, DATA SUBMISSION INSTRUCTIONS, AND REPORTS

A. <u>PURPOSE</u>. This section provides a brief overview of the DSAA 1000 Management Information System which supports the Military Assistance Program (MAP) and the International Military Education and Training Program (IMETP), and Section 506(a) Presidential Determinations. Also included in this Section are instructions for the preparation and submission of data into the 1000 System and descriptions and examples of reports available from the System.

B. SYSTEM DESCRIPTION.

1. <u>General</u>. The DSAA 1000 System contains MAP and IMETP data which are updated on a weekly basis. The results of these updates are provided to the training management activities within DSAA and the MILDEPs in the form of hardcopy reports and data transmissions.

2. <u>Data Description</u>. The System contains detailed Materiel (i.e., MAP, Excess Defense Articles, Redistribution fo Defense Articles, and MASF) and training (i.e., MAP, MASF, and IMETP) information for 1963 and subsequent years.

C. DSAA 1000 SYSTEM REPORTS.

1. Report Descriptions.

a. <u>MILDEP MAP and IMETP Orders</u>. These documents are produced by MILDEP and reflect a detailed record of all funding actions accomplished during an update cycle. Sample reports are available at Figure 15-III-1 and 15-III-2. In addition to the detailed funding section, four tabs are included in these reports which provide the following summarized information:

(1) TAB A - A recap by Country of all funding actions occurring within an update cycle.

(2) TAB B - A recap by Budget Project of all funding actions occurring within an update cycle.

(3) TAB C - A recap by Program Year of all funding actions occurring within an update cycle.

(4) TAB D - A cumulative recap by Program Year of all funding actions which have occurred to date.

b. <u>DSAA Detail Listing - Materiel</u>. This document reflects detailed, Materiel program information (i.e., MAP, Excess Defense Articles, Redistribution of Defense Articles, and MASF). A sample report is available at Figure 15-III-3. This report can only be produced for Materiel information. Requests for detailed IMETP or FMS Training information must be submitted to the MILDEPs. In response to these requests, the MILDEPs will produce a Standardized Training List (STL). Each MILDEP is currently providing this document to the field (e.g., SAOs) on a monthly basis.

c. <u>Summarized Training Reports</u>. Requests for summarized FMS Training information should be submitted to the MILDEPs. Requests for summarized IMETP information will be satisfied using one of the following pre-programmed reports:

(1) <u>Training Summary</u>. This document reflects the number of IMETP students and dollars by year, Country, MILDEP, and Generic Code. A sample report is available at Figure 15-III-4.

(2) <u>Student Count</u>. This document reflects the number of IMETP students for an eight-year period by Country, CONUS/Overseas Training, Program Originator, and Student Type. A sample report is available at Figure 15-III-5.

D. DATA PREPARATION AND SUBMISSION.

1. <u>Submission of Data</u>. MAP and IMET program and MASL data are created by the MILDEPs and submitted to DSAA for updating the 1000 System. This data is submitted in a punched card format via the AUTODIN network.

2. Preparation of Data.

a. Formats and instructions for the preparation of IMETP data for updating the 1000 System are provided in Chapter 10.

b. Formats and instructions for the preparation of Materiel data for updating the 1000 System follow.

(1) <u>Program Additions (Card 3)</u>. Materiel add transactions for processing in the DSAA 1000 System should be prepared as follows:

Card Column	Data Element	Instruction
1	Card Code	Enter "3."
2-5		Enter Record Control Number. See Appendix D.
6	Method of Funding Code	
6 7	Action Code	
8-20	Nationàl 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.

15-44

Change No. 9, 31 July 1987

Card Column	Data Element	Instruction
25-29	Quantity	Excess defense articles Actual Valu Card leave quantity field blank.
		Major Item - Enter total quantity. Right justify (units position in Column 28, ten position in Column
30	Program Originator Code	28, etc.) 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 SupplyProcedure	Enter appropriate code. See Appendi. D.
35		Enter Type of Assistance code. See Appendix D, Table D-11.
36-43	Unit Price	Obtain from the MILDEP. Must reflect Repair & Rehabilitation codes (as applicable) for Excess Defense Articles. Enter actual value of excess defens 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 Appendi D, Table D-8.
51	Lead Time	Major Items - Obtain Lead Time Code from the MILDEP. Dollar Value Line Items Leave blank.
52	Spare Parts	

Change No. 9, 31 July 1987

*

Column	Data Element	Instruction
53	Condition Code/ Commercial Item Code	
	· · ·	Table D-3. Enter numeric "1" for Commercial Items.
54		Enter Communications/Ancillary Code See Appendix D.
55	Implementing Agency Code	Leave blank. Implementing Agency Code
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 Appen- dix D.
60-61		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/Re-
		ouired Delivery Date Code in
NOTF:	Columns 60-64 may also by used to	quired Delivery Date Code in Appendix D. D identify MILDEP MIMEX offer number or
NOTE:		Appendix D. o identify MILDEP MIMEX offer number or cess Defense Articles. See Excess
<u>NOTE</u> : 65	DPDS listing/flyer number for Exe Offer Number Code in Appendix D.	Appendix D. o identify MILDEP MIMEX offer number or cess Defense Articles. See Excess Obtain applicable Source of Supply Code in Appendix D, Table D-9 from
	DPDS listing/flyer number for Exe Offer Number Code in Appendix D. Source of Supply	Appendix D. o identify MILDEP MIMEX offer number or cess Defense Articles. See Excess Obtain applicable Source of Supply
65	DPDS listing/flyer number for Exe Offer Number Code in Appendix D. Source of Supply MILSTRIP Routing	Appendix D. b identify MILDEP MIMEX offer number or cess Defense Articles. See Excess Obtain applicable Source of Supply Code in Appendix D, Table D-9 from the MILDEP. Do not leave blank. 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
65	DPDS listing/flyer number for Exe Offer Number Code in Appendix D. Source of Supply MILSTRIP Routing	Appendix D. b identify MILDEP MIMEX offer number or cess Defense Articles. See Excess Obtain applicable Source of Supply Code in Appendix D, Table D-9 from the MILDEP. Do not leave blank. 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
65	DPDS listing/flyer number for Exe Offer Number Code in Appendix D. Source of Supply MILSTRIP Routing	Appendix D. b identify MILDEP MIMEX offer number or cess Defense Articles. See Excess Obtain applicable Source of Supply Code in Appendix D, Table D-9 from the MILDEP. Do not leave blank. 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.

Change No. 9, 31 July 1987

Card Column	Data Element	Instruction
		Note that this code ("Program Origi- nator" code) may be different from the Program Originator Code in Column 30.
70	System Identifier Cod	le Enter System Identifier Code, if appropriate. See Appendix D.
71	Fiscal Code	
72	CRA	Enter appropriate CRA code. See
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) <u>Confirmation, Materiel and Services</u>. 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 below on a monthly basis. Cards will be transmitted not later than 15 days after the last calendar day of the Delivery cards will be submitted only for those lines in previous month. which a change in deliveries or delivery forecast date (initial entry, improvement, or slippage) has occurred during the previous month. Card Columns 66-68 will reflect the fiscal year quarter applicable to the shipment month, not the reporting month. All reports of completed deliveries will be based on constructive deliveries by the logistics system, not the completion of related financial transactions. Major items should be reported delivered at the total program value if the actual delivery price is unknown. Adjustments to program values, if required, will be accomplished at the time of final billing. Deliveries against dollar lines will be reported at a value equal to the obligational authority issued against the applicable requisitions.

15-47

DoD 5105.38-M

Card Column	Date	Footnote	Instruction
1	Card Code	1	
2-5	Record Control	1 1	Always an 8. Enter Record Control Number.
2-3	Number	1	See Appendix D.
6-24			Leave blank.
25-29	Quantity Delivered	2	Represents the total quantity delivered to date; not the incremental plus or minus change during the reporting
. 30			period. Leave blank.
31-32	Country Code	1	Enter Country/Activity Code.
31-32	country code	Ţ	See Appendix D.
33-35	· · · · · ·		Leave blank.
36-43 44	Acquisition Val Delivered	ue 2	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. Leave blank.
45-46	Program Vean	1	Enter Program Year. See
43-40	Program Year	1	Appendix D.
47-57			Leave blank.

(b) Instructions for preparing Card 8 are as follows:

(4) <u>Program Changes (Card P)</u>. 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>	Data Element
2-5	Record Control Number
31-32	Country/Activity Code
45-46	Program Year

(b) Enter the following data in the card columns indicat-

ed:

Column	Data Element	Instruction
1 23-24	Card Code Reason Code	Enter appropriate Reason for Change
69	Change Originator Code	Code. See Appendix D, Table D-11. Enter appropriate Change Originator Code. See Appendix D.
the rema	(3) Enter only the ining columns of Card P).	e changed data elements (complete field Leave unchanged data elements blank.
unchange	Stock Number (Columns 8 NCB Code (Columns 12-23), complete field (Columns 8	of the MASL data elements change i.e 8-20), group (Columns 8-9), class (Column or generic code (1st position only, Colur 8-21) must be filled in. Enter changed an Leave Columns 8-21 blank if there is n
		n quantity (Columns 25-29) and/or total co d quantity and/or the revised total cost a
rovisod	price and not the amount	n unit price (Columns 36-43) will be t of change. Enter an asterisk in the uni
positior	(Column 43) if the unit p	rice is to be deleted,
position units po	n (Column 43) if the unit p (d) To blank	rice is to be deleted, out a data element, enter an asterisk in t
positior units pc a fundir	d (Column 43) if the unit p (d) To blank osition. For example, ente og priority.	rice is to be deleted, out a data element, enter an asterisk in t er an asterisk (*) in Column 59 to blank o stify in the quantity (Columns 25-29), un
positior units po a fundir price (C	d (Column 43) if the unit p (d) To blank osition. For example, ente og priority. (e) Right jus Columns 36-43) and total co	out a data element, enter an asterisk in t out a data element, enter an asterisk in t er an asterisk (*) in Column 59 to blank o stify in the quantity (Columns 25-29), un ost (Columns 73-80) fields. ions (Card R). Program deletions will
positior units po a fundir price (C	d (Column 43) if the unit p (d) To blank osition. For example, ente og priority. (e) Right jus Columns 36-43) and total co (5) Program Delet	out a data element, enter an asterisk in t out a data element, enter an asterisk in t er an asterisk (*) in Column 59 to blank o stify in the quantity (Columns 25-29), un ost (Columns 73-80) fields. ions (Card R). Program deletions will
positior units pc a fundir price (C submitte Card Column	(Column 43) if the unit p (d) To blank osition. For example, ente og priority. (e) Right jus Columns 36-43) and total co (5) <u>Program Delet</u> ed by Card R entered as fol Data Element	out a data element, enter an asterisk in t out a data element, enter an asterisk in t er an asterisk (*) in Column 59 to blank o stify in the quantity (Columns 25-29), un ost (Columns 73-80) fields. <u>ions (Card R)</u> . Program deletions will lows: <u>Instruction</u>
positior units pc a fundir price (C submitte Card Column 1 2-5	(Column 43) if the unit p (d) To blank osition. For example, enter og priority. (e) Right jus Columns 36-43) and total co (5) <u>Program Delet</u> d by Card R entered as fol <u>Data Element</u> Card Code Record Control Number	out a data element, enter an asterisk in t er an asterisk (*) in Column 59 to blank o stify in the quantity (Columns 25-29), un est (Columns 73-80) fields. <u>ions (Card R)</u> . Program deletions will Tows: <u>Instruction</u> Enter "R". Enter the RCN exactly as it appears the Card 3 or 4 received from DSAA
positior units pc a fundir price (C submitte Card Card Column 1 2-5 6-22	(Column 43) if the unit p (d) To blank osition. For example, enter og priority. (e) Right jus columns 36-43) and total co (5) <u>Program Delet</u> d by Card R entered as fol <u>Data Element</u> Card Code Record Control Number Blank	out a data element, enter an asterisk in t out a data element, enter an asterisk in t er an asterisk (*) in Column 59 to blank o stify in the quantity (Columns 25-29), un ost (Columns 73-80) fields. <u>ions (Card R)</u> . Program deletions will Tows: <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u>
positior units pc a fundir price (C submitte Card Column 1 2-5	(Column 43) if the unit p (d) To blank osition. For example, enter og priority. (e) Right jus columns 36-43) and total co (5) <u>Program Delet</u> d by Card R entered as fol <u>Data Element</u> Card Code Record Control Number Blank	out a data element, enter an asterisk in t er an asterisk (*) in Column 59 to blank o stify in the quantity (Columns 25-29), un est (Columns 73-80) fields. <u>ions (Card R)</u> . Program deletions will lows: <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u>
positior units pc a fundir price (C submitte Card Column 1 2-5 6-22 23-24	(Column 43) if the unit p (d) To blank osition. For example, enter og priority. (e) Right jus columns 36-43) and total co (5) <u>Program Delet</u> d by Card R entered as fol Data Element Card Code Record Control Number Blank Reason Code	<pre>out a data element, enter an asterisk in t er an asterisk (*) in Column 59 to blank o stify in the quantity (Columns 25-29), un est (Columns 73-80) fields. ions (Card R). Program deletions will lows: Instruction Enter "R". Enter the RCN exactly as it appears the Card 3 or 4 received from DSAA Leave blank. Enter appropriate Reason for Change Code. See Appendix D. Table D-11.</pre>
positior units pc a fundir price (C submitte Card Card Column 1 2-5 6-22	(Column 43) if the unit p (d) To blank osition. For example, enter g priority. (e) Right jus Columns 36-43) and total co (5) <u>Program Delet</u> d by Card R entered as fol Data Element Card Code Record Control Number Blank Blank	out a data element, enter an asterisk in t out a data element, enter an asterisk in t er an asterisk (*) in Column 59 to blank o stify in the quantity (Columns 25-29), un ost (Columns 73-80) fields. <u>ions (Card R)</u> . Program deletions will Tows: <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u> <u>Instruction</u>

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		Enter appropriate Change Originator Code. See Appendix D.
70-80	Blank	

UNCLASSIFIED

Countr	y I	Name:						(MA	TERI	EI	.)																							
													I	MPL	EM	ENTI	NG	AG	EN	CY -	ARMY						PRO	G DI	IR/MAJ	P OR	DEI	r no	. 86A	/CD	/21
	MA FC		. ITEM-II					-DE	sci	RIPT	.10)N	 	C MIU	R	EQ	TR	0	cc	11CA	PRIC	'F C	zDV	MAP ELEM	TDI		- T T1	о т т	S PRODS	MDT	~	SFC (CR-	COST	MO YR	
12345	67	8901	11111111 23456789	0 1	1								 	2	34	4567	22 89	3 0	33 12	3333 .3456	3333444 5789012	3 4	444 456	.4445 7890	555 123	555 456	5 5 7 89	566 901	56666 12345	666 678	67 90	7777 0123	777778 4567890		
AA06 AA06	4¥ 4¥	1310 1310	00000847 00000847	70 0 70 0	GIK GIK	CTG CTG	40 40	MM MM	HE HE	M38 M38	4	LNK LNK				3 50 3150				C C	-	_		3 AA 0 3AA0			F 42 F 42	-		B33 B33			50000 150000		2
COUNTR	ΥТ	OTAL				.00: I						.002 J					003 S				.0	04 T		10000) 0 ·	ASS FOR	SETS REIG	S AP	AR COS PLIED CURREN	CY			100000		
																											RVIC AND		UNDIN AL	G			100000		

FIGURE 15-III-1 MILITARY DEPARTMENT MAP ORDER

**

15-51

DoD 5105.38-M

UNCLASSIFIED

Country	y 1	Name: _		(T	RAINING)			IN	1PL	.EMENI	IN	GA	GENC	Y -	- NAVY						IMET ORDE	R N). .	85N/SU/59	
м	A								s		Р			т											
			GC	COURSI	TITLE		шт	pp	, c	, 017V	r 0	<u></u>	סוות	1	UNIT PRICE	-					D		CRF		
		1111112	2					2 22	2 2	2222	2	32	. 22	A 22	PRICE	, ,	ŶŶ		TLA	Т	WWCN	EX/	A OQC	PCOST YR	N
2345 6	7	4567890	1					2 34	5	6789	0	12	3/	56	33334444	4 4	4 44	42	222222	2	55666666	666	677	77777778	-
				1				~ .,		0.07	v	14	54	50	57050125	4 2	0 /0	90 .	123430	1	89012345	678	3 901:	234567890	
EBOO 1	W	P171001	N1G	NAVAL COMMANI	O COLLEGE		EA	D4	0	. 1	P	**	51	1	9772		15		12298	-	0000				
EBOO 1	W	P171001	N1G	NAVAL COMMANI	COLLEGE		EA			-			51		9772		15		13243		0006		N45		5
EA83 1	W	P141306	NID	AD-A1-SCH			EA	D4				**		-	733		5		975		0006		N45		
				AD-Al-SCH			EA	D4	_			**		-	733		5		975		0096B				5
				KC-130 SYS TH			EA	D4	E			**	10	-	925		5		517		0096B				
EA86 1	W	P141273	NID	KC-130 SYS TH	ING -		EA	D4	_	-		**		-	925		5		545		0096D				50
EA85 1	W	P141416	NID	HAMILTON STD	54H60 PROP	IM	EA	D4	E		-	**		-	155	8	-		75		0096D				-
EA85 1	W	P141416	NID	HAMILTON STD	54H60 PROP	IM	EA	D4	E		-		01	-	155		5		89		0096E				5(
EA88 1	W	P141306	NID	AD-A1-SCH			EA	D4	E		-	**		•	733	8	-		975		0096E 0097B				
EA88 1	W	P141306	NID	AD-A1-SCH			EA	D4				**		-	733	8	-		975		0097B				50
														-		0			,,,	r	00975	ru	. 1001	B 1708	
COUNTRY	т	OTAL		.001	987	.00	02				.00	13			.004				MAD						
				. В			J					S			T				ASS FOR	ET EI	OLLAR CO S APPLIEI GN CURREI CE FUNDIN) VCY		987	
																					TOTAL			987	

FIGURE 15-111-2. Military Department IMET Order.

*

FIGURE 15-III-2 MILITARY DEPARTMENT IMET ORDER

HAP FUNCED H	ATERIEL PROG		OSAA DET															
(PROGRAM SOR	T UC.CC.GC.FSN.		COMMAN	D_NAME					COUN	TRY NA	ME							
1	L ITEN ID GC 1111111112 2 1234567890 1		UIM"R 2 2	E 01 2 2222	Y 0	CC 33	UOA 333	33334444	SPY 444	5LEM	TPLN	A T 555	FP IPRC	05 F	IR I 666	0YCR 6777	C 0ST 7777778	-
NE74 24 151	0000000F5F"AIF AIRCR	AFT FIGHTER F-SF	EA9 P	3 " .	1, 0	**	8 I	5261000	180	2 A F 0	i i) F	12	ĸ	A 0	0 0	5261000	6
HINCR. (AID	CSTATE	0000	7(A.F	•	526	1000	3) (NAVY)	CARMY				TOT	AL	5261000	0
NL92 2A 141 NN93 2A 142	0010072507 81J TOV G 000T0vcomp 81J Tov C	N SURFATTACK BGM71A- DNP	-1 EA9 P XX0	3 100	10 B B	** **	F 2 F 1	5086	180 080	3 A D 0 3 A 0 0		3 F 3 F	16 22	К 8 К 8	33	0 0 0 0	5086000 22636	0 1
MINOR. (AID	JISTATE	COSD)(A.F	•) (NAVY		,	CARMY		510863	6)(TOT	AL	5108636	6
	0010414590 D2F HOW S																	
MINOR - CAID) (STATE) (050)(A.F	•'.) (NAVY	·)	CAR MY		982144	a) (TOT	AL	9821440	0
N#38 2A 9J6	200SUPTEOP J62 OTHER	SUPPORT EQUIPHENT	XX0 -		D	**	B 1		080	3 L P 0) F	06	ĸF	A 0	0 0	95 395	5
HINCR. (AID	JESTATE) (OSD)(A.F	•	9	5395	;) (NAVY)	(ARMY) (TOT	AL	95395	5
4444 24 9K6	ZOODTHRPOL K6Z OTH PO	TROLOGIL AND LUBRCT	S XXO		0	**	9 1		080	3LP 0		F	10	κF	A 0	0 0	36652	6
MINOR. (AID) (STATE) (OSD){A.F	•	3	6652	2.00	NAVY)	CARMY) (TOT	AL	36652	2
N#31 24 220	500000001P MIE CIP J	35-21 ENGINES	XX8 -		0	**.	81		080	2 A F 0) F	16	KF	A 0	00	750000	.0
MINCR.(AID Inter.	JISTATE) (OSD	·){A.F	•	75 614	0 2 0 0 3 0 4 7)) (NAVY)	(AR MY		1:493007) (6	тот	AL	750000 21073123	0 2 5

** Country Code will appear on the actual report.

. .

FIGURE 15-III-3 GRANT AID DETAIL LISTING - MATERIEL

-

ASSIFIED APPROVED IMET DSAA MAP/IMETP A CC TRAINING SUMMARY BY IMPLEMENTING AGENCY AND GENERIC CODE PY 82 COUNTRY NAME AREA NAME SPACES/MEMBERS/ GEN)(---DESCRIPTION---)(-----TECHNICIANS------) (-----STUDENTS/TEAMS-----)(_____ cne. · ARMY NAVY AF TOTAL ARMY NAVY AF TOTAL ARMY NAVY AF OTHER TOTAL STUDENT TRAINING **H1B OPERATIONS THG** NIC COMM/ELECT THG NID MAINTENANCE THG NIE LOGISTICS THE NIF ADMIN TNG NIG PROF/SPEC TNG 1.5 SUB-TOTAL US NIT ADMIN THG SUB-TOTAL OS TOTAL STUDENT TRAINING .164 :52 OTHER THE SUPPORT N7E SERVICES N7F OTHER N7G SHIPHNT INST MATE TOTAL OTHER THG SUPPORT TOTAL COUNTRY

IGURE

15-

I-4

ra

ining

Summary

ġ

Implementing

Agency

and

Generic

Code

×

Change No. 8, 31 March 1987

15-54

DoD 5105.38-M

TRAINING

SUMMARY

ВΥ

FIGURE 15-III-4 IMPLEMENTING AGENCY

AND

GENERIC CODE

15-55

FIGURE 15-III-5.

Student Count by

Type and Program Year.

*

Change No. 8, 31 March 1987

--- -

DSAA - HAP/INETP

FUNDED IMETP UC CC Country NAME	ST	υοε	NT	<u>c o</u>		6 Y	T Y				RAM	YE	AR	-				
				co	NU	s						0	3 V C	RSE	A S			
	CUM PY50-72				0 7 7 6	DY77	P¥79	 	PYS 0	CUM PY50-72	0 4 7 1	0 4 7 4	0 4 7 5	0 * 7 6	0 4 7 7	a ¥79		
STUDENT GROUP BY PO	PY50-72	P775	PT/4	PT/5	F1/6	<u>F177</u>	1110			P150-12		P114	PTIS	P176	<u> </u>	-110		<u>- 10</u>
SENIOR OFFICER	15	1	+	7	5			2	2								_	
OFFICER	609	65	41	37	61	29	35	33	26	315	17	2	2	2	3	1	5	
ENLISTED	346	11		•	16	13	16	8	9	165	5							
CIVILIAN			1							1681							_	
STUDENT TOTAL-ARMY	973	77	50	48	102	42	51	43	37	2161	15	2	2	2	3	1	5	
SENIOR OFFICER	5			2	2													
OFFICER	207	18	17	17	24	12	20	13	8	287	17	4	2					
ENLISTED	264	22	3	4	9	11	8	5	5	1215	71	36	13				18	2
CIVILIAN				1	1	1	1			3739			1					
STUDENT TOTAL-AIR FORCE	476	40	20	24	36	24	29	18	13	5241	88	4 0	16				18	2
SENIOR OFFICER	5	1	1	. 1	1													
OFFICER	18	3	3	2	4		2	3	2	11	4	12	24	21				
ENLISTED	23 -	1	3					3	2	212	1		124	47				
STUDENT TOTAL-MARINE CORPS	46	5	7	3	5		2	6	•	223	5	12	148	68				
SENIOR OFFICER	40	8	5	6		5	3	5.	1	3					_			
OFFICER	253	20	12	13	24	18	11	7	14	182	36	3.	18	78	5	•		
ENLISTED	613	24	18	14	14	11	17	•	6	266	26	20	35	59	18	16		
CIVILIAN	4									4271			_					
STUDENT TOTAL-NAVY	910	52	35	33	42.	34	31	16	21	4722	62	23	53	137	23	20		
SENIOR OFFICER	65	13	10	16	12	5	3	7	3	3	_						_	
OFFICER	1087	106	73	69	133	59	68	56	53	795	67	21	46	1 0 1	8	2	5	
ENLISTED	1246	58	28	22	39	35	41	20	22	1858	103	56	172	106	18	16	18	2
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

UNCLASSIFIED

DoD 5105.38-M

⊁

FIGURE 15-III-5 STUDENT COUNT BY TYPE AND PROGRAM YEAR

TABLE 15-III-1

SORT AND SELECT OPTIONS (DSAA 1000 SYSTEM)

A. <u>SORT OPTIONS</u>. The following sort options are available when ordering detail listings:

Unified Command, Country, Generic Unified Command, Country, Record Control Number Unified Command, Country, Program Originator, Generic Code Area, Country, Generic Code Generic Code, National Stock Number/Item Identification Implementing Agency, Generic Code, NSN/Item Identification MILSTRIP Routing Identifier, Generic Code, NSN

B. <u>SELECT OPTIONS</u>. 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 Commitment Code Continuing Resolution Authority Code *Country Code *Generic Code (1-3 positions) Implementing Agency Code MAP Element Code Method of Funding Code MILSTRIP Routing Identifier Code Program Originator Code *Program Year Selected Item Description Number Selected Item Sequence Number Code Source of Supply Code Spare Parts Code Status Code Type of Assistance Code Unified Command Code

TABLE 15-III-1. Sort and Select Options (DSAA 1000 System).

**

15-56

TABLE 15-III-2

ABBREVIATED TITLES USED IN THE DSAA 1000 SYSTEM OUTPUT PRODUCTS

A. <u>ABBREVIATED TITLES</u>. The following abbreviated titles are used in output products prepared from the DSAA 1000 system data base:

Abbreviation	Meaning
A	Area Code
A C	Action Code
ACT	Activity
ACQ	Acquisition
ADMIN	Administration
ART	Articles
AUTH	Authority
C A	Communications/Ancillary Code
СС	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.

Abbreviation	Meaning	
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 Co	de
C S	Cost Code	
CTL CODE	Control Code	
C U	Customer within Country Code	
CUM	Cumulative	
СҮ	Current Year	
DEF	Defense	
DESCRIPTION	Description of the materiel item	
DISTR	Distribution	
DUR	Duration of training course	
D W	DSAA Waiver	*
EXA	Execution Agency Code	(deletion)
F or FC C	Fiscal Code	* (deletion)
FOR CURR	Foreign Currency	(uereción)

TABLE 15-III-2. (Continued)

15-58

Change No. 8, 31 March 1987

Abbreviation	Meaning
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 * (deletion)
IMET	International Military Education and Training
INTER	Intermediate
INV	Investment *
IO-AJ YR NO	(deletion) 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)

15-59 Change No. 8, 31 March 1987

-4:

NCBNational Codification Bureau CodeNSNNational Stock NumberOPROperating CostOSPOffshore ProcurementPCSpecial Supply Procedure CodeP or POProgram Originator CodeOProgram DirectiveP or PYProgram DirectiveP or PYQuarterOTYQuartityRCNRecord Control NumberRCSReports Control SymbolRDDRequired Delivery DateR or REReason for Change CodeP or RPAvailability Reporting QuarterRSCReports Sequence ControlRSNReservation				
NCBNational Codification Bureau CodeNSNNational Stock NumberOPROperating CostOSPOffshore ProcurementPCSpecial Supply Procedure CodeP or POProgram Originator Code0Program DirectiveP or PYProgram YearQTRQuarterOTYQuantityRCNRecord Control NumberRCSReports Control SymbolRDDRequired Delivery DateP or REReason for Change CodeER or RPR or RQAvailability Reporting QuarterRSCReports Sequence ControlRSVNReservation	Abbreviation		Meaning	
NSN National Stock Number OPR Operating Cost OSP Offshore Procurement PC Special Supply Procedure Code P or PO Program Originator Code (deletion PROG DIR Program Directive P or PY Program Year QTR Quarter OTY Quarter OTY Quantity RCN Record Control Number RCS Reports Control Symbol RDD Required Delivery Date R or RE Reason for Change Code E R or RP Requirements Priority Code P or RQ Availability Reporting Quarter Q Reports Sequence Control RSVN Reservation	MUP		Materiel	* (deletion)
OPROperating CostOSPOffshore ProcurementPCSpecial Supply Procedure CodeP or POProgram Originator CodeOProgram DirectiveP or PYProgram DirectiveP or PYProgram YearQTRQuarterQTYQuantityRCNRecord Control NumberRCSReports Control SymbolRDDRequired Delivery DateR or REReason for Change CodeERequirements Priority CodeR or RQAvailability Reporting QuarterQNNReservation	NCB		National Codification Bureau Code	
OSPOffshore ProcurementPCSpecial Supply Procedure CodeP or POProgram Originator Code0Program Originator Code0Program DirectiveP or PYProgram Directive0 or PYQuarter0TXQuartityRCNRecord Control NumberRCSReports Control SymbolRDDRequired Delivery DateR or REReason for Change CodeERoy RPQAvailability Reporting QuarterQReports Sequence ControlRSVNReservation	NSN	•	National Stock Number	
PCSpecial Supply Procedure CodeP or P0Program Originator Code0Program Originator Code0Program DirectiveP or PYProgram Directive0 or PYQuarter0TRQuarter0TYQuantityRCNRecord Control NumberRCSReports Control SymbolRDDRequired Delivery DateR or REReason for Change CodeERequirements Priority CodeR or RQAvailability Reporting QuarterQSVNReservation	OPR		Operating Cost	
P or PO O Program Originator Code (deletion (deletion PROG DIR Program Directive P or PY Program Year QTR Quarter QTY Quantity RCN Record Control Number RCS Reports Control Symbol RDD Required Delivery Date R or RE Reason for Change Code E R or RP Requirements Priority Code P or RQ Availability Reporting Quarter Q Reports Sequence Control RSVN Reservation	0SP		Offshore Procurement	
0 (deletion (deletio	PC		Special Supply Procedure Code	
P or PY YProgram YearQTRQuarterOTYQuantityRCNRecord Control NumberRCSReports Control SymbolRDDRequired Delivery DateR or REReason for Change CodeFor RPPRequirements Priority CodeR or RQAvailability Reporting QuarterRSCReports Sequence ControlRSVNReservation			Program Originator Code	* (deletion)
YQuarterQTRQuarterQTYQuantityRCNRecord Control NumberRCSReports Control SymbolRDDRequired Delivery DateR or REReason for Change CodeERor RPPRequirements Priority CodeR or RQAvailability Reporting QuarterQReports Sequence ControlRSVNReservation	PROG DIR		Program Directive	
QTYQuantityRCNRecord Control NumberRCSReports Control SymbolRDDRequired Delivery DateR or REReason for Change CodeEPR or RPRequirements Priority CodeR or RQAvailability Reporting QuarterQReports Sequence ControlRSVNReservation			Program Year	
RCNRecord Control NumberRCSReports Control SymbolRDDRequired Delivery DateR or REReason for Change CodeF or RPRequirements Priority CodeR or RQAvailability Reporting QuarterRSCReports Sequence ControlRSVNReservation	QTR		Quarter	
RCSReports Control SymbolRDDRequired Delivery DateR or REReason for Change CodeERequirements Priority CodePRequirements Priority CodeR or RQAvailability Reporting QuarterQReports Sequence ControlRSVNReservation	ΟΤΥ		Quantity	
RDDRequired Delivery DateR or REReason for Change CodeF or RPRequirements Priority CodeP or RQAvailability Reporting QuarterQReports Sequence ControlRSVNReservation	RCN		Record Control Number	
R or RE EReason for Change CodeR or RP PRequirements Priority CodeR or RQ QAvailability Reporting QuarterRSC RSVNReports Sequence ControlRSVNReservation	RCS		Reports Control Symbol	
E R or RP P R or RQ Q RSC RSVN RSVN Reports Sequence Control RSVN Reservation	RDD		Required Delivery Date	
P R or RQ Q RSC Reports Sequence Control RSVN Reservation			Reason for Change Code	· .
Q RSC Reports Sequence Control RSVN Reservation	R or RP P		Requirements Priority Code	
RSVN Reservation			Availability Reporting Quarter	
	RSC		Reports Sequence Control	
S or SC Student Code	RSVN		Reservation	
C .	S or SC C		Student Code	

TABLE 15-III-2. (Continued)

÷.

۴

Abbreviation	Meaning
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)

15-61 Change No. 8, 31 March 1987

~~

[Page left blank intentionally.]

۳۳

[Page left blank intentionally.]

SECTION IV - MILITARY ARTICLES AND SERVICES LIST (MASL) OVERVIEW, GUIDANCE, DATA SUBMISSION INSTRUCTIONS AND SYSTEM OUTPUT PRODUCTS

A. <u>PURPOSE</u>. 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. <u>Purpose of the MASL</u>. 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. <u>Types of MASL Data Maintained</u>. The MASL master file is subdivided by type of data, as indicated below:

a. <u>Materiel MASL</u>. 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) <u>Inactive Materiel MASL</u>. 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) <u>Current Year Training MASL</u>. 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) <u>Budget Year Training MASL</u>. 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) <u>Prior Year Training MASL</u>. 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. <u>Further Definition of Training MASL Data</u>. Separate data are maintained for each of the above listed MASLs as follows:

(1) <u>IMET</u> - used for all countries eligible to receive training under IMET.

(2) <u>FMS-NATO</u> - used for all FMS customers having concluded a Standardization Agreement with the U.S. Government.

(3) <u>FMS/IMET</u> - used for all FMS customers who are concurrent IMET recipients enabling them to request FMS training at incremental prices.

(4) <u>FMS</u> - used for all FMS customers not eligible for FMS-NATO and FMS/IMET prices.

d. <u>Summary MASL</u>. 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. <u>MASL CONTENT</u>. 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).

Federal Supply Classification (FSC). All records in the materа. iel 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. <u>Major Items Versus Dollar Value Lines</u>. 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. <u>Definitization Guide</u>. 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" <u>and also</u> 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. <u>Structure of Materiel MASL Records</u>. Each item listed is assigned a generic code and along with the national stock number provides an identification for each record.

(1) <u>Generic Code Structure</u>. 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
- Al ----- 1st and 2nd position of generic (Budget project) = a Combat Aircraft

AlA ----- 1st, 2nd, 3rd position defined as generic code = type of Combat Aircraft, which in this case is Attack Aircraft

(2) <u>National Stock Number (NSN)</u>. 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) <u>Major Items Assigned Specific NSNs</u>. 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) <u>Major Items Not Assigned Specific NSNs (Other than</u> <u>Ammo)</u>. 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

15-69

responsible MILDEP. Following is an example of a pseudo NSN identifying a UH-34D Helicopter:

<u>NSN</u>	 1520 00 00UH34D	
20 00	 FSG 15 (Aircraft; and Airframe Structural Components) Class 20 (Aircraft, Rotary Wing) NCB Code Pseudo item identification number)

(c) <u>Materiel Dollar Line NSN Structure</u>. Each item that does not meet the major item criteria will be included in a dollar value line and can usually be identified by FSG and FSC and can be correlated to the pre-established dollar lines in the materiel MASL. NSN 2310 00 2325750 Tractor, Full Track, LS, Heavy would be programmed under the following dollar line:

NSN------2310 00 TRACTFT (Tractors, Full Track in FSC 2310)23------FSG 23 (Tractors)10------Class 10 (Tractors, Full Track, Low Speed)00------NCB codeTRACTFT-----Pseudo item identification number established by the DSAAfor Tractors, Full Track in FSC 2310

(d) <u>Defense Services Dollar Line NSN Structure</u>. 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>	0228 00 OORRMSL (R+R Missiles)
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) <u>General</u>. 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) <u>Footnote Code "NN"</u>. 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) <u>Footnote Code "YY"</u>. 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. <u>Maintenance of Materiel MASL Data</u>. The appropriate MILDEP should submit additions, changes and deletions to DSAA as they develop, using the following instructions:

(1) <u>Materiel Major Item Submission</u>. 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) <u>Materiel Dollar Line Submission</u>. 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) <u>Responsibility for Data Submission for DLA Items</u>. 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. <u>Review of Materiel MASL Data</u>. 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) <u>Updates</u>. All materiel MASL input received by the DSAA will normally be processed along with program data into the next weekly update.

(2) <u>Output</u>. 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. <u>Definitization Policy</u>. 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. <u>MASL Control Code</u>. 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. <u>Structure of Generic Code</u>. 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>	 Flying Training, CONUS
N	 <pre>1st position generic (budget activity code) = Training</pre>
N1	 1st and 2nd position generic (budget project) = Student Training
N1A	 1st, 2nd, 3rd position generic is the code for Flying Training, CONUS

d. <u>Structure of Item Identification Numbers of MASL Training</u> 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) <u>MILDEP Responsible for Specific Training Line</u>. The first digit identifies the MILDEP responsible for the training and uses the program originator code (B, D, P).

(2) <u>Categories of Training</u>. 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) <u>Identification Number (Item ID) of Specific Course</u>. 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:

Item ID ----- B152224 (Medical Supply Specialist)

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. <u>Maintenance of Training MASL</u>. 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) <u>Current Year Training MASL</u>. 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) <u>Budget Year Training MASL</u>. 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. <u>Review of Training MASL Data</u>. 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) <u>Updates</u>. The training MASL is updated weekly along with the master program file.

(2) <u>Output</u>. 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. <u>MAP and IMET Programs</u>. 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. <u>Verification of Data</u>. The match determines that the program requirement being added is a valid line in the MASL.

b. <u>Description/Unit of Issue Information</u>. 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/0 cards) which fail to match the MASL.

d. <u>Implementing Service</u>. Assures the issuance of MAP and IMET Orders to the correct Implementing Agency or Execution Agency.

e. <u>Course Cost and Duration</u>. The match posts the most up-to-date IMET course and duration information to each unfunded record of the program master file.

15-73

2. FMS, FMCS and FMS Training.

a. <u>FMS and FMCS 1200 System</u>. The materiel MASL is used by DSAA in the 1200 system updating process as follows:

(1) <u>Verification of Data</u>. 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) <u>Description/Unit of Issue Information</u>. 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. <u>FMS Training 1000 System</u>. 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) <u>Verification of Data</u>. The MASL match determines that the program requirement is a valid line in the MASL.

(2) <u>Description/Unit of Issue Information</u>. The MASL match provides a description and unit of issue of each course being added to the program master file for FMS training.

(3) <u>Course Cost and Duration</u>. The match ensures that the most up-to-date course cost and duration information is used in each record being added.

3. <u>Summary MASL</u>. 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. <u>Schedule</u>. The Training MASLs are printed and distributed to all ** MILDEPs, Unified Commands, SAOs, and numerous other activities, including schools and component commands, on a semi-annual basis. Materiel MASLs are no longer provided by DSAA and each MILDEP is required to maintain a Materiel MASL database with transaction data provided by DSAA and is responsible for distributing copies to their user activities.

2. <u>Requests for MASL Information</u>. 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.)



15-74

F. INQUIRIES ON MASL CONTENT.

1. <u>Materiel Inquiries</u>.

a. <u>Clarification of Data</u>. 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. <u>New Major Items</u>. 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. <u>Other Requests</u>. 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. <u>Training Inquiries on MASL Content</u>. 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. <u>Submission of Data</u>. 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. <u>Method of Submission</u>. 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. <u>Additions to the MASL Master File</u>. For new items recommended for addition to the MASL, complete all appropriate card columns in accordance with the following instructions:

a. <u>Card 1 - Materiel (Defense Articles and Defense Services (all</u> <u>Generic Codes except Generic Code N)</u>.

Card

<u>Column</u> <u>Data</u>

Instruction

1 Card Code

The card code is used to signify the type of card being processed. A "1" in this column signifies that the card is a MASL card for materiel and services other than training. Code "G" through 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.)

Card Column	<u>Data</u>	Instruction
2-3	Footnote Code	The footnote code is used in the MASL to provide significant information on availability of mili- tary 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 abbre- viation for military standard requisitioning and issue procedures routing identifier, common- ly 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 Stan- dard 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 foot- note code column. See Appendix D for an explan- ation 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 Fed- eral Stock Group (FSG), Class (FSC), National Codification Bureau Code (NCB) and Item Identi- fication Number. Where cards are submitted en- sure 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 regula- tions.

r

)	Card <u>Column</u>	Data	Instruction
			CodeClassificationTTop SecretSSecretCConfidentialUUnclassified
	25-26	Unit of Issue	The abbreviation in this column represents the standard unit of issue to be used for program- ming 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 rea- sons, 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 descrip- tion. Where more than 26 characters are re- quired for dollar lines, trailer cards may be submitted (see card code, card column 1).
)	53	Control Code	Enter "K". Must be filled.
	54-55	Blank	Leave blank.
	56-58	Selected Item Sequence Number	Leave blank. DSAA will assign.
	59	Quantity Control Code	Leave blank. The code in this column will be entered by the DSAA to determine quantity count for summarizing data. See Appendix D for ex- planation 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 Con- gressional data. (See Appendix D.)

Card <u>Column</u>	Data	Instruction
65-80	Blank	Leave blank.
· ·	b. <u>Card 2 - Traini</u>	ng (Generic Code "N" only)
Card <u>Column</u>	<u>Data</u>	Instruction
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 (train- ing).
2-3	Duration	Enter duration of course, expressed in number of weeks. Leave blank for all categories of train- ing except individual courses. Precede signifi- cant 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 Identifica- tion Number	A seven-digit number used to identify each specific training item. The first four digits are prescribed by DSAA and are listed in Appen- dix 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 pre- scribed in Appendix D. Classified training requires the execution of disclosure authority prior to implementation.

.

Card Column	<u>Data</u>	Instruction
<u>2</u> 5-26	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 identifica- tion 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.
0		the share the establish MACL lines the Collector

2. <u>Changes</u>. To submit changes to existing MASL lines, the following fields must be completed:

<u>Columns</u>	Field Definition
1	Card Code
7	Action Code - Always use "S"
8-20	National Stock Number (Materiel only)
14-20	Item Identification Number (Training only)
53	Control Code

Entries in fields other than the above are required only where a change is intended, e.g., 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:

Columns	Field Definition
2-3	Footnote Code (Materiel only) Duration (Training 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. <u>Deletions</u>. To delete an existing line from the MASL the following fields must be completed. All other columns should be left blank.

Columns	Field Definition
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 c	FT NT	MRI	A C 62	61	NCB	ITEM-ID	GEN CODE	C L	υī	DESCRIPTION	CTL CODE	Q SISC	MDE	SIDN	C E	
v			0 0.					-	_			1	N	262	1	
1	ŶŸ	833		20		5747951		U	EA	HELICOPTER OH-13G	ĸ	-1	N	262	i	
1	YY	B 3 3		20		5747952		U	EA	HELICOPTER OH-13H		-	N	345	ì	
1	NN	B33	15	20	00	9181523		U	EA	HELICOPTER OH-6A	K	1	N	262	i	
1	Y٧	B 3 3	15	20	.00	97.31227	A4L	U	EA	HELICOPTER OH-135	ĸ	1	N	202	•	
1	NN	N21	15	20	00	005H34J	A4\$	U	EA	HELICOPTER SH-34J	ĸ	1	N	292	1	
1		N21	15	20	00	00SH608	A4S	U	EA	HELICOPTER SH-60B	ĸ	1	Y	370	1	
ī		N21	15	20	00	0005804	A45	U	EA	HELICOPTER SH-34	K	1	N	292	1	
ĩ	NN	N21	15	20	00	000SH3A	A4S	U	EA	HELICOPTER SH-3A	ĸ	1	Y	263	1.	
ī	J	NZI	15	20	0.0	000SH3D	A45	C.	ΕA	HELICOPTER SH-3D	ĸ	1	Ŷ	263	1	
1	NN	N21	15	20	00	00847J2	A4T	u	EA	HELICOPTER TH-13N	ĸ	1	N	264	1	
ī	NN	N21		20		00TH13L	A4T	U	ΕA	HELICOPTER TH-13L	ĸ	1	N	264	1	
î	XX	N21		20		0007H13		Ū	EA	HELICOPTER TH-13	ĸ	1	N	264	1	
i	ŶŶ	833		20		7603333	A4T	Ū	EA	HELICOPTER TH-13T	ĸ	1	N	264	1	
1	NN	FAO	15	20		0004194	A4U	u	EA	HELICOPTER UH-19A	κ	1	N	258	1	
1	NN	FAO		20		00UH19B	A4U	ŭ	ĒA	HELICOPTER UH-198	κ	1	N	258	1	
-	J	N21	-	20		00UH-34D	A4U	ŭ	EA	HELICOPTER UH-34D	K	1	N	265	1	
1	80	N21		20		00UH34G	A4U	ŭ	ĒĂ	HELICOPTER UH-34G	ĸ	1	N	266	1	
1				20		000A205		ŭ	EA	HELICOPTER BELL UTIL 205A1	ĸ	1	N	275	1	
	XX	B33				0004203		ŭ	ËA	HELICOPTER HH-43	ĸ	1	N	259	1	
1		FAO		20		000000000000000000000000000000000000000	A4U	Ű.	EA	HELICOPTER UH-1H COMM	ĸ	1	Y	265	1	
1		B33		20		-	-	U.	EA	HELICOPTER UH-1N	ĸ	1	Y	265	1	
1	'NN	NZI		20		000UH1N 002145T	-	ŭ	EA	HELICOPTER BELL 214ST	ĸ	1	N	275	1	
1	-	FAO		20				U U	EA	HELICOPTER UH-1H	ĸ	1	Ý	265	1	
1	D	833		20		0877637		U	EA	HELICOPTER UH-IN	ĸ	ī	Y	265	1	
1	NN	N21		20		1339286		-	EA	HELICOPTER UH-1B	ĸ	ī	N	265	1	
1	NN	833		20		7139912	A4U	U	-	HELICOPTER UH-IM W/AVNCS	ĸ	ī	N	265	1	
1	NN	B 3 3		20		8092631	A4U	U	EA	HELICOPTER UH-1D	ĸ	ī	N	265	1	
1	NN	B 3 3		20		8592670	A4U	U	EA		ĸ	ī	Ŷ	395	1	
1		B 3 3	15	20	01	0350266	A4U	U	EA	HELICOPTER UH-60A		-				
1	¥ Y	N21	15	00	0.0	0000E2C	ASE	u	EA	AIRCRAFT ELECTRONIC E-2C	κ	1	Y	366	1	
i	xx	FAO		00		0000E3A	ASE	Ū.	EA	AIRCRAFT ELECTRONIC E-3A	ĸ	1	Y	374	1	
i	xx	N21		10		0000E2C	ASE	Ũ	EA	AIRCRAFT AEW E-2C	ĸ	1	¥	366	1	
1		FAO	15	10	00	ACFTREC	ASL	U	EA	AIRCRAFT ATLANTIQUE	ĸ	1	N	275	1	
1		833		10		000L19A	ASL	ŭ	EA	AIRCRAFT OBSERVATION L19A	ĸ	1	N	275	1	
i	NN	FAD	-	10		000001A		ŭ	EA	AIRCRAFT OBSERVATION O-1A	ĸ	1	N	235	1	
-	NN	FAO		10		01F0000	ASL	Ŭ	EA	AIRCRAFT OBSERVATION 0-1F	ĸ	1	N	235	1	
1	14.14	FAU		10		02A0000	ASL	ŭ	EA	AIRCRAFT DESERVATION 0-2A	κ	1	N	263	1	
-	NN	FAG		10		0280000	ASL	ŭ	EA	AIRCRAFT OBSERVATION 0-28	к	1	N	263	1	
1	YY	B33		10		5910565	ASL	ŭ	EA	AIRCRAFT OBSERVATION 0-1E	к	1	N	235	1	
1	xx	N21	1 6	10		000P81W	A 5 P	ы	EA	AIRCRAFT PATROL PB-1W	ĸ	1	N	275	1	
1	NN	N21		10		0005P2E	A 5 P	ŭ	EA	AIRCRAFT SP-2E	κ	1	N	270	1	
•	e el	N21		10		0003P2E	ASP	ŭ	ĒĀ	AIRCRAFT PATROL SP-2H	ĸ	1	N	270	1	
1	NN	N21		10		0000PBM	ASP	ŭ	ĒĀ	AIRCRAFT PATROL PBM	κ -	1	Ν	275	1	
L	1911	N 6 1	12	10	00	0000-00	~ Jr	•								

SEQUENCE: GENERIC CODE, NATIONAL STOCK NUMBER

PAGE AS OF 03 MAY 82

FIGURE 15-IV-1 MATERIEL MASL

DoD 5105.38-M

15-81

FIGURE 15-IV-1. Materiel MASL.

DSAA HILITARY ARTICLES AND SERVICES LIST

INTERNATIONAL MILITARY EDUCATION AND TRAINING (IMET)

c	~ ~ .	A	ITEM-10	GEN		UI	DESCRIPTION	CTL CODE	PRE-REQ COURSE	SERVICE - ID	UNIT PRICE	
COUR	LAR	C	1154-10	CODE								
2 10	BCA		8112010	N1A	U	EA	FIX-WING MULTI-ENG QUAL	F	ECL80SA	28-15A	18035	
2 06	9CA		8113092	N1A	U	EA -	RU INSTRUMENT - NON-US	F	ECLBOSA	2C -F 2X	5063	
2 1 3	BCA		B113913	· N1A	U	EA	CFF/WO RW AVIATOR PH I	F	ECL80SR	2C-15A-I	. 8163	
2 24	BCA		8113014	N1A	U	EA	OFF/WO RW AVIATOR PH II	F	ECL-80	2C-15A-II	52819	
2 12	8CA		8113324	NI A	U	EA	RW QUAL	F	ECLBOSA	2C-ASI10	20335	
2 34	BCA		8113027	N1A	U	EA	OH-58 IP QUAL	. F	ECL89SA	2C-F23	5146	
2 06	BCA		8113031	N1A	u	EA	AH-15 AV QUAL	F	ECLBOSA	2C-ASI1M	37451	
2 04	BCA		B113937	N1A	U	EA	UH-60 AVIATOR QUAL	F	ECLBOSA	2C-ASI1N	15468	
2 02	BCA		8114005	NIA	U	EA	AV MISHAP PREVENTION	F	ECL70SA	7K-F14	72	
2 38	BCA		8114206	NIA	Ū	ĒA	AVIATION SAFETY OFFICER	F	ECLBOSA	7K -F 12	282	
2 97	BCA		8114044	NI A	U	EA	FLT OPERATIONS COORDINATOR	F	ECL70SA	51-71P10	344	
2 13	BCA		8114045	NIA	U	EA	ATC TOWER OPERATOR	F	ECLBOSA	222-93H10	6 0 7	
2 15	SCA		9114046	NIA	Ū	EA	ATC RADAR CONTROLLER	F	ECL80SA	222-93J10	690	
2 02	BCA		8114047	NIA	ū	EA	AVN PRE-CONMAND	F	ECL-70	2C-F43	118	
2 94	BCA		8114048	NIA	Ū	EA	AVIATOR REFRESHER TRAINING	F	ECL-80	2C-F31	7031	
2 07	BCA		8114049	NIA	Ū	EA	OFF/WO AIR TRAFFIC CONTROL	F	ECL705A	2G - F 35	3 0 7	
2 34	BCA		8115003	NIA	ŭ	ĒĂ	UH-1 INSTR PILOT PH I	F	ECL805A	2C-F 3-1	9920	ਣ
2 92	BCA		8115004	NI A	ŭ	EA	UH-1 INSTR PILOT PH II	F	ECL8CSA	2C-F3-11	21376	TRAINING
2 96	BCA		8115035	NIA		ËÅ	AH-15 INSTRUCTOR PILOT	F	ECL805A	2C -F 35	35098	2
	BCA		8115317	NIA	ŭ	ËA	RW INST FLIGHT EXAMINER	F	ECL8CSA	2C-F27	13109	- F
	BCA		8115018	NIA	ŭ	EA	CH-47 INSTRUCTOR PILOT	F	ECL80SA	2C-F10	666 39	Z
	BCA		8115019	N1A	Ŭ	ĒĂ	OV-1 INSTRUCTOR PILOT	F	ECL80SA	28-F5	40318	മ
2 06	BCA		8115020	NIA	ŭ	ĒĂ	CH-47 AVIATOR QUAL	F	ECL895A	2C-130C-B	36122	
2 97			8117006	NIA	ŭ	ĒÀ	OV-1 AVIATOR QUAL	F	ECL8SSA	2BASI2X-1JCR	44 391	~ ~
2 37	BCA		9118132		ŭ	EA.	U-21 INSTRUCTOR PILOT	F	ECLBOSA	29-F11	21923	MAS
2 36	864		8119900	NIA		ĒÂ	CONTRACT AVN THE - CONUS	F	ECL-80		EST	Ē
2 VA	822		6119901	NIA	ŭ	ĒA	OJT FLYING TRAINING-CONUS	F	ECLASSA		EST	
2 VA	822		8119992	NIA	Ŭ	ËA	OBS FLYING TRAINING-CONUS	F	ECLEOSA		EST	
2 · VA	BZZ		8121:65		ŭ	EA	ENGINEER OFFICER BASIC	F	ECL-70	4-5-C20-21A	815	IME
2 15	BCE		8121133		ŭ	ĒA	FIELD ARTY OFFICER BASIC	F	ECL70SA	2-6-020	7795	
2 18	BCF			N18 N18		EA	FA TARGET ACQ + SURVEY OFF	Ē	ECL705A	25-130	677	- 4
2 09	BCF		8121142 8121148		ŭ	EA	FLD ARTY MET CREWMAN	Ē	ECL705A	420-93F13	428	<u>ب</u>
2 05	BCF			N19	ŭ	EA	ARTY SURVEY SPECIALIST	F	ECL70SA	412-92010	4 3 2	
2 13	8CF		8121150				FA RADAR CREW MEMBER	F	ECL70SA	221-17910	3 3 3	
2 67	SCF		8121152		U U	EA	FA TARGET ACQ SPEC	Ē	ECL70SA	412-17013	391	
2 37	SCF		B121161	N18		EA	AIR DEFENSE OFFICER BASIC	F	ECL72SA	2-44-023	515	
2 10	SCR		9121165	N18		EA	FA FIRE SUPPORT SPEC	Ē	ECL70SA	250-13F10	58 34	
2 97	8CF		8121166		U	EA	METEOROLOGICAL EQUIP RPR	Ē	ECL70SA	423-ASIH1	543	
2 1 3	8CF		8121167		-	EA		F	ECL-70	2-7-C23(N)	1629	
2 16	BCG		B121175		U	EA	INF OFFICER BASIC (MECH)	F	ECL-70	2-7-C20(L)	1777	
2 16	3 C G		8121177		U	EA	INF OFFICER BASIC (LIGHT)	F	ECLBCSA	2E-F3/SQIY	297	
2 03	ecg		8121185		U	EA	PATHFINDER				1765	
2 98	866		8121181	N18	U	EA.	RANGER	F	ECLBOSA	25-F2/011-F2	283	
2 03	ecg		8121182			EA	AIRBORNE	F	ECL-80	2E-F1/911-F1		
2 :6	SCG		8121183		-	EA	INFANTRY MORTAR PLATCON	F	ECL-70	2E-ASI 32/F1	1179	
2 17	BCK		9121290			EA	CHEMICAL OFFICER BASIC	F	ECL-70	4-3-C20-74A	2291	
2 25	BCX		8121204		С	E A	ORD OFF BASIC-HSL HAT MGT	F	ECL-79	4-9-C29-73A	1122	
2 23	BCX		8121206	N19	U	EA	CRO OFF BASIC-HUN HAT MGT	F	ECL-70	4-9-C29-75A	1121	
2 :9	SCH		8121207	N18	U	EA	ORD OFFICER BASIC (CORE)	F	EC1-70	4-9-020	500	

SEQUENCE: EXECUTION AGENCY (1ST POS). GENERIC. NSN

PAGE AS OF 27 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 ·				GEN	с			CTL	PRE-REQ	SERVICE - ID		
C DUR	E YA	2	ITEM-ID			UI	DESCRIPTION	CODE	COURSE		UNIT PRICE	
C DOK	GAA.		1128-10		-		0200000000					
2 32	8C X		E195005	N1 J.	с	EA	LND COPBAT SPT SYS TEST SP	6	ECL705A	121-27810	20810	
2 43	BCX		8199274	N1 J	č	EA	NIKE RADAR + COMPT REPAIR	G	ECL70SA	104-23N10	38283	
2 36	BCX		E199275	NIJ		EA	NIKE HIPAR + RADAR SIM RPR	G	ECL70SA	104-23010	23400	
2 33	ECX		B199276	NIJ	č	ĒĂ	NIKE TEST EQUIP REPAIR	G	ECL705A	121-22110	22728	
2 32	BCX		8199278	NIJ	č	ĒĂ	NIKE MSL/LAUNCHER REPAIR	Ğ	ECL705A	121-22N10	20072	
2 37	BCR		8199672	N1 J	č	EA	AD ACGUISITION RADAR MAINT	Ĝ	ECL70SA	104-24P10	25300	
2 08	BCR		8199676	NIJ	Ŭ	ĒĂ	AD ACQ RADAR CREW MEMBER	- G	ECL705A	221-16J10	4701	
2 02	BCR		8199702	NIJ	č	ĒĂ	REDEYE GUNNER + CONTROLLER	Ğ	ECL705A	250-F4	1881	
2 24	BCX		8199705	N1 J	č	ĒĂ	CHAPARRAL/REDEVE SYS RPR	Ğ	ECL70SA	121-27610	14632	
2 14	BCR		B199706	NIJ	ū	ĒĀ	VULCAN SYSTEMS MECHANIC	Ğ	ECL70SA	121-24M10	10207	
2 15	BCX		B199707		č	ĒĂ	SHILLELAGH MSL SYS REPAIR	Ğ	ECL70SA	121-27H10	9553	
2 12	BCR		B199709	NIJ	č	ĒĂ	CHAPARRAL SYSTEMS MECHANIC	6	ECL70SA	121-24N10	7830	
2 04	BCR		8199710	NIJ	č	ĔĂ	ADA SHGRAD CREW MEMBER-(T)	Ğ	ECL70SA	43-16P40-T	1344	
2 08	BCR		B199711	N1 J	č	ĒÃ	ADA SHORAD - VULCAN	6	ECL705A	43-16R16	4701	
2 06	BCR		8199712	NIJ	č	EA	FAAR SYSTEM MECHANIC	Ĝ	ECL-70	121-ASIX-7	5747	
2 18	BCX		B199713	NIJ	č	ĔĂ	TOW/DRAGON REPAIR - NON-US	ā	ECL-70	121-27E1GX	13624	
2 19	BCR		B199716	NIJ	Š	ĒA	SHORT PANGE AD SYS TECH	Ğ	ECL-70	4F-224B	13242	
2 05	BCR		8199717	N1J	č	ĔÂ	CHAP/VUL OFF QUAL - I	Ğ	ECL-70	2E-14B	4920	
2 23	BCX		8199719	NIJ	č	EA	VULCAN REPAIR	Ğ	ECL705A	121-27F10	13236	
2 07	BCR		B199721	NIJ	č	ĔÂ	CHAPARRAL CREW MEMBER	Ğ	ECL-70	043-16P10	2688	
2 16	BCX		8199724	N1 J	č	ĒĂ	BAS EL/TOW RPR - NON-US	Ğ	ECL-70	121-27E10X	8276	
2 12	BCX		E199725	NIJ	č	ĒA	BAS EL/DRAGON RPR - NON-US	Ğ	ECL-70	121-27E10X	6944	
2 VA	EZZ		8199900	NIJ	Ū	ĒÂ	CONTRACT FISSILE TNG-CONUS	Ğ	ECL-70	UNNUMBERED	EST	
2 VA	ezz		8199901	N1J	Ũ	EA	OJT MISSILE ING-CONUS	6	ECL-70	UNNUMBERED	EST	
2 VA	BZZ		8199902	NIJ	Ũ	ĒĂ	OBS MISSILE TNG-CONUS	Ĝ	ECL-70	UNNUMBERED	EST	
2 VA	822		B219901	N1N	Ŭ	EA	OJT FLYING TNG-OS	G	N/A	UNNUMBERED	EST	
2 52	BMM		8227061	N1P	s	EA	NBC DEFENSE OFF-NCO	G	ECL-70	NBC-54	382	
2 VA	BZZ		B229962	N1P	Ū	EA	OBS OPERATIONS THG-OS	G	N/A	UNNUMBERED	EST	
2 (5	BMM		B232485	N10	S	ĒĀ	TACTICAL COMMO OFF/CHIEF	6	ECL-70	E-SIG-29-E	926	
2 G1	BMM		B232487	N10	Ű	EA	MEDCAP MCHAN COMM SYS SPR	6	ECL-70	E-SIG-24-E	1382	
2 (1	8 HH		B232494	N1 0	Ū	ĒA	LOWCAP HCHAN COMM SYS SPR	6	ECL-70	E-SIG-25-E	1382	
2 03	BHH		8232498	N1 Q	S	EA	RTT OPERATOR	G	ECL-70	E-SIG-7-E	8 2 6	
2 VA	BZZ		8239902	N1Q	υ	ĒA	OBS COMM/ELECT TNG-OS	6	N/A	UNNUMBERED	EST	
2 02	BKM		B242335	N1R	Ŭ	EA	SMALL ARMS ORG MAINT	6	ECL-70	E-SAM-31-EC	5 07	
2 04	8.88		B242336	N1R	U	EA	M60/M113A1 VEHICLE MAINT	6	ECL70SA	TVM-13	871	
2 02	BHN		8242339	N1R	U	EA	M113A1 VEHICLE MAINT	G	ECL70SA	TVM-148	1599	
2 04	BMM		B242350	N1 R	Ŭ	ĒA	M60A3 ORG TURRETT MAINT	G	ECL70SA	TRT-213	14073	
2 02	6 MM		8243328	N1R	U	EA	WHEELED VEHICLE MAINT	G	ECL-70	WTT-25-EC	1219	
2 02	BHN		B244348	N1R	U	ÊA	MOTOR SERGEANT	G	ECL-70	L0G+213	4 03	
2 04	BAM		8252813	N1 S	U	EA	ORG SUPPLY PROCEDURES	G	ECL-70	E-LOG-73-0EC	5 3 9	
2 01	8 ##		B252817	NIS	υ	ĒA	MOTOR OFFICER	6	ECL-70	L0G-214	254	
2 02	BAM		8271769	N1U	U	ËA	INSTAL SECURTIY	G	ECL-70	E-MP-30-0EC	479	
2 04	5 MM		8273591	N1U	Ū	EA	MP INVESTIGATOR	6	ECL-80	MP-94	1282	
2 05	888		8273600	N1U		EA	CGSC OFF-NR + EUR + PH I/II	6	ECL-80	1-250-C3E1	5 95	
2 05	BHH		B273601	N1U	U	EA	CGSC OFF-NR. EUR. PHIII/IV	6	ECL-80	1-250-C3E2	5 9 5	
2 05	BMM		B273602	NIU	ŭ	EA	CGSC OFF-NR. EUR. PH V/VI	6	ECL-80	1-250-C3E3	5 95	
2 VA	822		B304400	N2D	υ	EA	MTT-MAINTENANCE	6	N/A	UNNUMBERED	EST	
2 VA	BZZ		B304600	N2D	U	EA	MTT-EQUIPMENT OPERATIONS	G	N/A	UNNUMBERED	EST	

SEQUENCE: EXECUTION AGENCY (1ST POS), GENERIC, NSN

PAGE AS OF 07 JUN 82

DoD 5105.38-M

FIGURE 15-IV-3 TRAINING MASL (FMS-NATO)

15-83

FIGURE 15-IV-3.

Training MASL (FMS-NATO).

DSAA HILITARY ARTICLES AND SERVICES LIST

FOREIGN MILITARY SALES/INTERNATIONAL MILITARY EDUCATION + TRAINING (FMS/IMET)

c c p		EXA	A	ITEM-IO	GEN CODE	C L	υI	DESCRIPTION	CTL CODE	PRE-REG Course	SERVICE - ID NUMBER	UNIT PRIC
		-	•						r	ECL 80	P08-2001 PGS	EST
	VA.	PCT		P179925	NIG	ų	EA	PGS SELF-STUDY 1 CREDIT HR	i	ECL 83	P00-2001 PGS	2421
-	A4	PCT		P179026	N16	U	EA	PGS AIR-OCEAN SCIENCE	+	ECL 70	CGR	235
	14	PCG		P179027	N1G	U	EA	MARINE SCIENCE TECH CL A	+	ECL 80	P00-2001 PGS	3632
	F6	PCT		P179030	NIG	U	EA	PGS OPNS RESEARCH PHD	, t			EST
2	VA -	P 9 9		P179040	NIG	U	EA	MISC US ARMY TRAINING	1		FORMAT	
2.	22	PCT		P179649	'N1G	C.	EA	SWOS DEPT HEAD CRSE INTL	I	ECL 80	A26-0029 SWS	465
2	VA -	PCG		P179960	NIG	U	EA	HISC COAST GUARD TRAINING	I		FORMAT	EST
2	13	PCT		. P179101	N16-	U	EA	DIVER SECOND CLASS	<u>I</u>	ECL 80	A4330022 DIV	28 (
2	93	PCG		P179134	·N1 G	u	EA	HAZARDOUS CHEMICAL TRNG	I	ECL 70	CGR	44
2	78	PCT		P179105	N1G	U	EA	PGS MANPOWER/PERS TRA ANAL	I	ECL 80	PC0-2001 PGS	1816
2	78	PCT		P179106	NIG	U	EA	PGS ORGANIZATIONAL DEVLPHT	I	ECL 89	PG0-2001 PGS	1816
2	0 1	PCT		P179108	NIG	U	EA	PGS NECHANICAL ENG PHD	I	ECL 80	P00-2001 PGS	3027
	44	PCT		P179109	N16	U	EA	PGS ELECTRICAL ENG DOCT	I	ECL 83	PCJ-2001 PGS	2421
	23	PCT		P179111	N1G	U	EA	MU-SCH INT	I	ECL 73	A4500012 MUS	. 157
	87	PCT		P179112	NIG	U	EA	PGS ELECTRICAL ENGRG MS	I	ECL 80	P00-2001 PGS	2724
	VA	PCT		P179113	NIG	U	EA	PGS SELF-STUDY 1.5 CR HR	I	ECL 89	P0J-2001 PGS	EST
_	VA.	PCT		P179114	N1G	U.	EA	PGS SELF-STUDY 2.0 CR HR	I	ECL 80	PC0-2001 PGS	EST
	Å4	PCT		P179115	NIG	u	EA	PGS APPLIED MATHEMETICS MS	1	ECL 80	P33-2301 PGS	2421
-	A.4	PCT		P179116	N1G	Ū	EA	PGS MANAGEMENT MS	I	ECL 80	P00-2001 PGS	2421
	22	PCT		P179117	NIG	Ū	EA	SHOS BASIC INTL	I	ECL 80	A2G-0036 COR	586
-	44	PCT		P179119	NIG	S	EA	PGS ANTISUEMARINE WARFARE	I	ECL 83	PtJ-2001 PGS	2421
	Å4	PCT		P179120	NIG	ŭ	ĒĂ	PGS AIR-OCEAN TACT ENVIRON	Î	ECL 83	PC0-2001 PGS	2421
	13	PCG		P179121	N1G	Ŭ	ĒĀ	PS-SCH (PORT SEC)	Ĩ	ECL 70	CGR	17
-				P179122	NIG	·ŭ	ĒĀ	PGS UPNS SYS ENGINEERING	T	ECL 80	P00-2001 PGS	2724
-	87	PCT		P179123	NIG	ŭ	ĒĀ	PGS WPNS SYS SCIENCE	ī	ECL 80	P00-2001 P65	2724
	87 25	PC T PC T		P179125	NIG	ŭ	ĒĀ	SCUBA CIVER COURSE	ī	ECL 80	A4330023 DIV	198
-				P179126	NIG	ŭ	ĒĂ	PGS AERO ENG. AVIONICS	ĩ	ECL 80	P03-2001 PGS	2421
-	A4	PCT		P179127	NIG	ŭ	ĔĂ	PGS FINANCIAL MANAGEMENT	ī	ECL 80	P30-2001 PGS	1816
-	78	PCT		P179128	N1G	ŭ	ĔĂ	PGS MATERIAL LOGISTICS	ī	ECL BJ	P30-2001 PGS	1816
-	78	PCT		P179202	NIG	ŭ	EA	USMC TRAININGGENERAL	ī	ECL 70	00 2060/2361	EST
	VA .	PMC		P179202	NIG	ŭ	EA	USCG TRAINING - GENERAL	ī	ECL 70	00 2:69/2:61	EST
-	VA .	PCG		P1797JT	NIG	ŭ	ĒÂ	OJT COAST GUARD	Ť		FORMAT	EST
-	VA	PCG			NIG	ŭ	ĒĀ	OJT MARINE CORPS CONUS	Ť		FORMAT	EST
	VA .	P#C		P1798JT		ŭ	ËÅ	MISC MARINE CORPS TRAINING	ř		FORMAT	EST
-	V A	P 4C		P179831	NIG	ŭ	EA	CRIENTATION VISIT D/V	Ť		FGRMAT	EST
	AY .	P 20		P181330	NIH	-		GRIENTATION VISIT NON-0/V	ī		FORMAT	EST
-	VA	P ()		P181301	NIH	U	EA	ORIENTATION TRAINING TOUR	Ť		FORMAT	EST
_	VA.	P : 3		P182030	NIH	U	EA	LATAN WAR COLLEGE TOUR	÷		FORMAT	ËST
-	V A	P : J		P182201	NIM	U	EA	OBSERVERSHIP NAV TRNG CMD	ì	ECL 72	FORMAT	EST
	VA .	PCT		P18908\$	NIH	U	EA		÷	ECL 70	FORMAT	EST
-	VA.	PCT		P1895JT	N1H	U	EA	OJT-NAVAL TRAINING COMMAND	÷		VAR	EST
-	V A	PNS		P189301	NIH	U	EA	OJT NAVSEA	+		VAR	EST
	VA –	PNH		P189 J02	N1H	U	EA	GJT NAVAIR	1	501 73	A1210146 ORL	28
2	22	PCT		P195983	NII	C	EA	ASROC HISSILE INT MT	1	ECL 73	FAC	EST
2	C2	PAR		P199013	NII	S	EA	HISSILE FLT ANALYSIS SH-1	1	ECL 83	FAC	EST .
2	32	PAN		P199014	NII	S	EA	MISSILE FLT ANL SEASPARROW	1	ECL 80	•	
2	21	PCT		P194.31	N1J	U	EA	SURFACE MISSILE SYS FUND	I	ECL73SA	A2F-CO11 GMS	34
2	14	PCT		P194102	NIJ	S	EA	TARTAR OFFICER ADV	I	ECL73SA	A2F-0037 GMS	138
2	.5	PCT		P194,39	N1 J	S	EA	COMBAT SYS TH OP TRNG PH 1	I	ECL 70	J1130160 TCL	99

SEQUENCE: EXECUTION AGENCY (1ST POS). GENERIC. NSN

PAGE AS OF

AS OF 07 JUN 22

15-84

FIGURE 15-IV-4.

Training MASL (FMS/IMET).

DoD 5105.38-M

FIGURE 15-IV-4 TRAINING MASL (FMS/IMET)

ESPA FILITARY AFTICLES AND SERVICES LIST

FOREIGN MILITARY SALES TRAINING (FMS)

C					GEN	C			CTL	PRE-REQ	SERVICE - ID NUMBER	UNIT PRICE
C D)UK	E XA (ITEM-	ID	CODE	Ł	UI	DESCRIPTION	CODE	COURSE	- NURBER	UNIT PRICE
:	: 2	011	C1532	25	NIE	U	EA	PGTOF VEH OPERATIONS MGT	н	JJAZR	SHE60370-000	1209
è	VA	DJS	D1565		K1E	Ū	ĒA	EUDGET/ +	н	410/¥K	VAR QUAL	EST
2	112	EJJ	01561		NIE	Ū	EA	BUDGET OFF	н	J306R	SHE 6731-000	7170
	10	511	p156:		NIE	Ū	EA	ACCOUNTING & FINANCE OFF	н	J308R	SHE 6721-001	8260
	¥4	535	D1561		NIE	Ū	EA	DATA SERVICES/ +	н	416/WK	VAR QUAL	EST
2	VA	513	D1560		N1 E	Ŭ	EA	ACCOUNTING + FINANCE/ +	н	410/WK	VAR QUAL	EST
2	65	011	p1560		NIE	Ŭ	EA	COMPUTER CPERATOR	H	EJABR	KEE51130-002	2880
	¥ Å	DJL	C156:		NIE	Ū	EA	ELECT DATA PROCESSING/ +	H	410/WK	VAR QUAL	EST
	12	DJJ	D156 C		N1E	Ŭ	ĒA	FINANCIAL MANAGEMENT SPECL	H	J3ABR	SHE67231-001	6340
	11	DJJ	C156		N1E	Ũ	ĒA	PROGRAMMING SPECE	H	EJABR	KEE51131-002	6340
	£7	טטט	01560		NIE	Ū	EA	COMPTROLLER STAFF OFF	н	J30AR	SHE 6751-000	5230
	\$7	DJJ	D1560		N1E	Ū	EA	COMPUTER SYSTEMS OPN OFF	н	E30BR	KEE 5151-002	5930
	16	DJJ	D1568.		N1E	Ū	EA	CONPUTER SYSTEMS ANALYST	н	EJOZR	KEE51356-002	4050
	13	033	D156C		N1E	Ū	ËA	COMPUTER SYS DEV OFF/APPL	H	E30ZR	KEE51318-000	7270
	67	011	D156C		NIE	Ŭ	EA	SUPPLY SYSTEM SUPV	H	GJAAR	LOW64572-000	6250
2	ũ6	DJJ	D1560		NIE	ū	ĒA	COMPUTER SYS STAFF OFF	H	ESOAR	KEE 5111-001	3641
	13	533	D1560		N1E	Ū	ĒĀ	COMPUTER SYS DEV OFF	H	E30BR	KEE51318-000	1010
2	06	DJJ	D161(-	N1F	ŭ	ĒA	PERSONNEL PROGRAM OFFICER	н	E30BR	KEE 7321-000	421
2	VĂ	DJC	D161C		N1F	Ū	ĒA	PERSONNEL/ +	H	410/WK	VAR QUAL	EST
2	06	DUJ	D1610		N1F	Ŭ	EA	ADMIN NGT SPECL	H	EJABR	KEE 7023CA-0	3461
2	68	DJJ	01610		N1F	Ū	EA	PERSONNEL SPECE	н	EJAPR	KEE73230-000	45.00
	VA	(D)(C1610		N1F	Ū	EA	RESEARCH + TESTING/ +	H	41C/WK	VAR QUAL	EST
2	c5	CJJ	01610		N1F	Ŭ	EA	ADVINISTRATION OFFICER	H	EJOBR	KEE 7000-000	3740
2	VA	C J C	D161C		N1F	ŭ	EA	ADMINISTRATION/ +	Ħ	410/¥K	VAR QUAL	EST
2	GE	011	01610		NIF	Ŭ	EA	ADMIN SPECE/STF SPT ADMIN/	H	EJABR	KEE 702308-0	3351
2	03	DJJ	C161C		NIF	ŭ	EA	CBPO CHIEF MANAGEMENT	H	E30ZR	KEE 7311-000	168
2	č 9	011	D162C		N1F	ū	EA	MANAGEMENT ANALYSIS OFF	H	J308 R	SHE 6921-000	806
2	VA.	DJJ	D1620		N1F	Ũ	EA	DATA SERV + MANAGEMENT/ +	H	410/WK	VAR QUAL	EST
2	VA	DJC	D1620		NIF	Ŭ	EA	MAINTENANCE SCHEDULING/ .	н	410/¥K	VAR QUAL	EST
	10	DJJ	D162C		N1F	Ŭ	EA	MANPOWER HGT SPECL	H	EJALR	KEE73331-001	1153
	Ŷ.	DJG	D162C		N1F	Ŭ	EA	MANPOWER MANAGEMENT/ +	• H	410/WK	VAR QUAL	EST
2	VA	DJC	D162C		N1F	Ŭ	EA	TNG ANALYSIS + DEVELOP/ +	H	410/WK	VAR QUAL	EST
2	VA	DJJ	p1620		N1F	Ŭ	EA	T.O.PUELICATIONS/**	Ħ	43 C/ ¥K	VAR FTD/SPEC	EST
2	68	DJJ	D162C		N1F	Ŭ	EA	HAINT FOT SPECL	H	£3ALR	CHA39230-000	610
	10	DJJ	D1620		N1F	Ū	EA	MANAGEMENT ANALYSIS SPECL	- H	J 3ABR	SHE69130-000	565
	10	DJJ	D1620		N1F	บ	ĒA	MANPOWER MANAGEMENT OFF	н	EJOBR	KEE 7421-001	777
2	61	DJJ	D1620		N1F	ū	EA	DEV & MGT OF INSTRUC SYS	н	J30ZR	SHE 7500-003	75
2	04	DJJ	D1620		NIF	ū	EA	BASE COMDE S MGT CES	н		MAXLMDC 810	611
2	VA.	DJJ	01660		NIF	Ū	ĒA	TRAINING SUPERVISOR/ +	H	410/WK	VAR QUAL	EST
2	63	D 11	D1660		NIF	ũ	ĒÅ	ATC INSTRUCTOR/NAVIGATOR	H		MAT SP/BV7DA	196
2	01	033	D1660		N1F	ŭ	ĒĀ	INSTRUCTIONAL SYS DEV	-H		VARSPEC751XX	87
ź	61	DJJ	D166C		N1F	ŭ	ĒĂ	TESTS + MEASUREMENT	H		VAR 75120X	870
2	64	D77 D72	D1660		N1F	ŭ	ĒÂ	TRAINING SUPERVISOR	.H		VAR 75140X	3590
ź	01	000	D1660		NIF	ŭ	ĒĂ	ACADEMIC COUNSELING	H		VAR 75110X	1870
2	63	000	01660		NIF	ŭ	ĒA	AUDIOVISUAL METHODS	÷	JJAZR	SHE75000-006	2221
ź	VA	000	D1660	-	NIF	บั	ĒÅ	AIRCREW LIFE SUPT SUPV	-	396/WK	VAR QUAL	EST
	c 1	011	D1660		N1F	ŭ	EA	COMDR/STF/SR NCO OJT BRF++	H	430/WK	VARF TD75CC-8	EST
2	04	D J J D J J	D1660		N1F	ŭ	ĒĂ	INSTRUCTIONAL SYS DESIGNER	H	JJAZR	SHE75133-000	.34 01

SEQUENCE: EXECUTION AGENCY (1ST POS). GENERIC, NSN

PAGE AS OF 07 JUN 82

FIGURE 15-IV-5 TRAINING MASL (FMS)

15-85

FIGURE 15-IV-5. Training MASL (FMS).

FIGURE 15-IV-6 CARD 1 AND 2 FORMATS

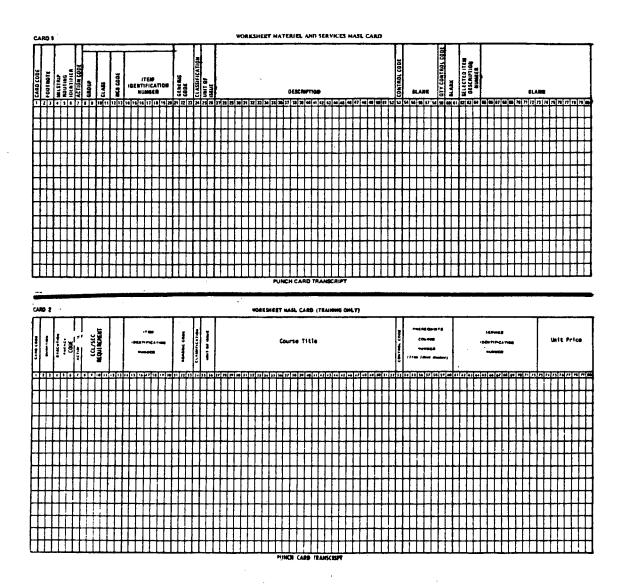


FIGURE 15-IV-6. Card 1 and 2 Formats.

TABLE 15-IV-1

ABBREVIATED TITLES USED IN THE MILITARY ARTICLES AND SERVICES LIST (MASL) OUTPUT REPORTS

<u>ABBREVIATED TITLES</u>. The following abbreviated titles are used in output products prepared from the MASL master file:

Meaning
Card Code
Ceiling Code
Federal Supply Class
Classification Code
Control Code
Title of Training Course
Description of the materiel item
Duration of training course
English Comprehension Level/Specialized English Training Requirement
Execution Agency Code
Footnote Code
Generic Code
Federal Supply Group
Item Identification Number
Major Defense Equipment Indicator Code
MILSTRIP Routing Identifier Code
National Codification Bureau Code

TABLE 15-IV-1. Abbreviated Titles Used in the MASL Output Reports.

15-87

Abbreviation	Meaning
PRE-REQ COURSE	Item Identification Number of prerequisite training course
SERVICE-ID NUMBER	Military service course identification number
SIDN	Selected Item Description Number
Q SISC	Selected Item Sequence Number and Quantity Control Code
UNIT PRICE	Training course cost
UI	Unit of Issue

TABLE 15-IV-1. (Continued)

*

APPENDIX A

.

ABBREVIATIONS AND ACRONYMS

	Α
AAO ACDA AECA AFAO AIASA AID AMEMB APOD ARC ASD ASD(C) ASD(ISA)	Authorized Acquisition Objective Arms Control and Disarmament Agency Arms Export Control Act, as amended Approved Force Acquisition Objective Annual Integrated Assessment of Security Assistance Agency for International Development American Embassy Aerial Port of Debarkation (Delivery) Adjustment Reply Code Assistant Secretary of Defense Assistant Secretary of Defense (Comptroller) Assistant Secretary of Defense (International Security Affairs)
ASD(ISP) ASD(A&L) ATMG AU AUTODIN	Assistant Secretary of Defense (International Security Policy) Assistant Secretary of Defense (Acquisition and Logistics) Arms Transfer Management Group Asset Use Automated Digital Network



2 C

В

BA	Budget Authorization
B/L	Bill of Lading
BO	Blanket Order
BOA	Basic Order Agreement

-
C
<u> </u>

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 Mintelligence Agency
LISNCIA CIP	Central (Intelligence Agency, Component Improvement Program (Engine) International Logistic

A-1 Change No. 7, 15 September 1986

CLO CLSSA CMS CONUS COOPLOG CPD CPL CPM CRA CRS CSP	Country Liaison Officer (Foreign Country Representative) Cooperative Logistics Supply Support Arrangements Contractor Maintenance Services Continental United States Cooperative Logistics Congressional Presentation Document Country Program Listing Country Program Manager Continuing Resolution Authority Congressional Research Service Concurrent (initial) Spare Parts	
<u></u>		7
	D	
DAO DAS	Defense Attache Office Defense Audit Service	
DATT	Defense Attache	*
DCAA	Defense Contract Audit Agency	(delet io n)
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 DIFS	Document Identifier Code 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	
DPSC	Defense Personnel Support Center (DLA)	
DRMS	Defense Reutilization and Marketing Service	
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 Participating Governments
ESF	Economic Support Fund
ETSS	Extended Training Service Specialist [formerly Engineering and
	Technical Service Specialist]

FAA FAD FAMJT FAPSS FAR F/F FFB FLO	Foreign Assistance Act of 1961, as amended Force Activity Designator Familiarization Job Training Foreign Affairs Planning and Scheduling System Federal Acquisition Regulation Freight Forwarder Federal Financing Bank Foreign Liaison Office (located within CONUS)
FORDTIS	Foreign Disclosure & Technical Information 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)
FS0	Foreign Service Officer (Department of State)
FST	Field Service Team
FT0	Foreign Training Officer (U.S.)
FTS	Field Training Service
FYDP	Five Year Defense Program

	G	
GA GAO GBL GFAE GFE GSA GSE	Grant Aid General Accounting Office Government Bill of Lading Government Furnished Aeronautical Equipment Government Furnished Equipment General Services Administration Ground Support Equipment	

A-3

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 LOI LOR	Letter of Offer and Acceptance Letter of Intent Letter of Request	
LTD	Language Training Detachment	

Change No. 8, 31 March 1987

,

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 your for the arisal Legoias
MOS	Mode of Shipment
MOU	Memorandum of Understanding
MPS	Military Postal Service
MTMC	Military Traffic Management Command
MTT	Mobile Training Team
• • •	

	Ν	
NACISA NAMSA NAMSO NAPR NATO NDP-1 NDPC NIIN NOA	NATO Communications and Information Systems Agency NATO Maintenance and Supply Agency NATO Maintenance and Supply Organization NATO Armaments Planning Review North Atlantic Treaty Organization National Disclosure Policy National Disclosure Policy National Item Identification Number Notice of Availability	*
NGA NSA NSC NSN	Notice of Availability National Security Agency National Security Council National Stock Number (replaces FSN)	

MISIL

DoD 5105.38-M

	0
A	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
0&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

	Ρ,
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
РКО	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 Quality Assurance Team	
QAT QTY	Quality Assurance ream Quantity	
QRR	Quarterly Requisition Report	

A-6

Change No. 7, 15 September 1986

1...

*

	·R	•
RAD R&D RCN RCO RDD RDT&E RIC ROD RSI RSN	Required Availability Date Research & Development Record Control Number Requisition Control Office (ILCO) Required Delivery Date Redistribution Order Research, Development, Test and Evaluation Routing Identifier Code Report of Discrepancy Rationalization, Standardization, Interoperability Record Serial Number	
	S	<u></u>
SA SAAC SAMAS SAO SAPRWG SATP SDAF SECDEF SME SOFA SPC SSA STANAG SVI	Security Assistance Security Assistance Accounting Center Security Assistance Manpower Accounting System Security Assistance Organization Security Assistance Program Review Working Group Security Assistance Training Program Special Defense Acquisition Fund Secretary of Defense Significant Military Equipment Status of Forces Agreement Strategy and Planning Committee Security Supporting Assistance Standardization Agreement (NATO) Single Vendor Integrity	
	Τ	••••
TAC TAFT TAT TBC TCN TDP TLA TO TOA TOR	Type of Address Code Technical Assistance Field Team Technical Assistance Team Transportation Bill Code Transportation Control Number Technical Data Package Travel and Living Allowance Technical Order Total Obligational Authority Terms of Reference	· · · ·

,

DoD 5105.38-M

	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	àt	this	time	.]
--	-------	----	------	------	----

	W
WCN WPOD	Worksheet Control Number Water Port of Discharge
WSCN	Worksheet Control Number

Х

[None at this time.]

Y

[None at this time.]

Z

[None at this time.]

A-8

APPENDIX B

GLOSSARY OF SELECTED TERMS

Α

<u>Acceptance Date</u> - 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.

<u>Accepted Case</u> - 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 "LØO" for all types of accessorial costs.

<u>Acquisition Value</u> - 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.

<u>Arms Transfer Management Group (ATMG)</u> - 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.



B-1

<u>Arms Transfers</u> - 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.

<u>Asset Use Charge</u> - 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.

<u>Attrition</u> - 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.

В

<u>Billing Statement</u> - 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.

<u>Budget Year</u> - The fiscal year following the current fiscal year; the subject of new budget estimates.

С

<u>Cancelled Case</u> - 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.

<u>Case</u> - 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). <u>Case Amendment</u> - An amendment of a case document on a DD Form 1513-1 which constitutes a contracted scope change to an existing DD Form 1513.

<u>Case Description</u> - A short title specifically prepared for each FMS case by the implementing agency.

<u>Case Designator</u> - 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.

<u>Case Identifier</u> - 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.

<u>Case Modification</u> - 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.

<u>Cash Prior to Delivery</u> - 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.

<u>Cash Sales (DoD)</u> - 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.

<u>Cash with Acceptance</u> - 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.

<u>Closed Case</u> - 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.

<u>Co-Development</u> - A development project to which more than one government contributes efforts or resources.

<u>Collection</u> - 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.

<u>Commercial Sale</u> - Sale made by U.S. industry directly to a foreign buyer which is not administered by the DoD through FMS procedures.

<u>Commercial-Type Items</u> - 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.

<u>Commitment</u> - 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.

<u>Commodity Group</u> - A grouping or range of items which possess similar characteristics, have similar applications, or are susceptible to similar supply management methods.

<u>Completed Case</u> - A delivered FMS case for which all collections have been completed, but for which accounting statement has not been furnished the purchaser.

<u>Concurrent Spare Parts (CSP)</u> - Spare parts programmed as an initial stockage related to a major item and normally delivered concurrently with the delivery of the major item.

<u>Congressional Presentation Document (CPD)</u> - The document presented annually to Congress, describing the proposed Military Assistance and Foreign Military Sales programs for Congressional authorization and appropriation.

<u>Consolidated Data Report (CDR)</u> - 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.

<u>Constructive Delivery - FMS</u> - 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.

<u>Constructive Delivery - MAP</u> - 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.

<u>Continuing Resolution Authority (CRA)</u> - 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.

<u>Cooperative Logistics</u> - 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, codevelopment, 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 knowhow 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]

<u>Credit Guaranty</u> - 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]

<u>Defense Information</u> - 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]

<u>Defense Service</u> - 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]

<u>Defined Order Case</u> - These cases are characterized by separately identified Tine items on the DD Form 1513.

<u>Delivered Case</u> - 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.

<u>Delivery</u> - 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.

<u>Delivery Commitment Date</u> - The date negotiated in the DD Form 1513 for complete delivery of the total quantity of the line item.

<u>Delivery Forecast</u> - 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]

<u>Designated Country Representative</u> - 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.

<u>Disclosure Authorization</u> - 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.

<u>Disposable MAP Property</u> - 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.

<u>Diversion</u> - Any deliberate action that causes materiel to be delivered to other than the original intended recipient.

<u>DoD Direct Credit</u> - 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.

<u>Dollar Value Line</u> - 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).

<u>Dual Production</u> - 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).

Ε

<u>Economic Support Fund</u> - 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]

<u>Eligible Recipient (FMS)</u> - 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]



B-7

<u>Eligible Recipient (MAP)</u> - 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 nonexclusive 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.

<u>Five Year Defense Program (FYDP)</u> - 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.

<u>Foreign Military Trainees (FMT)</u> - Foreign military and associated civilian defense personnel receiving training under the Foreign Military Sales or International Military Education and Training Programs.

G

<u>General Program Costs</u> - 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."

<u>Generic Code (GC)</u> - A code which represents the type of materiel or services according to budget activity/project account classification.

<u>Grant Aid (Military)</u> - 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.



Ι

<u>IMET Order</u> - The funding document issued by DSAA that identifies the fund source for each program line of a country program (IMET program).

<u>Implementation Date</u> - The date when supply action on an FMS case is initiated or directed by the implementing agency.

<u>Implementing Agency</u> - The Military Department responsible for the execution of Grant Aid and FMS Programs.

<u>Initial Deposit</u> - 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]

<u>International Military Education and Training Program (IMET)</u> - 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)

<u>Investment Cost</u> - 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.

<u>Joint Strategic Planning Document (JSPD)</u> - 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.

<u>Lease</u> - 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.

L

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.

<u>Loan</u> - 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.

М

<u>MAAG (Military Assistance Advisory Group)</u> - 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). <u>Maintenance Float</u> - 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.

<u>Major Defense Equipment</u> - 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.

<u>Major Item (Line)</u> - 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).

<u>MAP Assets</u> - Materiel for which title has been transferred to MAP ownership, but not to a recipient country or organization.

<u>MAP Element</u> - 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.

<u>Military Articles and Services List (MASL)</u> - 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.

<u>Military Assistance Program (MAP)</u> - 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.

<u>Military Civic Action</u> - 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]

<u>Military Export Sales</u> - 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.

<u>MILSBILLS (Military Standard Billing System)</u> - 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]

<u>MILSTEP (Military Supply and Transportation Evaluation Procedures)</u> - 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]

<u>MIMEX Offers</u> - 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.

<u>Munitions List</u> - The U.S. Munitions List is an enumeration of defense articles and defense services in the International Traffic in Arms Regulation (ITAR).

0

<u>Obligational Authority (under FMS)</u> - 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.

<u>Obligations</u> - 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.

<u>Offer Date</u> - 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.

<u>Open Sales Case</u> - 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.





<u>Open Sales Offer</u> - An FMS offer made to a foreign buyer which is pending acceptance.

<u>Operation & Maintenance Costs (O&M Costs)</u> - 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.

Ρ

<u>Paramilitary Forces</u> - Forces or groups which are distinct from the regular armed forces of any country, but resembling them in organization, equipment, training, or mission.

<u>Personal Property</u> - 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)

<u>Pipeline</u> - 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.

<u>Planning and Review (P&R) Data</u> - 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.

<u>Planning, Programming, Budget System (PPBS)</u> - An integrated system for the establishment, maintenance, and revision of the Five Year Defense Plan (FYDP) and the DoD budget.

<u>Price and Availability (P&A) Data</u> - 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.

<u>Program Line</u> - A single line of data representing a requirement for articles or services in a military assistance program.

<u>Progress Payments</u> - 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.

<u>Purchase Approval</u> - 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	
L	

<u>Reappropriation</u> - 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.

<u>Record Serial Number</u> - A code which identifies a detail line item on the DD Form 1513. This code is perpetuated in the DD Form 645.

<u>Recoupments (MAP)</u> - 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.

<u>Redistributable MAP Property</u> - 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.

<u>Reimbursements (MAP)</u> - Funds realized from the sale of returned MAP owned property, such funds being deposited to MAP accounts and available for programming.

S

<u>Secondary Item Line</u> - 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.

<u>Security Assistance</u> - 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]

<u>Security Assistance Organization (SAO)</u> - This term emcompasses 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.

<u>Services, Defense</u> - 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 Military Equipment (SME) - Defense articles and services on the U.S. Munitions List in the International Traffic in Arms Regulation (ITAR) which are preceded by an asterisk. SME are articles which required special export controls "because of their capacity for substantial utility in the conduct of military operations." [Federal Register, Vol. 45, No. 246]

<u>Supply Operation Costs</u> - 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

<u>Total Obligation Authority (TOA)</u> - 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.

<u>Training</u> - 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]

<u>Trust Fund (FMS)</u> - 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

<u>Unaccepted Case</u> - 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, except as otherwise provided in Section 21(a), FAA, 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 Federal Acquisition Regulation Supplement

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 Employees in Overseas Areas

DoD Instruction 1400.10 - Employment of Foreign Nationals in Foreign Areas

DoD Instruction 1400.11 - Payments to Civilian Employees and their Dependents During an Evacuation

DoD 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

5530,3 DoD Instruction 2050.1 - **Delegated Approval** Authority to Negotiate and Comcitude 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 Rrepublic 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



Change No. 2, 2 Jan 1985

C-2



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. <u>PURPOSE</u>. 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. <u>DESCRIPTION</u>. 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. <u>Acceptance Fiscal Year/Quarter - 1200 System</u>. 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. <u>Advance Notification to Congress Date - 1200 System</u>. 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. <u>Area Code - All Systems</u>. 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:

CodeMeaning1East Asia and Pacific (EAP)2Near East and South Asia (NESA)3Europe and Canada (EUR)4Africa (AFR)5American Republics (Latin America) (AR)6Non-Regional (NR)

6. <u>Availability Reporting Quarter - 1000 System</u>. 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. <u>Cancellation Date - 1200 System</u>. A six position numeric code expressed in a YYMMDD format, which reflects the calendar date the LOA (or request for LOA) was actually cancelled.

8. Card Code/Transaction Type.

a. 1000 System. A single digit alpha or numeric code which identifies each card or card image that can be used in the updating of data in the 1000 system.

Code	Meaning	
3	MAP Program addition/amendment transaction (Defense Articles and Services)	*
4	Training Program addition/amendment (IMET and FMS)	*
8	MAP Delivery transaction (Defense Articles and Services)	*
Ρ	MAP change transaction (Defense Articles and Services)	*
Q	Training change transaction (IMET and FMS)	*
R	MAP/Training program deletion (Defense Articles and Services, IMET, FMS)	*

b. Transaction Type - 1200 System. A two position code assigned to each card or card image used in the 1200 System data base. The first digit is a constant "S" (system code) and is used to distinguish data in the 1200

D-2

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.

Code Meaning

- 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. <u>Military Articles and Services List (MASL) - 1000/1200 System</u>. The following cards or card images are approved for use when processing data to the MASL data base:

D-3

Code Meaning

- 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-O ----- Trailer cards used in the Materiel MASL to add supplemental data and/or a brief description to a record.

Change No. 2, 2 Jan 1985

*

9. <u>Case Amendment Number - 1200 System</u>. 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 though 99.

10. <u>Case Description - 1200 System</u>. 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. <u>Case Designator - 1200 System</u>. 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. <u>Case Establishment Date - 1200 System</u>. 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. <u>Case Identifier - 1200 System</u>. 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. <u>1000 System</u>. 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:

Code Explanation

A ----- Department of the Army

C ----- Coast Guard

F ----- Department of the Air Force

J ----- Department of the Air Force (Headquarters and

Foreign Military Training Affairs Group - IMET)

K ----- Marine Corps

N ----- Department of the Navy

S ----- Defense Security Assistance Agency (DSAA)

U ----- Unified Command

b. <u>1200 System</u>. Change originator codes identify the organization originating a change (add, change or delete) in the 1200 system.

Code Meaning A ----- Department of the Army C ----- Department of the Navy (CNO) F ----- Department of the Air Force J ----- Department of the Air Force (Hdqtrs) M ----- Department of the Navy (Naval Materiel) (Deletion) 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. <u>Classification Code</u>. An alphabetic code assigned by the cognizant MILDEP or Agency which designates the Security classification of that particular line item.

<u>Code</u> <u>Classification</u> C ----- Confidential D ----- Confidential-classified for national defense purposes U ------ Unclassified

16. <u>Closure Date - 1200 System</u>. 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. <u>Commercial Item - 1000 System</u>. The use of a numeric "1" in column 53 of the <u>Materiel Card 3 indicates DSAA</u> prior approval of a commercial type item. (See Chapter 11 for detailed instructions on the programming of commercial type items.)

18. <u>Commitment Code - 1000 System</u>. 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. <u>Communications/Ancillary Item/Concurrent Spare Parts Code - 1000</u> <u>System</u>. 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.

D-5

DoD 5105.38-M

Explanation

Code

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. <u>Completed Line Item Code - 1200 System</u>. 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. <u>Condition Code - 1000 System</u>. 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. <u>Congressional Approval Date - 1200 System</u>. A computer generated six position numeric code expressed in a YYMMDD format which reflects the final date of the statutory Congressional review period for a 36(b) case. This date is based on the statutory notification date that a 36(b) was forwarded to Congress.

23. <u>Congressional Year of Interest - 1200 System</u>. A two position numeric code, generated by the computer, which reflects the probable fiscal year projected for an FMS or FMCS case acceptance.

24. <u>Congressional Notification Transmittal Number - 1200 System</u>. 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. <u>Construction Indicator - 1200 System</u>. A single digit alpha code entered in case transactions or generated by the computer to identify a Foreign Military Construction Sale, FMCS.

D-6

26. <u>Continuing Resolution Authority (CRA) Code - 1000 System</u>. 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.)

Code	Amount Required
0	None
1	10%
2	20%
2 3	30%
4	40%
5	50%
6	60%
7	70%
8	80%
9	90%
Т	Total
Μ	Used for prior years
0(alpha	

27. <u>Control Code - 1000/1200 System</u>. A alphabetic code assigned to all MASL data. All material MASL records are distinguished by a Code of "K" which is entered in card column 53 of the card 1 format. All training records contain a code based on the type of training (i.e., IMET, FMS, FMS/IMET, or FMS-NATO) and the PY.

28. <u>Cost Code - 1000 System</u>. 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. <u>Country/Activity Code - All Systems</u>. 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. <u>Customer Within Country Code - 1000 System</u>. 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.

Department Directive

Army ------ Army Regulation No. 725-50 Navy ----- NAVSUP Publication 437 "MILSTRIP/MILSTRAP" Air Force --- DoD 4140.17M

32. <u>Delivery Commitment Date - 1200 System</u>. 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. <u>Delivery Forecast Date - 1200 System</u>. 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. A code which indicates that an IMET policy waiver applies to the line of training. The following represent the applicable codes:

- B -- Books and Publications (non-English language)
- C -- Civilian Student
- G -- Postgraduate/Degree Related Training
- H -- High Cost Training (tuition costs exceeds \$25,000)
- L -- Training with Duration Less than 8 Weeks
- M -- Mobile Training Teams (MTTs) and Field Training Services (FTS)
- 0 -- Orientation Tours
- R -- Other Waivers
- S -- Combined Strategic Intelligence Training Program (Air Force unique).

35. <u>Duration Code - 1000 System</u>. 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.

Code	Weeks
AO-A9 BO-B9 CO-C9 DO-D9 etc.	100-109 110-119 120-129 130-139

[This space left blank intentionally.]

[This page left blank intentionally.]

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.)

CodeMeaningA ------Naval Defense Forces (CINCS only)B ------Civil ActionC -------Internal SecurityD -------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.)

Code	
Ā	Army
D	DPDS flyer
F	Air Force
L	DPDS listing
Ν	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. <u>Fiscal Code - 1000 System</u>. A single digit numeric code used to identify the fund source for each program line. For example:

Code	Meaning
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. <u>Funding Date/Case - 1000 System</u>. This data element is used in the IMET detail training records to indicate the date by which the individual training line must be funded. The date is entered by the appropriate Military Department in a MM/DD format. In the FMS training records the second, third and fourth digits of this data element are used to record the FMS case designator.

46. Funding Priority Code - 1000 System. The funding priority code identifies the order in which materiel items and services (groups of interrelated items and services) are to be funded in the event limited funds are available. All program lines other than training and supply operations must contain this code. The code consists of two alphabetic characters indicating the sequence of funding. For example:

Funding Priori	ty	Code
1		AA
3		AC
26	•	AZ
27		BA

47. <u>Generic Code - All Systems</u>. 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.

> Code Meaning A ----- Aircraft R ----- 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. <u>IMET Order - 1000 System</u>. The document issued by DSAA which authorizes and directs the furnishing of military training to the designated IMET recipient. The IMET order identifies the fund source for each program line (FY 1984 funding is indicated by a "4" in the fiscal code -- column 71).

50. IMET Order Adjustment - 1000 System. This data element contains the last two positions of the latest IMET order number that either funds, unfunds, or modifies an IMET record.

51. Implementing Agency (IA) Code.

a. <u>1000 System</u>. 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.

Code

Meaning

B ----- Department of the Army

D ----- Department of the Air Force

P ----- Department of the Navy

S ----- Office Secretary of Defense

b. <u>1200 System</u>. A single digit alpha code identifying the Military Department or agency which has made the sale on behalf of the U.S. Government.

Code

Meaning

B ------ Department of the Army D ------ Department of the Air Force 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 ------ 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:

Code

Explanation

В	********	Purchased quantity or delivered quantity is inconsistent with the unit of issue code in the MASL.
Ε		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.
М		The item detail record is unmatched to the materiel MASL
		or generic code and NSN.
Ρ		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 material portion of MAP to identify the interval between the initiation of a procurement request and receipt of an item in the supply system.

	Code	Lead	Time	Explanation
	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.
	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. <u>Major Defense Equipment (MDE) Indicator - MASL</u>. 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.

MAP Element Code - 1000 System. A four digit code that defines 60. 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 O (not the letter O). An alpha may be substituted for the zero in the fourth digit when it is necessary to relate programmed requirements to specific force units or when specific unit identification is of particular importance to decision-making and control over program execution. The structure of the MAP Element Code is shown in Table D-8 of this appendix.

	ode	Meaning
2		Air and Missile Defense Forces
3		General Purpose Forces
		Airlift and Sealift Forces
5		Reserve Forces
6		Research and Development
7		General Support

For Section 506(a) Presidential Determinations, the four digits of the MAP Element Code will reflect the number of the appropriate Presidential Determination as shown in table D-8 of this appendix.

61. <u>Method of Funding - 1000 System</u>. A numeric code assigned only by the DSAA and indicates the following:

Code	2	Meanir	ıg					
0	-	No func	ls requi	red				
1		.001 fu	ind appro	opriat	tion			
2		.002 fu	ind appro	opriat	tion			
3		.003 fu	ind appro	opriat	tion	,		
4			t Author					
5				than	those	appropriations	used	for
		MAP/1	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.

CodeMeaningA, B, or WArmyM, N, or PNavyD or FAir ForceSOSDYDepartment of State

63. <u>National Codification Bureau Code (NCB) - All Systems</u>. 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:

Code	Country
00	United States
01	United States
11	NATO
12	Germany
13	Belgium
14	France
15	Italy
17	Netherlands
21	Canada
22	Denmark
23	Greece
24	Iceland
25	Norway
26	Portugal
27	Turkey
28	Luxembourg
29	Argentina
30	Japan
31	Israel
32	Singapore
66	Australia
66	Australia
98	New Zealand
99	United Kingdom

64. <u>National Item Identification Number (NIIN) - All Systems</u>. 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. <u>National Stock Number (NSN) - All Systems</u>. 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. <u>Obligation Authority Date (Implementation Date) - 1200 System</u>. 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. <u>Prerequisite Course Number - 1000 System</u>. 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. <u>Program Directive Date - 1200 System</u>. 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.

Code	Meaning
B	- SA (Army)
C	- SA (Coast Guard)
P	- SA (Navy)
D	- SA (Air Force)
	- SA (Marine Corps)
S	- OSD
Τ	- SA (Joint Service)
Χ	- 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. <u>Reason for Change Code - 1000 System</u>. This code is used to identify the purpose of the change to a MAP, IMETP, or FMS training program record. The following represent the codes that should be used by the MILDEPS in transactions submitted to the DSAA:

Code	Meaning
B4	Add/Change/Delete action to a programming line currently in unfunded status
D4	Change/Delete action to a programming line currently in funded status
Р3	Deviation action used to prevent the computer from performing standard computations (i.e., (unit price + TLA) x Qty). The line must be deleted and re-submitted in order to remove the P3 (e.g., used to reflect penalties).

The following codes will be used only by the DSAA:

- M3 Change/Delete transaction generated as a result of a MASL change/delete action. These changes are generated only for unfunded status lines.
- S1 Add/change/delete action taken for funding/ management purposes.

76. <u>Record Control Number (RCN) - 1000 System</u>. 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:

DoD 5105.38-M

AAOO through AZ99 - Reserved for DSAA. Use of any RCN in this block requires DSAA approval.

- BA00 through DZ99 This block may be used by anyone desiring to enter an RCN in their initial submission.
- 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.

NAOO through ZZ99 - Reserved by the DSAA for computer assignment.

77. <u>Record Serial Number - 1200 System</u>. A three position alpha/numeric code assigned by the IA and used to identify individual item records within a FMS or FMCS case.

78. <u>Requirements Priority Code - 1000 System</u>. A code assigned by the * SAO to identify the importance of an individual student's training within a * country's training program. The valid codes are "A" through "E" with "A" as * the highest priority and "E" as the lowest.

79. Selected Item Description Number/Selected Item Sequence Number and Quantity Control Code - All Systems. The Selected Item Description Number is a three digit numeric code assigned by DSAA to each materiel MASL line and appears in columns 62-64 of the Materiel MASL Card 1. This code does not appear in program listings or program 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 columns 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. <u>Service Course Identification Number - 1000 System</u>. 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.

Code	Meaning		
E	Ground Support Equ Equipment Attachme Concurrent (initia	ents	rts (CSP)

83. <u>Special Supply Procedures Code-1000 System</u>. 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>Co</u>	ode	Explanation
A		A MIMEX transaction. Indicates item is on a refined shortfall list.
С		This line is included in a government-to-government commitment.
		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.
		A PAMEX transaction.
R		Item was located in Thailand prior to delivery.
		A SIMEX transaction.
		A MIMEX transaction. Indicates item is on the country gross shortfall but is not included on the refined short fall list.
۷		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. <u>State Department List Date - 1200 System</u>. 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. <u>1000 System</u>. A single digit alpha code used to indicate the approval, funding or deferral action of a program line.

<u>Code</u> <u>Explanation</u>

A ----- Approved Requirement. Implementation is not authorized until a MAP or IMET Order is issued and financed. D ----- Deferred by MILDEP

D-19

**

Code	Explanation
F	Funded requirement which has been released via MAP/IMET Order for implementation.
S	Deferred by DSAA.
U	Item is posted to the master program file indicating a requirement over and above the ceiling of the program currently approved by the Secretary of Defense.

b. <u>1200 System</u>. 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. <u>Student Code - 1000 System</u>. A single digit alpha code designating the civilian or military category of students as follows:

Code	Meaning

Senior Officer
Officer
Civilian
Enlisted
Interpreter - Officer
Interpreter - Enlisted
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. <u>Sub-Agency Code - 1200 System</u>. 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. <u>Summary Control Record (SCR) Serial Number -1200 System</u>. 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. <u>Supply Completion Date - 1200 System</u>. 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. <u>Travel and Living Allowance (TLA) Command - 1000 System</u>. A single digit code used by the Army to indicate the command to receive the TLA funds.

94. <u>Transaction Type - 1200 System</u>. (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-11 of this appendix.)

96. Under DoD Preparation Receipt Date (DSAA Operations) - 1200 System. A six position numeric code expressed in a YYMMDD format, which reflects the date of receipt in the DSAA, Operations Directorate of a 36(b) sale or a potential 36(b) sale.

97. Under DoD Preparation Receipt Date (DSAA Comptroller) - 1200 System. A six position numeric code expressed in a YYMMDD format, which reflects the date of receipt from the Military Department/IA of an advance Congressional notification of a potential 36(b) sale.

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.

Code Meaning

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 code which identifies an individual student or service (unique within MILDEP). The first four positions of the code represent the student or service and the last position identifies the student's sequence of training, if more than one applies. [See Chapter 10, paragraph L.4.c.(1) for additional guidance.]

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.

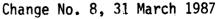


TABLE D-1

ACTION CODE - 1000 SYSTEM

C	ard Code	Action Code	Meaning		
4. <u>C</u>	HANGES MEC	HANICALLY REJE	CTED		
		(Change wa	s rejected during edit)		
3-4-P-	Q-R	Y	Card not properly prepared or does not match MASL.		
		(Change wa	s 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 lin		
P-Q D		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.		
(Chang a prev	e was reje ious chang	cted because t e against same	the system cannot process a proposed change wh program line is still pending.)		
P-Q		G	Proposed delete is rejected because an ad delete, or change is pending.		
P-Q		н	Proposed change is rejected because an ad change, or delete is pending.		
P-R		Q	Proposed decrease or deletion is rejected because delivery has been reported.		
B. C	HANGES PRE	SENTED TO PROG	RAM MANAGER FOR DECISION		
·		Α	Change approved for entry in Master File.		
3-4-R					

TABLE D-1. ACTION CODE - 1000 SYSTEM. [Page 1 of 2]

!

Card Code	Action Code	Meaning
	has suspended	action. Do not submit additional changes until
3-4-R	В	Delete Pending
3-4-R	C	Change pending (record after change has been applied)
3-4-R	D	Change pending (record before change has been applied)
3-4	Ε	Addition pending
(Program manager action taken.)	has taken a di	fferent action. Look at program amendment for
3-4-R	F	Proposed delete, superseded by an approved change
3-4-R	J	Proposed change, superseded by approved delete (2 cards).
3-4-R	K	Change approved, but in modified form (2 cards).
3-4	N	Add approved, but in modified form.
(Proposed change line)	reflected a r	eduction in excess of the dollar value of the
P-Q	S	Proposed change has been modified to reflect reduction equal to the existing dollar value of the program line.
C. CODES TO FAC	CILITATE MACHIN	E IDENTIFICATION AND PROCESSING
(These codes app an approved item)	ear on MAP; IM)	ET Order cards only, and consequently indicate
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]

D-24

Change No. 2, 2 Jan 1985

TABLE D-2

COMMITMENT CODE - 1000 SYSTEM

Code

Commitment

- 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-3CONDITION CODE - 1000 SYSTEM

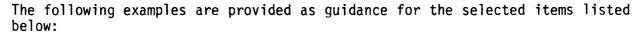
		·	
Code	Title	Explanation	
Α	Serviceable (issuable without qualification)	New, used, repaired, or reconditioned materiel which is serviceable and issuable to all customers without limitation or restriction.	
В	Serviceable (issuable with qualification)	New, used, repaired, or reconditioned materiel which is serviceable and issuable for its intended purpose but which is restricted from issue to specific units, activities, or geo- graphical areas by reason of its limited usefulness or short service life expectancy.	
C	Serviceable (test modifi- cation)	Items which are serviceable and issu- able 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, con-version or disassembly.	
E	Unserviceable (limited restoration)	Materiel which involves only limited expense or effort to restore to serviceable condition and which is ac- complished 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 repara- ble 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.	
			the second second second second second second second second second second second second second second second se

TABLE D-3. CONDITION CODE - 1000 SYSTEM.

TABLE D-4 COST CODE - 1000 SYSTEM.

Cost Category

- Ι 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.



Requirement	Investment	Operating
Materiel:		
Ammo components or raw materiels:		
For local manufacture tng ammo	-	Х
For local manufacture W/R ammo	Х	-
For Ammo maintenance	-	Х
Class IV mods	-	Х
Class V mods	Х	-
Component of an aircraft, missile, Aircraft Con-		
trol and Warning System (AC&W), fire control,		
communication or other system investment.	Х	-
Equipment attachments		
Replacement of ships	Х	-
Replacement of attrition losses	X	-
UN Forces support in Korea	-	Х
Services:		
Contract technicians and contract services:		
Associated with introduction of investment items	s X	-
Construction	X	-
Ship overhauls	X	-
Training:	X	
Training (Generic Codes N-10 through N-30)	х	_
Training Support (Generic Codes N-60 through N-70)		x
Training Support (deneric codes N=00 through N=70)	-	۸

TABLE D-4. COST CODE - 1000 SYSTEM.





Code

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 Australia	AR	SO PA	AR EAP
Austria	AU	EU	EUR
Austria	AU	LU	LOK
Bahamas	BF	SO	AR
Bahrain	BA	CE	NESA
Bangladesh	BG	PA	NESA
Barbados	BB BE	AT EU	AR EUR
Belgium Belize (UK)	BH	SO	AR
Benin	DA	EU	AFR
Bermuda (UK)	BD	SO	AR ·
Bhutan	BT	. PĂ	NESA
Bolivia	BL	SO	AR
Botswana	BC	EU	AFR
Brazil	BR	SO 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 PA	AR EAP
China Colombia	CH CO	SO	AR
Comoros	CR	PA	AFR
Congo	CF	EÜ	AFR
Costa Rica	CS	SO	AR
Cuba	CU	50 S0	AR
Cyprus	ČŸ	ĔŬ	EUR

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





Change No. 5, 1 September 1985

.



Country	Code	Unified Command Cognizance	Area/Congres- sional Grouping
Jenmark	DE	EU	EUR
Djibouti	DJ	CE	AFR
Dominica	DO	AT	AR
Dominican Republic	DR	AT	AR
Ecuador	EC /	S0	AR
Egypt	EG	CE	NESA
El_Salvador	ESÍ	S 0	AR
Equatorial Guinea	EK	EU	AFR .
Ethiopia	ET	CE	AFR
Falkland Islands (UK)	FA	SO	AR
-iji	FJ	РА	EAP
inland	. FI	EU	EUR
France	FR	EU	EUR
French Guiana (FR)	FG	SO	AR
French Polynesia (FR)	FP	PA	EAP
Gabon	GB	EU	AFR
Gambia	ĠA	EU	AFR
lermany (Bonn)	GY	EU	AFR
Ghana	GH	ĒŪ	AFR
Gibraltar (UK)	GI	ĒŬ	EUR
Greece	ĞŔ	EU	EUR
Greenland (DEN)	GL	SO	AR
arenada	GJ	AT	AR
Guadeloupe (FR)	GP	SO	AR
Guatemala	GT	SO	AR
Guinea	GV	EU	AFR
Guinea-Bissau	PU	EU	AFR
auyana	GU	SU	AR
Haiti	НА	AT	AR
Honduras	HO	SO	AR
Hong Kong (UK)	HK	PA	EAP
long kong (uk)	ПК	r K	LAF
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
	IV		AFR

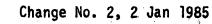
TABLE D-5. (Continued) [Page 2 of 7]





Country	Code	Unified Command	Area/Congres-	
country		Cognizance	sional Grouping	
Jamaica	JM	AT	AR	
Japan	JA	PA	EAP	
Jordan	30 0	CÊ	NESA	
oor dan	00	UL UL	NLSA	
Kampuchea (Cambodia)	СВ	PA	EAP	
Kenya	KE	CE	AFR	
Kiribati	KR	PA	EAP	
Korea (Seoul)	KS	· PA	EAP	
Kuwait	KŬ	CE	NESA	
			-	
Laos	LA	РА	EAP	
Lebanon	LE	EU	NESA	
Lesotho	LT	EU	AFR	
Liberia	LI	ĒŬ	AFR	
Libya	ĹŶ	EU	NESA	
Liechtenstein	ĹŠ	ĒŬ	EUR	
Luxembourg	LX	EU	EUR	
· · · · · · · · · · · · · · · · · · ·				
facau (PORT)	МС	PA	EAP	
ladagascar	MA	PA	AFR	
Ma lawi	MI	EU	AFR	
Malaysia	NF	PĂ	EAP	
Maldives	MV	PA	NESA	
Mali	RM	EU	AFR	
Malta	MT	ĔŬ	EUR	
Martinique (FR)	MB	SO	AR	
Mauritania			AFR	
	MR	EU		
Mauritius	MP	PA	AFR	
Mexico	MX	SP	AR	
Monaco	MN	EU	EUR	
Mongolia	MG	PA	EAP	
Montserrat (UK)	MH	SO	AR	
Morocco	MÖ	EU	NESA	
Mozambique	MZ	EU	AFR	
· · · ·		 .		
Nambia	WA	EU	AFR	
Nauru	NR	PA	EAP	
Vepa 1	NP	PA	NESA	
Netherlands	NE	EU	EUR	
Netherlands Antilles (NE)	NÅ	SO	AR	
New Caledonia (FR)	NC	PA	EAP	
New Zealand	NZ	PA	EAP	
Nicaragua	NU	SO	AR	
Niger	NK	EU	AFR	
Nigeria	NI	ĔŬ	AFR	
Niue	NQ	PA	EAP	
Norfolk Islands (AUST)	NÇ	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	S 0	AR
Papua-New Guinea	PP	PA	EAP
Paraguay	PA	SO	AR
Peru	PE	SÖ	AR
Philippines	PI	PA	EAP
Pitcairn (UK)	PĈ	PA	EAP
Portugal	PT	EU	EUR
Qatar	QA	CE	NESA
Reunion (FR)	RE	EU	AFR
Romania	RO	ĒŪ	AFR
Rwanda	RW	ĒŬ	AFR
San Marino	SM	EU	EUR
Sao Tome and Principe	TP	ĒŪ	AFR
Saudi Arabia	SR	CE	NESA
Senega 1	SK	EU	AFR
Seychelles	SE	PA	AFR
Sierra Leone	SL	EU	AFR
Ŝingapore	SN	PA	EAP
Solomon Islands	BP	PA	EAP
Somalia	S 0	CE	AFR
South Africa	UA	EU	AFR
Spain	SP	EU	EUR
Sri Lanka	CE	PA	NESA
St Christopher- Nevis	SC	АТ	AR
St Helena (UK)	SH	EU	AFR
St Lucia	ST	AT	AR
St Pierre and Miquelon (FR)	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	ΡΑ	EAP
Tanzania	TZ	EU	AFR
Thailand	TH	PA	EAP
Τοgo	TO	EU	AFR
Tonga	TN	PA	EAP
Trinidad-Tobago	TD	AT	AR
Tunisia	TU	ĘU	NESA

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



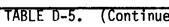
*

1

D-31

Change No. 8, 31 March 1987

Country	Code	Unified Command Cognizance	Area/Congres- sional Grouping
Turkey	ТК	EU	EUR
Turks and Caicos (UK)	TS	SO	AR
Tuvalu	ΤV	PA	EAP
Uganda	UG	EU	AFR
Union of Soviet Socialist Republics	UR	EU	EUR
United Arab Emirates	ТС	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 Somoa	WS	РА	EAP
Yemen (Aden)	YS	CE	NESA
Yemen (Sanaa)	YE	CE	NESA
Yugoslavia	YU	EU	FUR
Zaire	СХ	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)	Т3	NR	NR
Department of Defense General Cost - MAP	00	NR	NR
(GC-MAP)	22	NR	NR
East Asia/Pacific Region	R4	PA	EAP
European Participating	EP	NR	NR
Group F-16 Contract Administration Services (EPG F-16 CASEUR)	Lſ		
European Region	R2	EU	EUR
International Civil Aviation Organization (ICAO HQ)	Τ7	NR	NR
International Civil Defense Organization (ICDO HO)	Т8	NR	NR
MAP ICP-U.S. Army	D4	PA	NR
Logistics Depot, Japan (USALDJ)			
MAP Owned Materiel (MAPOM)	МЗ	NR	NR



(Continued) [Page 5 of 7]

* * *

~

Country	Code	Unified Command	Area/Co	
Country		Cognizance	STUIId I	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))	К9	NR	NR .	
NATO Aircraft Early Warning and Control (Ground Environment Interface) (NATO AEW+C GEI))	К8	NR	NR	د ۲
NATO Aircraft Early Warning and Control (Operations and Support Budget) (NATO AEW+C (O+S))	К7	NR	NR .	
NATO Headquarters	N6	NR	NR	
NATO Infrastructure	N5	NR	NR •	
NATO Communications and Information Systems Agency (NACISA)	К4	NR	NR	
NATO Maintenance and Supply Agency-General (NAMSA-General)	N4	NR	NR	
NATO Maintenance and Supply Agency-Nike Training Center (NAMSA-NNTC)	Кб	NR	NR	
NATO Maintenance and Supply Agency-F104 (NAMSA-F104))	К2	NR	NR	
NATO Maintenance and Supply Agency- HAWK and NATO HAWK Production & Logistics Office (NAMSA-HAWK & NHPLO)	N7	NR	NR	
NATO Maintenance and Supply Agency-Weapons (NAMSA-Weapons)	М5	NR	NR	

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

D-33

Change No. 7, 15 September 1986

Country	Code	Unified Command Cognizance	Area/Congres- sional Grouping
NATO Missile Fire Instal- lation (NAMFI)	N9	NR	NR
NATO Multi-Role Combat Aircraft (MRCA) Devel- opment & Prod. Agency (NAMMA)	К3	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 (NESA)	R3	EU	NESA
Organization of American States (OAS Hq)	A1	NR	NR
Panama Canal Area Military Schools (PACAMS)	11	SO	AR
SINAI Peacekeeping Force (Sinai Peace Force)	S2	NR	NR
South East Asia Treaty Organization (SEATO)	Τ4	NR -	NR -
Supreme Allied Commander Atlantic (SACLANT)	K5	NR	NR
Supreme Headquarters, Allied Powers, Europe (SHAPE)	A2	EU	EUR
United Nations (UN)	Т9	NR	. NR
NOTE: AT Atlantic Command CE Central Command		۰. ۱	

NOTE:	AT	Atlantic Command
	CE	Central Command
	EU	European Command
	PA	Pacific Command
	S0	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

· •

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

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

TABLE D-6

FOOTNOTE CODE - MASL

Code	Explanation
A	Availability associated with production capability.
В	No assets currently available for delivery to MAP. Available for future delivery only.
С	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.
н	Ancillary equipment must be programmed separately.
J	Spell out desired configuration in separate correspondence.
Κ	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:
	Implementing Agency MRI
	Army BY7 Navy NBZ

Air Force ----- FAO

L

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.

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.

TABLE D-6. FOOTNOTE CODE - MASL. [Page 1 of 2]

DoD 5105.38-M

Code Explanation 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. 2 W Special Navy requisitioning procedures apply. XX Items available for sales only. ΥÝ Items used in the FMS system not authorized for current programming.

TABLE D-6. (Continued) [Page 2 of 2]

D-36

Change No. 2, 2 Jan 1985

		Program_as:				
Generic	-			Major	Dollar	
<u> Code</u>	Description	Federal Supply (Classification	<u>Item</u>	Line	Remarks
A /	AIRCRAFT					
<u> </u>						
1	Combat Aircraft					
Α	Attack	FSC 1510		- X		
В	Bomber	FSC 1510		- X		
F	Fighter	FSC 1510		- X		
S	Anti-Submarine	FSC 1510		– X		
V	VTOL & VSTOL	FSC 1510		– X		
2	Ainlift Aincust				·	
2 C	<u>Airlift Aircraft</u> Cargo Transport	ESC 1510		v		
ι.	cargo transport	FSC 1510		- X		
3	Trainer Aircraft					
Т	Trainer	FSC 1510		- X		
	Valiantena					
4	Helicopters	FFC 1500		v		
A		100 2000				
н	Cargo TransportGeneral Purpose					
	Observation			••		
Š	Anti-Submarine					
с т	Trainer	100 1000		~		
บ่						
0	Utility	FSC 1520		- *		
5	Other Aircraft			-		
ε	Special Electronic	FSC 1515		– X		
	Installation					
G	Glider	130 1340		- X		
K	Tanker			- X		
L	Observation	100 1010		– X		
P	Patrol			- X		
U	Utility	FSC 1510		– X		
X	Research	FSC 1510		- X		
Z	Airship	FSC 1530		- X		

TABLE D-7

~

D-37

TABLE D-7.

GENERIC CODES - ALL SYSTEMS.

[Page] of 35]

		•		ram as:	
Generic			Major	Dollar	•
Code	Description	Federal Supply Classification	Item	Line	Remarks
	Modification of Aircraft			· v	
A B			 V	X	
D	CIASS V				
7 .	Aircraft Support Equipment				
A*	Ground Handling Equipment -	FSC 1730, 4920		X	
8*	Arresting Barrier and	FSC 1710		X ·	
	Barricade Equipment				
С* D*	Launching Equipment	FSC 1720		X	
D*	Specialized Trucks and	FSC 1740		X	
	Trailers (Including				
	Modifications)			× .	
					*
					* One dollar line provide
					for initial stockage and for follow-on.
					and for forlow-on.
9	Aircraft Spares and Spare Part	с			
Â	Gasoline Reciprocating	FSC 2810	X		
	Engines, Complete				•
8	Gas Turbines and Jet	FSC 2840	X		
-	Engines, Complete				
С	Aircraft Components,	FSC 16xx (except 1670), 1270, -		X	May include other FSG who
	Parts and Accessories	1280, 1290, 1377, 1560, 2620, 2	810		supplied for aircraft.
		(Components), 2840 (Components)	•		
	· · ·	2915, 2925, 2935, 2945, 2950, 2	995,		
		6340, 6605, 6610, 6615, 6620		·. ·	
		<i>.</i>			
B <u>MI</u>	SSILES				· · · · ·
1	Gound Launched Missiles		1. A 1.		
1				* .	
•	Class V Mods		X		
	C1033 4 MOUS		~		

TABLE D-7. (Continued) [Page 2 of 35]

Change No. 2, 2 Jan 1985

D-38

DoD 5105.38-M

	Program as:					
Generic Code	Description	Federal Supply (Maj Classification Ite		Remarks	
code	Description				Keinat K5	
в	Missile Shop Sets, Tes	t				
	Equipment, Trailers,					
	Vans, Mod Kits, Othe		~			
	Components and Suppo	ort				
	Equipment			××××××××××××××××××××××××××××××××××××××		
2 A	ir Launched Missiles					
	Missiles, Major Compon	onts				
				,		
	Missiles Shop Sets, Te	st				
	Equipment, Trailers,					
	Vans, Mod Kits, Othe					
	Components and Suppo					
	Equipment			X		
2 (on Lounghod Minsilos					
3 <u>S</u>	ea Launched Missiles	onts				
3 <u>S</u>	Missiles, Major Compon	ents,				
3 <u>S</u>	Missiles, Major Compon	ents,	>			
3 <u>S</u>	Missiles, Major Compon	ents,)	(
3 <u>S</u>	Missiles, Major Compon)			
3 <u>S</u>	Missiles, Major Compon Class V Mods)	(
3 <u>S</u>	Missiles, Major Compon Class V Mods Missile Shop Sets, Tes Equipment, Trailers, Vans, Mod Kits, Othe	t				
3 <u>S</u>	Missiles, Major Compon Class V Mods Missile Shop Sets, Tes Equipment, Trailers, Vans, Mod Kits, Othe	t				
_	Missiles, Major Compon Class V Mods Missile Shop Sets, Tes Equipment, Trailers, Vans, Mod Kits, Othe Components and Suppo	t r prt Equipment		x		
The alph	Missiles, Major Compon Class V Mods Missile Shop Sets, Tes Equipment, Trailers, Vans, Mod Kits, Othe Components and Suppo a codes indicated will	r r ort Equipment be used by the Military		x	ground launched	
The alph	Missiles, Major Compon Class V Mods Missile Shop Sets, Tes Equipment, Trailers, Vans, Mod Kits, Othe Components and Suppo	r r ort Equipment be used by the Military		x	ground launched	
- The alph	Missiles, Major Compon Class V Mods Missile Shop Sets, Tes Equipment, Trailers, Vans, Mod Kits, Othe Components and Suppo a codes indicated will	r r ort Equipment be used by the Military		x		
The alph	Missiles, Major Compon Class V Mods Missile Shop Sets, Tes Equipment, Trailers, Vans, Mod Kits, Othe Components and Suppo a codes indicated will or associated dollar 1	t r prt Equipment be used by the Military lines	Departments when subm	nitting MASL data for		
The alph	Missiles, Major Compon Class V Mods Missile Shop Sets, Tes Equipment, Trailers, Vans, Mod Kits, Othe Components and Suppo a codes indicated will or associated dollar 1 A. Nike	t r prt Equipment be used by the Military ines G. Pershing	Departments when subm N. Lance P. Stinger	nitting MASL data for		
- The alph	Missiles, Major Compon Class V Mods Missile Shop Sets, Tes Equipment, Trailers, Vans, Mod Kits, Othe Components and Suppo a codes indicated will or associated dollar 1 A. Nike B. Redeye	t r prt Equipment be used by the Military ines G. Pershing H. Entac	Departments when subm N. Lance	nitting MASL data for		
The alph	Missiles, Major Compon Class V Mods Missile Shop Sets, Tes Equipment, Trailers, Vans, Mod Kits, Othe Components and Suppo a codes indicated will or associated dollar l A. Nike B. Redeye C. Hawk	t r prt Equipment be used by the Military ines G. Pershing H. Entac J. Tow	Departments when subm N. Lance P. Stinger R. Chaparral	nitting MASL data for		

DoD 5105.38-M

 TABLE D-7. (Continued)
 [Page 3 of 35]

<u> </u>		Program as:				
Generic Code	Description	Federal Supply Classif	fication	Major Item	Dollar Line	Remarks
	odes indicated will be associated dollar line	used by the Military Depart	tments when	submitting	MASL data for	aïr launched
B. C. D.	Standard Arm Standard	F. Aerial Target Missile G. Maverick N. Falcon R. Sidewinder S. Bullpup	T. Phoen V. Corpor W. Sparro Y. Matado Z. AMRAAI	ral ow or		•
les or assoc K. L. P. Q. R.	ng codes will be used b ciated dollar lines Polaris Trident Terrier Tartar Harpoon Seasparrow	y the the military departme	ents when s	ubmitting M	ASL data for se	a launched missi-
	ones dification of Missiles	FSC 1520, 1550		X	х	
A Mu	ipurpose Missile Equipm Itipurpose Missile Equ Itipurpose Missile Equ	<u>pment (includes FAAR)</u> pment Parts (includes FAAR)	X	X	
A Gu	ile Spares and Spare Pa ided Missile Parts	rts FSG 14XX, FSC 1190, FSC 1336, 1337, 1338	1195, 4935	X X		

DoD 5105.38-M

TABLE D-7. (Continued) [Page 4 of 35]

D-40

1

	Program as:						
Generic	:			Major	Dollar		
Code	Description	Federal S	upply Classification	Item	Line	Remarks	
. .							
с <u>s</u> ғ	IPS						
•	·· · · ·						
1	Warships						
A	Destroyer (DD)	FSC 1905		X			
B		FSC 1905		X			
С	Ocean Escort (DE)	FSC 1905		X			
D	Light Aircraft Carrier (CVL)	FSC 1905		X			
E	Light Cruiser (CL)	FSC 1905		X			
F	Guided Missile Frigate	FSC 1905		X			
	-						
2	Amphibious Ships						
Α	Tank Landing Ship	FSC 1905		X			
В	Medium Landing Ship (LSM/						
	LSSL)	FSC 1905		X			
С	Medium Landing Ship, Rocket			n			
-	(LSMR)	FSC 1905		X			
D	Utility Landing Craft (LCU)-			Ŷ			
Ē	Transport (AKA/AP/APA/APC/			n			
-	APD)	FSC 1910	~~~~~~~~~~~~~~~~~~	X			
	N 0)	130 1910		~ ~		1	
3	Mine Warfare Ships						
Ă	Coastal Minelayer (MMC)	ESC 1005		Y			
B	Ocean Minesweeper (MSO)	FSC 1005		· ^			
Č				·			
D	Coastal Minesweeper (MCS)	L2C 1302		· ^			
U	Inshore Minesweeper	FSC 1905		v			
c	(MSI/MSB)						
E	Fleet Minesweeper (MSF)	FSC 1905		X			
G	Mine Countermeasure Support	FC0 1005		v			
	(MCS)	FSC 1905		X			
Н.	Auxiliary Mineplanter (YMP)	FSC 1905		X			
4	Patrol Ships						
A	Patrol Frigate (PF)			X			
B	Patrol Craft (PC)			X			
С	Patrol Craft Escort (PCE)	FSC 1905					

 TABLE D-7.
 (Continued)
 [Page 5 of 35]

D-4]

Generic		r			Program as: Major Dollar			
		- · · · · · · · · · · · · · · · · · · ·	Fadaus 1 Com		Major		Demoster	
<u> </u>	ode	Description	receral Supp	ly Classification	Item	Line	Remarks	
c	0	Datasl Cushest (DCM)	ESC 1005		v			
С	D	Patrol Gunboat (PGM)			÷			
	E	Seaward Defense Craft (SDC)	100 1000		÷			
	F	Fast Patrol Boat			× ×			
	G	Patrol Torpedo Boat (PT)	FSC 1905		X			
_		A		· · ·				
5	-	Auxiliaries and Craft	500 1005					
	A	Net Laying Ship (AN)			X			
	B	0iler (A0)	FSC 1915		X			
	С	Gasoline Tanker (AOG)			X			
	D	Fuel Oil Barge (YO/YSR)		***********************	X			
	£	Gasoline Barge (YOG)			X			
	F	Water Barge (YW)			· X			
	G	Light Cargo Ship (AKL)	FSC 1925		X X			
	. H	Auxiliary Ocean Tug						
		(ATA/ATR)	FSC 1925		X			
	κ	Submarine Rescue Ship (ASR)	FSC 1915		X			
	L	Seaplane Tender (AVP)	FSC 1925		X			
	Μ	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						
	4	Craft (LCVP)	FSC 1905		. X			
	R	Surveying Ship (AGS)	FSC 1925		. X			
	ŝ	Landing Craft Repair Ship	100 1920					
	5	(ARL)	FSC 1925 -		. X			
	т	Large Harbor Tug (YTB)	FSC 1925 -		. Ŷ			
	v.	Repair Ship (ARB)			Ŷ			
	Ŵ	Submarine Tender (AS)	FSC 1925 -		Ŷ			
		Floating Drydock (AFDL/SRD)			Ŷ			
	X 7	Miscellaneous Boats and	F3C 1950 -		••••••			
	2		FSG 19XX -		. X			
		Craft	L20 13YY -		• •			
	•	China Cuanaut Fauinment						
t	5	Ships Support Equipment			v			
	A	Ship Overhaul/Modernization/ Construction (In Country)			- X			

TABLE D-7. (Continued) [Page 6 of 35]

DoD 5105.38-M

١

D-42

Remarks
Remarks
e Parts for Comba es should be
mmed under Generi
BA.
4.

TABLE D-7. (Continued) [Page 7 of 35]

D-43

-	· · · ·	:			am as:	
Generic				Major	Dollar	
Code	Description	Federal S	upply Classification	Item	Line	Remarks
D 5 ·	Other Combat Vehicles					
Â	High Speed Tractors	ESC 2430		X		
B	Amphibious Land Vehicles			X		
č	Tank Mounted Bulldozers	FSC 2590				
E TA	CTICAL AND SUPPORT VEHICLES				A11	Spare Parts for
<u> </u>						ctical & Support
- 1	Semi-Trailers					hicles shuld be
Ā	Tank	FSC 2320		X		rogrammed under
B	Stake	FSC 2330		X		eneric Code K8A.
č	Van	FSC 2330		X		
Ď	Low Bed	FSC 2330		X		
Ē	Transporter	FSC 2330		X		
ž	Other Semi-Trailers	FSC 2330		X		
2	Trailers					
Â	Cargo	FSC 2330		Y		
B	Tank	FSC 2330		X		
č	Ammunition	FSC 2330		Y		
Ď	Fuel Service	FSC 2330		Ŷ		
Ĕ	Low Bed	FSC 2330		X X		
F	Flat Bed	FSC 2330		Ŷ		
G	Bolster	FSC 2330		×		
-		FSC 2330		· ^		
H Z	Dolly Other Trailers	FSC 2330		X		
L	Unter inditers	r 36 2330		· ^		
3	Trucks				÷ .	
A	1/4 ton Cargo	FSC 2320		X		
В	1/4 ton Ambulance	FSC 2310		X		
D	3/4 ton Cargo	FSC 2320		X		
Ε	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		

TABLE D-7. (Continued) [Page 8 of 35]

D-44

Program as: Generic Major Dollar Federal Supply Classification Code Description Item Line E 3 N 2 1/2 ton Tank ------ FSC 2320 ------2 1/2 ton Truck-Tractor --- FSC 2320 n _____ 2 1/2 ton Wrecker ----- FSC 2320 R _____ Т 5-ton Cargo _____ FSC 2320 U 5-ton Dump ----- FSC 2320 *----5-ton Truck-Tractor ----- FSC 2320 -----X 5-ton Wrecker ----- FSC 2320 _____ Ζ Other Trucks ----- FSC 2320 _____ X 4 Support vehicles Α Station Wagon ------ FSC 2310 -----_____ B Sedans ----- FSC 2310 ____ С Buses ----- FSC 2310 Motorcycles and Motor ----- FSC 2340 ------ X D Scooters Ε Amublances ------ FSC 2310 ----- X Commercial Trucks ------ FSC 2320 ------ X F Ζ Other Support Vehicles ---- FSC 2310, 2320 ------ X F WEAPONS 1 Weapons, up to 75mm Pistols ------ FSC 1005 -----А B Carbines ----- FSC 1005 С Rifles ----- FSC 1005 ------Ε Sub-Machine Guns ----- FSC 1005 ------F Machine Guns ----- FSC 1005 G Mounts ----- FSC 1005, 1015, 1090 ----н Shotguns _____ FSC 1005 _____ Л Sub-Caliber Weapons ----- FSC 1005, 1010 -----Anti-Aircraft Guns ----- FSC 1005, 1010 ----ĸ

Other Weapons (up to 75mm) - FSC 1005, 1010, 1090 ----- X

TABLE D-7. (Continued) [Page 9 of 35

Change No.

D-45

nge No. 2, 2 Jan 1985

M

Ζ

DoD 5105.38-M

Remarks

			•		gram as:			
Generic			· •	Major .	Dollar			
Code	Description	Federal S	upply Classification	Item	Line	Remai	rks	
-	<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 1025		X				
F	175mm Guns	FSC 1025		X				
G	75mm Howitzer	FSC 1015		X				
Н	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				
Ţ	107mm/4.2 inch Mortar	FSC 1015		X				
ับ	120mm Mortar	FSC 1015		X				
Z	Other Weapons (75mm	FSC 1015,	1025, 1030, 1035	X				
	and over)							
					- · · · · ·			
3	<u>Naval Ordnance Weapons</u>							
A	20mm Mounts	FSC 1005		X				
В	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 '	14 B			
G	Loading Machines (all Calibers)	-	1015, 1020	X	· · · ·			
H	Torpedo Launchers	FSC 1045		X		•••		
J	Depth Charge Launchers	FSC 1045		X				
K	ASW rocket Launchers	FSC 1055		X				

TABLE D-7. (Continued) [Page 10 of 35]

Change No. 2, 2 Jan 1985

D-46

	Program as:					
Generic			Major	Dollar		
Code	Description	Federal Supply Classification	Item	Line	Remarks	
F 3 L	Harbor Nets, Booms, and Buoys	FSC 1070, 2050				
м	Degaussing and Minesweeping Equipment	FSC 1075		X		
N	Naval Fire Control Directors	FSC 1210	X			
Р	Computing Sights	FSC 1220			·	
Q	ASW Fire Control Systems	FSC 1230	X			
Ŕ	Gunfire Control Systems	FSC 1230	X			
S	Torpedo Fire Control Systems	FSC 1210, 1220, 1230	X			
Т	Submarine Fire Control Systems	FSC 1230	X			
U	Target Designating System -	FSC 1260, 1265	X			
v		FSC 1285				
Ŵ		FSC 1230				
Z	Other Naval Ordnance Weapons	FSG 10 (except 1070, 1075), FSC 1240, 1250, 1260, 1265, 1270, 1280, 1287, 1290	X	X (1))	
4 0	Ither Weapons					
Α -	Equipment	FSC 1040)	
В	Equipment	FSC 1080				
D	(Other than aircraft and naval ordnance)	FSG 12				
Z	Miscellaneous (other) weapons and interchangable assemblies	· · · · · · · · · · · · · · · · · · ·	X -	X (1))	

D-47

.

	Program as:					
Generio			Major	Dollar		
Code	Description	Federal Supply Classification	Item	Line	Remarks	
- 9	Weapon Spare Parts, Components,		N			
A	Weapons	FSG 11XX, 12XX, FSC 1005, 1010,	X			
		1015, 1020, 1025, 1030, 1035,				
		1055, 1090, 1095, 2845 (other				
		than Naval Ord)	v			
B	Naval Ordnance Weapons	FSG 10XX, 12XX, FSC 2845	X			
• 'ai		·				
G <u>Al</u>	MMUNITION					
1	Ammunition (up to 75mm) and Gre	- anados				
1	Ammunition (up to 75mm) and Gre	FSC 1305	v			
A	30 caliber	FSC 1305	x			
B C	7.62mm	FSC 1305	·			
D D	38 caliber	FSC 1305	Ŷ			
Ē	45 caliber	FSC 1305	Ŷ			
F	50 caliber	FSC 1305	X			
G	60 caliber	FSC 1305	Ŷ			
H	20mm	FSC 1305	X			
I I	22mm	FSC 1305	X			
Ĵ	37mm	FSC 1310	X			
ĸ	40mm	FSC 1310	X			
Î	57mm	FSC 1310	X	· · · · ·		
Ň	60mm Mortar	FSC 1310	X			
N	Shotquns	FSC 1305	Ŷ			
P	Grenades	FSC 1330	Ŷ			
ż	Other Ammunition	FSC 1305, 1310, 1330	Ŷ	X (1)		
2		130 1303, 1310, 1330	N	····· (•)		
2	Ammunition, 75mm and over					
۲ A	75mm	FSC 1315	Y			
B	76mm	FSC 1315	X		-	
ř	81mm Mortar	FSC 1315	X			
ŭ	90mm	FSC 1315	X		1	
Ĕ	105mm	FSC 1315	X			
F	106m	FSC 1315	X			
G	4.2 inch Mortar	FSC 1315	Ÿ			

TABLE D-7. (Continued) [Page 12 of 35]

D-48 Cha

		Program as:
Generic		Major Dollar
Code	Description	Federal Supply Classification Item Line Remarks
~ ~ ~		FCC 1015
G 2 H	3 inch/50	FSC 1315 X FSC 1320 X
J	5 inch/25	
ĸ	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	Land Mines and Explosives	
Ă		FSC 1345 X
B		FSC 1345 X
Ē		FSC 1375 X
Ď	Charges	
ž		FSC 1345, 1375, 1376, 1377 X
-	Land Mine Components	
	Naval Ordnamon Ammunition	
-	Naval Ordnance Ammunition	
A B		FSC 1361 X
а С		FSC 1350, 1351 X FSC 1350, 1351 X
D		FSC 1355, 1356 X
E	Anti-surface Terredoes	FSC 1355, 1556 X
F		FSC 1356 X
G		FSC 1355, 1356 X
H	North Charges	FSC 1355, 1356 X
1		FSC 1360, 1361 X
Ŭ	vepth charge components	1 20 1 200, 1 301 V
5	Bombs and Rockets	
Α	Practice Bombs and Shapes -	FSC 1325, 1105 X
B		FSC 1325 X
С	Depth Bombs	FSC 1325 X
D	Fire and Incendiary Bombs -	FSC 1325 X
E		FSC 1325 X
F	General Purpose Bombs	FSC 1325 X

D-49

Program as: Generic Malor Dollar Federal Supply Classification Code Description Item Line Remarks G 5 G Electronic Operated ----- FSG 13 ----- X Guided Bombs Bomb Components ----- FSC 1325 -----X Other Bombs ----- FSC 1325 ----- X .N 2.25 inch Rockets ------ FSC 1340 -----2.36 inch Rockets ------ FSC 1340 ------0 2.75 inch Rockets ----- FSC 1340 -----R 3.5 inch Rockets ----- FSC 1340 -----S 5 inch Rockets ----- FSC 1340 -----7.2 inch Rockets ----- FSC 1340 -----11 Asroc Rockets ----- FSG 1356 -----Honest John Rockets ------ FSG 10, 11 & 13 ------ X ------Rocket Components ----- FSC 1340 -----X ---- X (1) Other Rockets ----- FSC 1340 ----- X Ζ Pyrotechnic and Chemical Munitions 6 Chemical Munitions ----- FSC 1365 -----Α ----- X Agents - Articles other than agents in FSC 1365. В Pyrotechnics ----- FSC 1370 ----- X ----- X (1) 7 Other Ammunition Ammunition Raw Materials -- FSC 9999 ----- X Α Fuzes and Primers ------ FSC 1390 ----- X (1) B Ammunition Containers ----- FSC 8140 ------C X D Miscellaneous Ammunition, -- FSC 1385, 1386, 1395, 1398, 4915, 4927 ------ X Tools, and Specialized Equipment Н COMMUNICATIONS EQUIPMENT Telephone and Telegraph --- FSC 5805 ----- X (1) 1* Equipment

TABLE D-7. (Continued) [Page 14 of

35

D-50

Change No. 2, 2 Jan 1985

A							-	A		1	
Generic Code	Description	Fodor		unn lv	Classi	ficatio		1ajor (tem		llar ine	Remarks
coue	Desci iption	Teder		ipp i y	010351	i icacit	<u></u>	L CEIII			Keinar K3
H 2*	Radio and Television Communications Equipment	FSC 5	820,	5821,	, 5985,	5895	*	X		X	 Installation units will be programmed under dollar lines provided by DSAA.
3*	Radio Navigation Equipment -	FSC 5	825,	5825,	5826			X		X	(1)
4*	Radar Equipment	FSC 5	6840,	5841,	5895			X			(1)
5*	Underwater Sound	FSC 5	845					X		X	(1)
6*	Other Communications	FSC 1	810,	5810,	, 5815,	5830,		X		X	(1), (2)
	Equipment (Include Modifications)										equipment in FSG 58XX (other than 5820, 5821) will be programmed unde
	llowing alphabetics will be use fy the type of installation:	ed by	the M	lilita	ary Dep	artment	cs as th	ne tł	nird charact	ter o	appropriate dollar line provided by DSAA. f the Generic Code to
		-	the M	1i lita	P Pa V Gr W Wa	ck or f ound, \ ter, Si	Portable Portable Portable Portace,	e ar and	Underwater		provided by DSAA.
identi	fy the type of installation: A Airborne F Fixed G Ground, General Groun	-	the M	1ilita	P Pa V Gr W Wa	ck or f ound, \ ter, Si	Portable Portable Portable Portace,	e ar and	Underwater		provided by DSAA. f the Generic Code to
identi 9 <u>C</u>	fy the type of installation: A Airborne F Fixed G Ground, General Groun K Amphibious	d Use			P Pa V Gr W Wa Z Ot	ck or F ound, N ter, Su her Com	Portable /ehicula urface, munica(e ar and tions	Underwater s Equipment	(Inc	provided by DSAA. f the Generic Code to
identi 9 <u>C</u> A	fy the type of installation: A Airborne F Fixed G Ground, General Groun K Amphibious <u>ommunications Equipment Spare</u> <u>Parts and Electronic Supplies</u> <u>Communications Equipment,</u> Spare Parts, and	d Use			P Pa V Gr W Wa Z Ot	ck or F ound, N ter, Su her Com	Portable /ehicula urface, munica(e ar and tions	Underwater s Equipment	(Inc	provided by DSAA. f the Generic Code to

TABLE D-7. (Continued) [Page 15 of 35]

D-51

Change No. 2, 2 Jan 1985

			Progr	am as:	
Generic			Major	Dollar	
Code	Description	Federal Supply Classification	Item	Line	Remarks
J 2 (Construction Equipment				
A	Full Track Tractors	FSC 2410		X	
В	Wheeled Tractors			· · · · ·	
С	Earthmoving and Excavating Equipment	FSC 3805		X	
D	Cranes and Crane Shovels	FSC 3810		X	
Ε	Road Clearing Equipment	FSC 3825		X	
F	Military Bridging				
Z	Miscellaneous Construction Equipment	FSC 3815, 3830, 3895		X	
3 <u>N</u>	Materials Handling Equipment				
A	Conveyors, Cranes and Derricks	FSC 3910, 3950	· • • - • - • • • • • • • • •	X	
Z	Other Materials Handling Equipment	FSG 39XX (except 3910, 3950)		X .	
4 F	Photographic Equipment				
Α -	Cameras	FSC 6720			
В	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> Dther Equipment</u>				
A -	Parachutes and Aerial Delivery Equipment	FSC 1670		X	
D		FSG 30XX		X	× .
Ε	Woodworking Machinery and Equipment	FSG 32XX		X	
F	Metal Working Machinery				

D-52

Generic				am as: Dollar	
Code	Description	Federal Supply Classification	Major Item	Line	Remarks
J 6 G	Special Industrial Machines	FSG 36XX		X	
N	Safety and Rescue Equipment	FSC 4220 & 4240		X	
Р	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	
т		FSG 66XX (except 6610, 6630, & 6	5640)	X	
Z	• •	FSG 22XX, 3835, 6310, 6330, 6350)	X	
7 ()ther Support Equipment				
A	Medical/Surgical Equipment -	FSC 6515		X	
В	Dental Equipment	FSC 6520		X	
С	X-Ray Equipment	FSC 6525		X	
D	Hospital Equipment	FSC 6530		X	
Ε	Chemistry/Laboratory Equipment			X	
F	Laundry and Dry Cleaning Equipment	FSC 3510		X	
G	• • •	FSC 3520		X	
н		FSG 35XX (except 3510 & 3520)			
J		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, 284	45)	X	
Ρ		FSG 54XX (except 5420)			
Q		FSC 3820		X	

TABLE D-7. (Continued) [Page 17 of 35]

I

		Program	as:		
Generic Description	Federal Supply Classification	Major Item	Dollar Line	Remarks	
Code Description	rederal supply classificación	1 Lein	Line	Keillar KS	
Airconditioning Equipment	FSG 41XX		~		
	FSC 4210 FSG 37XX, 46XX, 47XX, 48XX, 71XX				
8 <u>Technical Books, Maps, and Publ</u> A Technical Books, Maps, and Publications	<u>ications</u> 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 FS	C 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),		X	· ·	
	85XX, 93XX, FSC 8710, 8820, 9905, 9920, 9925, 9930, 9999	· · ·		• •	
5 <u>Industrial Supplies</u> A Industrial Supplies	FSG 31XX, 53XX, 94XX, 95XX		X		

TABLE D-7. (Continued) [Page 18 of 35]

Change No. 2, 2 Jan 1985

D-54

DoD 5105.38-M

;

			Program		
Generic			Major	Dollar	. .
Code	Description	Federal Supply Classification	Item	Line	Remarks
K 6	Fuels, Oils and Chemicals				
Â		FSC 9130		Y	
B	Avaiation Gasoline	100 3100		~ ~	
Č	Automotive Gasoline	130 3130		~ ~	
D	Diesel Fuel	150 5150		~	
Ē	Navy Special Fuel Oil			~ ~ ~	
F		FSG 68XX		~ ~	
		134 00//		~	
G 7		FSC 9110			
Z		FSG 91XX (except 9110, 9130, 914))	X	
	and Lubricants				
7	Construction Supplies				
ź	Construction Supplies	FSG 55XX, 56XX		v	
L	construction supplies	F36 33AA, 30AA		A	
8	Automotive Supplies				
A		FSG 23XX, 24XX, 25XX, 26XX		Y A	utomotive supplies an
- 1	Spare Parts	(except 2630), 28XX (except			spare parts for
	Spare rares	2810, 2840, 2845), FSC 2910,			equipment in Generic
		2920, 2930, 2940, 2990, and othe	r		D, E, J & K
		spare parts			b , c , b a k
		spare parts			
FOOTNOT	Departments must limit	e both major item and dollar line major item lines to those pieces ential to good program control an	of equipment	for which	
L <u>Su</u>	IPPLY OPERATIONS				
1	Transportation Costs				
А	Inland Transportation-CONUS	01		X	
8	Ocean Transportation	01			
С	Air Transportation	01		X	
Ď	Parcel Post	01		X	
	Commercial Carrier	01		X	
E		01		~ ~ ~	
E F	Inland Transportation	01			
-	Inland Transportation Overseas	01		· A	

D-55

TABLE D-7.

(Continued) [Page 19 of 35]

					am as:	
Generic				Major	Dollar	
Code	Description	Fed	eral Supply Classification	Item	Line	Remarks
L2 ·		t Lo	ading & Port			· . ·
	Unloading Costs					
A	Packing Crating and Handling				· X	
8	Port Loading	01				
С	Port Unloading	01			· X	
3	Operationa and Maintenance of M	AP I	nstallations			
Ā	Operation and Maintenance -	01			X	
	Costs					
F	MAAG Housing	01			X	•
G	Maintenance and Repair	01			X	
_	of Real Property-MAP					•
	Installations					
4	Storage and Maintenance of Stoc	<u>kpil</u>	es			
A	Storage and Maintenance of -	01			· X	
	Stockpiles					
5	Offshore Procurement Expenses					
5	Offshore Procurement Expenses	01			X	
~	offshore Frocurement Expenses	01			~	
6	Logistics Management Expense	•				
Ă	Logistics Mangement Expense	01			X	
	Ebgraules hangement expense	••	· · ·		~	
7	Travel Expenses					
A	Travel Expenses	01			X	
8	<u>Case Management</u>					·
Α.	Case Management	01			X	
	INTENANCE OF FOULDWENT					
<u>MA</u>	INTENANCE OF EQUIPMENT					
1	Technicians and Allied Services					
ι. Α	Aircraft Technical Assistance	02			X	
8	Missile Technical Assistance				¥	:
					~	

TABLE D-7. (Continued) [Page 20 of 35]

D-56

					am as:	
eneric		F		Major	Dollar	Demoulue
Code	Description	rede	eral Supply Classification	Item	Line	Remarks
1 C	Communications Technical Assistance	02			X	
D	EAM Services	02			X	
Ε	Other Technical Assistance -	02			X	
F	Technical Data Package (TDP)	02	***************************************		X	
G	Engineering Technical Assistance	02			X	
н	Technical Coordination Program (TCP)	02			X	
J	Aircraft Structual Integrity Program (ASIP)	02			X	
K	Non-Standard Item Support	02			~	
L	PMEL Calibration	02			~	
M	Engine CIP	02			X	
N	Technical Data Publications	02			X	
Q	Ship Maintenance Technical -	02			X	
R	Logistics Technical Assistance	02			Х	
2 1	Repair/Rehabilitation/Replaceme	ent of	F Equipment			
A	Repair/Rehabilitation/ Replacement of Aircraft and Aircraft Engine Overhauls (Including Aircraft IRAN)	02		X	X	
В	Overhaul of Ships	02		Y	X	
Č	Replacement, Other			~	x	
D	Combat Vehicles	02		X	X	
Ĕ	Tactical/Support Vehicles -	02		X	x	
Ē	Weapons	02		X	x	
G	Ammunition	02			X	
Ĥ	Communications/Electronics.	02			~	

TABLE D-7. (Continued) [Page 21 of 35]

,

Generi				Program a Major	Dollar	
Code	e Description	_ Fed	eral Supply Classification	Item	Line	Remarks
M 2 J K	Support Equipment Missiles	02 02		- X	X X	
3	Repair and Rehabilitation (R+R (FY63 and Prior Year Only)) of	Excess Material			
A	Repair and Rehabilitation - of Aircraft and Aircraft	01			X	
	Engine Overhauls (Includin IRAN)	9				
B	Overhaul of Ships	01			X	
C	Repair and Rehabilitation, - Other	01			X	
N <u>1</u>	TRAINING (FMS 1200 SYSTEM ONLY)					
000	<u>Training</u> Training	00			X	
0	Training	00			X	
	Training Training-Medical Services				X	
0 7 E	Training Training-Medical Services Training-Medical Services -				X	
0 7 E 9	Training <u>Training-Medical Services</u> Training-Medical Services - <u>Training</u>				X	
0 7 E	Training <u>Training-Medical Services</u> Training-Medical Services - <u>Training</u> Training-Aids, Devices,	00			X X	
0 7 E 9 A	TrainingTraining-Medical ServicesTraining-Medical ServicesIrainingTrainingTraining-Aids, Devices,Spare Parts	00			X X	
0 7 E 9	Training <u>Training-Medical Services</u> Training-Medical Services - <u>Training</u> Training-Aids, Devices,	00			X X	

D-58

				am as:		
Generic	·		Major	Dollar		
Code	Item Ident No.	Description/Category	Item	Line	Remarks	<u> </u>
N		TRAINING				
••	STUDENT					
1	TRAINING	FORMAL TRAINING/UNITED STATES (U	l.S.)			
A	0110000	Flying Training, U.S.				
	0111000	Pilot, Jet, Fixed Wing	x			
	0112000	Pilot, Convent, 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			
В	0120000	Operations Training, U.S.				
	0121000	Combat Operations	x			
	0122000	Weapons/Tactics/FAM	x			
	0123000	Minewarfare/ASW	х			
	0124000	Amphibious Operations	х			
	0125000	Recce, Mapping/Photo	x			
	0126000	Counterinsurgency/Psy War	x			
	0127000	CBR	х			
	0128000	Training Devices/Simulators	х			
	0129000	Other	x			
С	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			

D-59

[Page 23 of 35]

				am as:	·	
Generic	TA TA		Major	Dollar	De ser et se	
Code 🗠	Item Ident No.	Description/Category	Item	Line	Remarks	· · · · · · · · · · · · · · · · · · ·
N1C(cont)	0136000	ECM Systems/Sur-Air	X			
120(0010)	0137000	Other Radar Sys/Sur-Air	x		· ·	
	0138000	(Unassigned)	X			
	0139000	Other	x			
D a	0140000	Maintenance Training U.S.	· · ·			
		A				
	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		4 (1997) 1997	
E	0150000	Logistics Training, U.S.			·	
	0151000	Logistics Management	x			
	0152000	Supply/Warehousing	x			
	0153000	Transport/Distribution	x			
	0154000	Procurement	, Â			
	0155000	Comptroller/Stat/ADPS				
	0156000	Finance	Ŷ			· ·
	0157000	(Unassigned)	×			
	0157000		X			
		(Unassigned)	Т Х			
	0159000	Other	X .		· ·	
∵F	0160000	Administrative Training, U.S.				
· • •	0161000	Personnel	x			2. · · ·
	0162000	Manpower/Management	x			
	0163000	Food Handling/Admin	x.			
	0164000	Info/Education	X			

D-7. (Continued) [Page 24 of 35]

TABL

D-60

Program as: Generic Major Dollar Code Item Ident No. Description/Category Item Line Remarks N1F(cont) 0165000 Clerical X Instructor/Supervisor 0166000 х 0167000 (Unassigned) х 0168000 Women's Military х 0169000 Other х G 0170000 Professional/Special Training U.S. 0171000 Command/Staff х 0172000 Intelligence х 0173000 Mil Police/Civil Affairs х 0174000 Engineering/Construction х 0175000 Medical/Health Hygiene X 0176000 Legal х 0177000 English Language х 0178000 Civilian Institution х 0179000 Other х Н 0180000 Orientation Training, U.S. 0181000 Orientation Tours/DV х 0182000 Orientation Tours/Non Dv х 0183000 Observer х 0184000 Exchange Student х Informational Program 0185000 х 0186000 (Unassigned) х 0187000 (Unassigned) х 0188000 (Unassigned) х 0189000 **Other** х J 0190000 Missile Training, U.S. 0191000 IRBM X 0192000 NIKE х 0193000 HAWK х

TABLE D-7. (Continued) [Page 25 of 35]

				am as:		
Generic			Major	Dollar		
Code	Item Ident No.	Description/Category	Item	Line	Remarks	
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			
	0155000		^			
	STUDENT	*				
	TRAINING	FORMAL TRAINING/OVERSEAS (0/S)				
N	0210000	Flying Training,0/S				
	0211000	Pilot, Jet, Fixed Wing	x			
	0212000	Pilot, Convent, 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	Öther	x		· .	
P	0220000	Operations Training, O/S				
	0221000	Combat Operations	x			
	0222000	Weapons/Tactics/FAM	x			
	0223000	Minewarfare/ASW	x			
	0224000	Survival/Jungle/Arctic	x			
	0225000	Recce, Mapping/Photo	x			
	0226000	Counterinsurgency/Psy War	x	1. T		
	0227000	CBR	X			
	0228000	Training Devices/Simulators	x			
	0229000	Other	x			1
· Q	0230000	Comm Elect Training, 0/S				

TABLE D-7. (Continued) [Page 26 of 35]

1

Change No. 2, 2 Jan 1985

D-62

			<u>Program as:</u>			
Generic			Major	Dollar		
Code	Item Ident No.	Description/Category	Item	Line	Remarks	
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					
3	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			
т	0260000	Administrative Training, O/S				

TABLE D-7. (Continued) [Page 27 of 35]

•

D-63

				am as:		
Generic			Major	Dollar		
Code	Item Ident No.	Description/Category	Item	Line	Remarks	
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			
	0203000	other	^			
U	0270000	Professional/Special Training, O/S				
	0271000	Command/Staff	×			
	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	Χ.			
	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, 0/S				

TABLE D-7. (Continued) [Page 28 of 35]

Dob 5105.38-M

D-64

				ram as:	
Generic		,	Major	Dollar	
Code	Item Ident No.	Description/Category	Item .	Line	Remarks
N1W(cont)	0291000	(Unassigned)	x		
	0292000	(Unassigned)	X		
	0293000	(Unassigned)	x		
	0294000	(Unassigned)	x		
	0295000	(Unassigned)	x		
	0296000	(Unassigned)	x		
	0297000	(Unassigned)	x		
	0298000	(Unassigned)	x		
	0299000	Òther	x		
7		DANAMA CANAL COUDOL TONC			
Z		PANAMA CANAL SCHOOL TRNG		Not inclu	uded in Unified
	BUSARSA	Training at USARSA	x		ceiling. Pro-
	DOIAAFA	Training at IAFFA	x		under non-regional
	PSC1ATT	Training at SCIATT	x	command.	inder non regional
	POIANTN	Training at IANTN	x	command.	
		rianning at Intrin	^		
2		MOBILE TRAINING TEAMS/DETACHMENTS			
	0300000	Mobile Training Teams, Detachments CONUS			
A	0301000	Aviation	×		
В	0302000	Combat Operation/Intel	x		
С	0303000	Communications/Electronic	X		
D	0304000	Supply/Maintenance	X		
Ε	0305000	Personnel/Maintenance	X		
F	0306000	Counterinsurgency	x		
G	0307000	English Language	x		
н	0308000	Missiles	x		
J	0309000	Other	x		
	0310000	Mobile Training Teams, Detachments,	0/5		
M	0311000	Aviation	x		

TABLE D-7. (Continued) [Page 29 of 35]

				am as:	<u> </u>
Generic	•·· •• · ··		Major	Dolla	
Code	Item Ident No.	Description/Category	Item	Line	Remarks
N2N	0312000	Combat Operations/Intel	x		
P	0313000	Communications/Electronics	x		
	0314000	Supply/Maintenance	x		
R.	0315000	Personnel/Maintenance	x		
Q R S	0316000	Counterinsurgency	x		
T	0317000	English Language	x		
U	0318000	Missiles	X		
V	0319000	Other	x		
3		FIELD TRAINING SERVICES			
Α	0321000	Aircraft Engine/Airframe	x		
B	0322000	Communications/Electronics	x		
Ċ	0323000	Radar Systems	x		
Ď	0324000	Armament	x		
D E F	0325000	Maintenance	x		
F	0326000	Training/Aids/Devices	x		
G	0327000	English Language	x		
н	0328000	Missiles	×		
J	0329000	Other	x		
5		TRAINING OF U.S. MAP PERSONNEL			
Α	0381000	Contract Cost			
В	0382000	Tng of U.S. MAP Personnel		x	Phase I and Phase II. Not included a part of unified command ceiling but programmed worldwide by Military De- partments.
C	0383000	Language	•	X	Not included in unified command ceil- ing. Worldwide program prepared by DSAA.
Ē	0385000	Other Training Costs		X	Not included in unified command ceil- ing. Worldwide program budgeted for by Military Departments for training

TABLE D-7. (Continued) [Page 30 of 35]

D-66

		<u></u>	Program as:			
Generic			Major	Dollar		
Code	Item Ident No.	Description/Category	Item	Line	Remarks	
N5E(cont)					of U.S. personnel in skill peculiar t MAP assignments. Requirements as-	
					sociated with MASF programs will be carried in country programs.	
6		EXTRAORDINARY EXPENSES			Not included in unified command ceil- ing. Worldwide program budgeted for	
A	0390000	Extraordinary Expenses		x	by Military Departments. Require- ments associated with MASF programs will be carried in country programs.	
7		OTHER TRAINING SUPPORT				
A	0361000	Training Exercises		x		
В	0362000	Escort Öfficers	x			
С	0363000	Supplies and Materials		x		
D	0364000	Facilities/Rehabilitation		x		
Ε	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 train- ing items are unknown at time of programming.	
9		TRAINING AIDS				
Α	OTNGDEV	Training Aids and Devices		x		
В	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	κ.	

TABLE D-7. (Continued) [Page 31 of 35]

D-67

Change No. 2, 2 Jan 1985

TABLE (Continued) L Page 32 0 5

ç

Generic Code

ρ

1 Α Description

Development of Advance Design Weapons Development of Advance ---- 00 --Design Weapons

RESEARCH AND DEVELOPMENT

D-68

Program as: Major Dollar

Line

Item

Federal Supply Classification

Remarks

Program as: Major Generic Dollar Code Description Federal Supply Classification Item Line Remarks P 2 Other Development Costs Non-Recurring R+D Costs --- 00 -----A First Article Testing ----- 00 -----B Q CONSTRUCTION 1 Infrastructure (MAP 1000 System only) Infrastructure ------ 06 ----- X A 2 Other Construction Contract Construction ----- 06 ------A A+E Services ------ 06 -----B U.S. Government Costs ----- 06 -----C Construction, A+E ----- 06 ------ x D Services and Administrative Costs - SAO Facilities Y Ε Other Construction ----- 06 R SPECIAL ACTIVITIES 1 International Military Headquarters International Military ---- 07 ----- X A Headquarters 2 International Forces Support U.N. Forces Support in Korea 07 -----A IAF Support in Dominican -- 07 ----- X B Republic OAS Peace Keeping Forces -- 07 ----- X D 3 Expenses, Inspector General Foreign Assistance, State (MAP 1000 System only) 07 -----Expenses, Inspector General X A Foreign Assistance, State

DoD 5105.38-M

D-69

1985

TABLE

9

(Continued)

[Page

ယ လ

9

35

	Progr	am as:		
			· ·	
rederal supply classification	Item	Line	Remarks	······
- 07		X		
MAP 1000 System only)				
- 07		X		
- 07		X		
- 07		X		
- 07		X		
- 07		X		
		X		
- 07		X		
- 07		X		
				•
0.				
- 07		X		
- 07		X	,	
- 07	*****	X		
			~	
utmontal and				e e
runental diu			- · · · ·	
- 09		X		
	- 07 MAP 1000 System only) - 07 - 07	Major Federal Supply Classification Item - 07 MAP 1000 System only) - - 07 - 07 - 07 - 07 - 07 - 07	Federal Supply Classification Item Line - 07	Major Dollar Line Remarks - 07 X MAP 1000 System only) X - 07 X - 07

DoD 5105.38-M

,

TABLE D-7.

(Continued) [Page 34 of 35]

D-70

Change No. 2, 2 Jan 1985

Generic Code	Description	Federa	1 Supply	Classificati	ion	Progi Major Item	<u>am as:</u> Dollar Line	Remarks
	Military Mission Expenses (MAP Military Mission Expenses - (MAP)						X	
	<u>Contractor Expenses (FMS)</u> Contractor Expenses (FMS) -	09					X	
	<u>Administrative Surcharges (FMS</u> Administrative Surcharges - (FMS)				· · · · ·		X	
	OREIGN MILITARY SALES ORDER (F (FMS 1200 SYSTEM ONLY)	<u>MSO) NO.</u>	I					
1 A	Foreign Military Sales Order (Foreign Military Sales Order (FMSO) No. I	FMSO) No 00	<u>. I</u>				X	

-

TABLE D-7. (Continued) [Page 35 of 35]

~

D-71

TABLE D-8

MAP ELEMENT CODE - 1000 SYSTEM

The second and third digits are alphabetics; the fourth digit will normally be the numeric "0" (not the letter 0). An alphabetic may be substituted for the "0" in the fourth digit to indicate additional programmed requirements.

Code Levels

1 2 3 4

2. AIR AND MISSILE DEFENSE FORCES

- A. Aircraft Forces.
 - A U F-86 Units
 - B 0 F-100 Units
 - C O F-101 Units
 - D O F-104 Units
 - E O F-4C Units
 - F 0 F-5 Units
 - G O Other Aircraft Units

B. Surface-to-Air Missile Forces.

- A O NIKE Units
- B O HAWK Units
- C O Other SAM Units
- U O SAM Operating Support (Attrition and Training Missiles)
- V O 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 O Other AAA Units
- D. <u>Communications-Electronic-Meteorological Facilities/Systems</u>. A O AC&W Units
 - B 0 Other AAA Units

3. GENERAL PURPOSE FORCES

- A. Army Combatant Forces.
 - A O Infantry Units
 - B O Armored Units
 - C O Cavalry Units
 - D O Mechanized Units
 - E O Airborne Units
 - F 0 Separate Artillery Units
 - G O Armored Cavalry Units
 - H O Combat Engineer Units
 - J O HONEST JOHN Units
 - K O Aviation Units

TABLE D-8. MAP ELEMENT CODE - 1000 SYSTEM. [Page 1 of 4]

D-72

Change No. 2, 2 Jan 1985

- M 0 Other Missile Units
- N 0 Other Combat Units
- P 0 Signal Support Units
- Q O Engineer Construction Units
- R O Quartermaster Units
- S 0 Other Combat Support Units
- B. Logistical and Operating Support (Army).
 - A O Supporting Bases and Activities
 - T 0 Army Operating Support (IMETP Training)
 - U O Army Operating Support (Attrition and Ammunition)
 - V 0 Army Operating Support (FOS and Secondary Items)
- D. Surveillance and Ocean Control Forces.
 - A O ASW Aircraft Carrier Units
 - B 0 ASW Aircraft Units
 - C O Submarine Units
 - D 0 Surface Units
 - E O Surface Patrol Units
 - F 0 Patrol Aircraft Units
 - G 0 Other Surveillance and Ocean Control Units
- E. Mine Warfare Forces.
 - A C Mine Laying Units
 - B 0 Mine Sweeping Units
 - C 0 Other Mine Warfare Units
- F. Amphibious Forces.
 - A O 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 O Submarine Units
 - E 0 Other Multi-Purpose Combat Units
- H. Logistical and Operating Support (Navy).
 - B O Auxillary Ships and Harbor Craft
 - C O Supporting Bases and Activities
 - T 0 Navy Operating Support (IMETP Training)
 - U O Navy Operating Support (Attrition and Ammunition)
 - V O Marine Operating Support (FOS) and Secondary Items)
- L. Tactical Aircraft Forces.
 - A 0 T-28 Units
 - B 0 T-80 Units
 - C O T-33 Units
 - D O RT-33 Units
 - E 0 F-84 Units

TABLE D-8. (Continued) [Page 2 of 4]

D-73

- F 0 RF-84 Units
- G O F-86 Units
- H O RF-86 Units
- J O E-100 Units
- K O RF-101 Units
- M O F-104 Units
- N O RF-101 Units
- P 0 F-5 Units
- Q O RF-5 Units
- R O B-57 Units
- S 0 Other Tactical Aircraft Units
- M. Logistical and Operating Support (Air Force).
 - A O Communications and Weather Units
 - B O Supporting Bases and Activities
 - T O Air Force Operating Support (IMET Training)
 - U O Air Force Operating Support (Attribution and Ammunition)
 - V O Air Force Operating Support (FOS and Secondary Items)
- N. Paramilitary Forces.
 - A O Ground Units
 - B O Sea Units
 - C O Air Units
 - V O Paramilitary Operating Support (FOS and Secondary Items)

4. AIRLIFT AND SEALIFT FORCES

- A. Airlift Forces.
 - A O C-46 Units
 - B O C-47 Units
 - C O C-54 Units
 - D O C-82 Units
 - E O C-119 Units
 - F 0 C-130 Units
 - G 0 Other Airlift Units
- B. Sealift Forces.
 - A O Troop Transport Units
 - B O Cargo Ship Units
 - C O Tanker Ship Units
 - D 0 Other Sealift Units
- 5. RESERVE FORCES
 - A 0 Army Reserves
 - B O Naval Reserves
 - C 0 Air Force Reserves
 - D 0 Paramilitary Reserves

6. RESEARCH AND DEVELOPMENT

TABLE D-8. (Continued) [Page 3 of 4]

D-74

GENERAL SUPPORT

7.

- A. <u>Individual Training</u>.
- B. <u>Intelligence and Security</u>.
 D O Mapping and Charting
 E O Other Intelligence Activities
- C. <u>Communications</u>. A O Aircraft Traffic Control and Landing
 - B 0 Other Communications Systems
- D. Logistical Support.
 - A O MAP Supply Operations
 - B O Supporting Bases and Activities V O Multi-Service Operating Support
 - 0 Multi-Service Operating Support (FOS and Secondary Items)
- F. Command and General Support.
 - A O Command and Direction
 - B O Construction Support Activities
 - C 0 Other Support Activities

8. FMS TRAINING (Use applicable case designator)

- 9. <u>SECTION 506(a) PRESIDENTIAL DETERMINATION (Enter the number of the</u> appropriate Presidential Determination.
 - <u>Country</u> Chad Honduras Philippines Chad Chad

	Date
13	March 1986
25	March 1986
16	September 1987
	December 1987
28	March 1987

TABLE D-8. (Continued) [Page 4 of 4]

Ŋ,

TABLE D-9

SOURCE OF SUPPLY CODE - 1000 SYSTEM

<u>Code</u>	Meaning
Α ζ	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 Octo- ber 1979.
В	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.
Ε	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 fur- nished 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 substi- tute with a preferred item. Resources obtained from the sale of this materiel will be available to finance the MILDEP or DLA reim- bursable budget plan as it is classified for the budget document.

TABLE D-9. SOURCE OF SUPPLY CODE - 1000 SYSTEM. [Page 1 of 2]

.

Code

L

Т

Meaning

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).
- 0 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.
 - Transfer: From MAP-owned assets (other than those coded "B", "J" or "S") transferred from a MAP ownership account.

TABLE D-9. (Continued) [Page 2 of 2]

Change No. 2, 2 Jan 1985

TABLE D-10

STATUS CODE - 1200 SYSTEM

Code Meaning

0

А

Ι

С

Х

L

2 1

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.

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.

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 "0" to status "I" because implementation occurs simultaneously with acceptance of the offer by the foreign government.

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.

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.

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-10.
 STATUS CODE
 1200 SYSTEM.
 [Page 1 of 2]

D-78

Code Meaning

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

D

Letter of Request (LOR). The Letter of Request phase indicating that the Implementing Agency has received an LOR for an LOA from the foreign government.

TABLE D-10. (Continued). [Page 2 of 2]

TABLE D-11TYPE OF ASSISTANCE CODE - 1000 SYSTEM

Code	Meaning
1	Grant Aid rendered under the authority of the Foreign Assistance Act of 1961, as amended, for which the United States receives no reim- bursement.
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 appropria- tions. (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.
Н	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 liquida- tion 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-11. TYPE OF ASSISTANCE CODE - 1000 SYSTEM.

D-80

Change No. 7, 15 September 1986

* (deletion)

TABLE D-12

UNIT OF ISSUE CODE - ALL SYSTEMS

Code	Item	Definition
ΑΥ	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 materiels bound with a cord or metal ties and usually wrapped, e.g., paper and cloth rags.
BG	Bag	A flexible container of varicus sizes and shapes which is fabricated from such materiels 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 exclud- ing jars, ampoules, vials, and carboys, with a closure for retention of contents.
BX	Box	A rigid, three dimensional container of various sizes and materiels. Includes "case", "carton", "tray", and "crate".
CA	Cartridge	Usually a tubular receptacle containing loose or pliable materiel and designed to permit ready inser- tion into an apparatus for dispensing the materiel. Usually associated with adhesives and sealing com- pounds.
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 quan- tity. 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-12. (INIT OF ISSUE CODE - ALL SYSTEMS. [Page 1 of 4]

DoD 5105.38-M

Code	Item	Definition
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 materiels, 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	Foct	Unit of linear measurement, sometimes expressed as "linear foot".
GL	Gallon	Unit of liquid measurement.
GR	Gross	One hundred forty four (I44) 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 materiels 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, materiels, equipment, and/or instruction manual(s) for the prac- tice 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-12. (Continued) [Page 2 of 4]

D-82

• 1 ÷

- Code ltem Definition

- PG A form of protective wrapping for two or more of the Package 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.

0T Quart A unit of liquid or dry measure.

- RL Ree] 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-12. (Continued) [Page 3 of 4]

D-83

ł.

In addition to the above codes, the following code is also authorized for use:

Code	Item	Definition
XX	Dollars	Use when a record does not reflect any quantitative amount.

TABLE D-12. (Continued) [Page 4 of 4]

D-84

*

*

**

+

APPENDIX E

CONGRESSIONAL REPORTS INVENTORY AND DSAA REPORTS CONTROL SYSTEM

A. <u>PURPOSE</u>. This appendix provides an up-to-date inventory of statutory ** reports to Congress covering security assistance matters submitted by the Department of Defense elements. It does not include reports submitted to Congress by the Department of State. An inventory of current DSAA reporting requirements under the Reports Control System is also contained in this appendix. The inclusion of a report in either of these listings does not in any way imply its availability to a SAMM recipient nor its releasability to a nongovernmental requestor. Some reporting requirements are identified elsewhere in the Manual within the applicable topical areas. This appendix also provides reporting instructions on selected reports, not covered elsewhere in this Manual, requiring feeder information from DoD components.

B. CONGRESSIONAL REPORTS INVENTORY. See Table E-1.

C. DSAA REPORTS CONTROL SYSTEM. See Table E-2.

1. The DSAA Reports Control System is managed by the Data Management ** Division of the Comptroller Directorate, DSAA. Requests for new reporting requirements should be directed to that office. A Reports Control Symbol (RCS) will be assigned according to the nature of the reporting requirement, e.g., whether it relates to MAP, FMS, a combination of programs, or a one-time report. See Figure E-4 for the DSAA Reports Control format.

D. REPORTING INSTRUCTIONS.

1. Price and Availability Report (RCS: DSAA(Q) 1138).

a. The Price and Availability (P&A) Report, required by Section 28 of the Arms Export Control Act, is forwarded quarterly to members of Congress and top-level Defense and State Department officials. It is an important tool used to inform the Congress of major potential FMS cases and it assists the Congress in carrying out its oversight authority of arms transfers, particularly to the Third World. For these reasons the P&A report must contain complete, accurate, and timely information to serve its intended purpose.

b. It is important that all relevent information is reported regardless of its sensitivity. Releasability will be determined by the Director, DSAA, in conjunction with the Secretary of State.

c. The report is due to the Congress on the 15th of the month following the quarter being reported. Input from the Military Departments is due to the DSAA Comptroller, ATTN: Data Management Division, no later than the third day of the month following the quarter being reported and should be submitted in two parts. (See Figure E-1 for format):

(1) Part I should list each price and availability estimate provided during the quarter to a foreign country with respect to a possible FMS sale of major defense equipment (MDE) for \$7 million or more or of any

other defense articles or services for \$25 million or more. Each entry should specify the following:

provided;

(a) the name of the country to which the estimate was

(b) the name of the articles or services involved;

(c) the quantity involved; and

(d) the price estimate provided.

(2) Part II should list each request received from a foreign country during the quarter being reported, for the issuance of a letter of offer to sell defense articles or services if (1) the proposed sale was not previously reported under Part I, and (2) the request involves a proposed sale of MDE for \$7 million or more or any other defense articles or services for \$25 million or more. Each entry should include the following:

- (a) the name of the country which made the request;
- (b) the date of the request;
 - (c) the defense articles or services involved;
 - (d) the quantity involved; and
 - (e) availability terms requested.

To facilitate the development of Part II, Military Department Desk Officers should informally coordinate the information with their counterparts in the DSAA Operations Directorate.

d. A P&A request is not:

(1) A message or letter from a customer requesting Planning and Review (P&R) data;

(2) An oral request;

(3) 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

(4) A request for price/delivery data required to facilitate country decisionmaking on overall equipment purchase plan or budget.

2. Excess Defense Articles (EDA) Sold Under FMS (RCS:DSAA(Q)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 quarterly as of the last day of the last month of the quarter 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 (0) 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.

[This space left blank intentionally.]



5 g - 4 $(\mathcal{M}_{\mathcal{M}})$ a., 2.1 11 1 4 $z_1 \in \dots \in b$

[This page left blank intentionally.])

Change No. 7, 15 September 1986

. 7

			QUARI	FER ENDING			(Agency)
					(Date)		
PART	I-PRICE AND AV	AILABILITY ESTIMATES PRO	VIDED				
COUNTRY	DESCRIPTIC	ON OF ARTICLES/S	ERVICES	QUANTITY	PRICE EST.		TION PROVIDED MSG. REF.
						ĺ	
PART	II-REQUESTS FOR	ISSUANCE OF A LETTER O	F OFFER RECEIVE	ED			
COUNTRY	DATE OF REQUEST	DATE REQUEST RECEIVED	DESCRIPTI	ON OF ARTICLE	S/SERVICES	QUANTITY	P&A TERMS REQUESTED (IF ANY)
	Ì						

FIGURE E-1 Price and Availability Report (RCS: DSAA(Q) 1138)

 \sim

FIGURE E-1.

Price and Availability Report (RCS:

DSAA(Q) 1138).

. |

Change No. 7, 15 September 1986

DoD 5105.38-M

*

FIGURE E-2 Report of EDA Sold Under Foreign Military Sales

SAMPLE FORMAT					
				(Date - L Reportin	ast Day of g Quarter)
			DA Sold Under		
Fo	reign Mili		GRCS: DSAA(M) 1118)	
	· ·	(See I	lotes)		
					J
		FM	S Offers	· · · ·	
			tstanding	Cased	Accepted
		Sales	Acquisition	Sales	Acquisition
		Value		Value	Cost to USG
. Country:				·	
Case Numb	xer		· ·		
		_			
L		•			
					×.
) (aur +=					
Country:					
Case Numb		•			
					1
ه					
					1
			1	·	
Total (Current	Quarter)				
	-				
Cumulative Tota	il (Current	FX to da	te):		
				· ·····	·
		•			•
•				•	
Notel: includ	le in the Fi	 MS Offers	Outstanding co	lumn all f	 MS LOAs
issued even i	t for EDA th If issued pr	hát have ríor to ti	been neither ac he reporting pe	cepted nor rlod.:	· cancelled
accept	a case move ted column in the case	record the	e cases offered e sales value a d column.	column to nd acquis	o the cases ition cost
report	ts and prov	lde count	om cumulative t ries and case n y following eac	umbers in	footnotes

FIGURE E-2. Report of EDA Sold Under Foreign Military Sales.

FIGURE E-3 Foreign Military Construction Sales

	FOREIGN MILI	TARY CONSTRUC	TION SALES					
(RCS: DSAA(Q) 1145)								
	•							
Qua	rter Beginning	<u> </u>	Quarter Ending					
		(In Full Dol	lars)					
Country			Description of Facilitie To Be Constructed					

FIGURE E-3. Foreign Military Construction Sales.

**

FIGURE E-4 DSAA REPORTS CONTROL SYSTEM

	DSAA REPOR	TS CONTRO)L	
I NEW REPORT				REPORT SURVEY
2. EXACT TITLE OF REPORT		ED REPORT	3. SECURITY CLASS	and the second sec
				· · ·
				· •
4. REPORTING AGENCIES OR ACTIVITIES				
*				
5. FREQUENCY		S. AS OF DATE		·
7 DUE DATE	· ···· · · · · · · · · · · · · · · · ·	A. PERIOD COVERE	D BY INITIAL REPORT	
P. RECIPIENTS	······		· · · · · · · · · · · · · · · · · · ·	<u> </u>
		i		i
10. DESCRIPTION				
				Ĩ
	• •			
			•	
· · ·				
1. JUSTIFICATION				·
				•
	,			
				,
				,
2. IMPLEMENTING DIRECTIVE OR INSTRU	JCTION (Iwo copies atlache	d)	· · · · · · · · · · · · · · · · · · ·	
3 ARE FORMS INCLUDED? YES	NO IF SO, HOW ARE	THEY PROCURED?		
· · · · · · · · · · · · · · · · · · ·				
4. METHOD OF TRANSMISSION				<u></u>
			-	NG MINIMIZE
IF TRANSMITTED ELECTRICALLY, CA	N DATA BE FORWARDED	DI UINER IMAN ELE	LE IRICAL MEANS DURI	AILTINIE .
8- UNDER WHAT CONDITIONS IS REPORT	AUTOMATICALLY CANCE	LLED?	• • • •	······
8. DIRECTORATE APPROVAL		//		<u> </u>
			•	
7. REQUESTING OFFICE				
10. RESPONSIBLE INDIVIDUAL	·····			
19. REPORTS CONTROL SYMBOL ASSIGNED				
Assidiet	-			
20 APPROVED			DATE	i
-				
			l	

FIGURE E-4. DSAA Reports Control System.

FIGURE E-5

INSTRUCTIONS FOR PREPARATION OF DSAA REPORTS CONTROL FORM

DESCRIPTION OF DATA REQUIRED:

Item 1: Indicate whether this is a new report, an old report which is being revised, or the result of a survey.

Item 2: Exact Title of Report. The title will be carefully selected to be brief, descriptive of the subject of the report, and not in conflict with titles of other reports.

Item 3: Security Classification. Indicate the highest classification that the data is expected to contain.

Item 4: Reporting Agencies or Activities. Indicate agencies and/or activities that are required to report under this Reports Control Symbol.

<u>Item 5:</u> Frequency. Indicate annual, semi-annual, quarterly, monthly, etc.; however, do not use bi-weekly, bi-monthly, or bi-annually as these terms tend to become misinterpreted; rather use twice a week, every two weeks, every two months, etc.

Item 6: As Of Date. Indicate the last day of the reporting period; for example, the 15th of each month, every Saturday, the last day of each quarter, etc.

Item 7: Due Date. Indicate the date the report is due to recipient by number of days following "as of" date, e.g., 7 days, 30 days, etc.

Item 8: Period Covered by Initial Report. Indicate the beginning and final date of period to be covered by first report. This entry will remain blank when this form is used in connection with a survey of reports.

Item 9: Recipients. Indicate a complete list of recipients of the report.

Item 10: Description. This information may be generalized but should reflect a clear and concise summary of the data to be reported.

Item 11: Justification. This entry will be a full justification for the report. Sufficient information will be entered to permit the reviewer without further amplification to analyze and understand the need for and specific use to be made of the data and what action can be taken based on the data received.

Item 12: Implementing Directive or Instruction. Indicate the specific reference to the DOD directive and/or instruction which will implement the proposed reporting procedures. If there is no official DOD directive or instruction covering the proposed reporting instructions, indicate the applicable reference number (I number). Please include two copies of specified implementing directive, instruction, and/or implementing memorandum with application.

FIGURE E-5. Instructions for Preparation of DSAA Reports Control Form.

Item 13: Are forms included? Indicate if specific forms or formats are to be used in submitting report. If so, indicate if they are to be supplied, procured, or prepared on an "ad hoc" basis by the reporting agency.

Item 14: Method of Transmission. Indicate method of transmitting report, e.g., mail, pouch, electrical means, etc. If transmitted electrically, indicate whether data can be forwarded by other than electrical means during crisis situations when MINIMIZE is in effect. Extreme discretion should be used when determining the need for electrical transmission during MINIMIZE.

Item 15: Under what conditions is report automatically cancelled? Are there any conditions under which the proposed report would be automatically cancelled, i.e., specific period of time, national emergency, etc.

Item 16: Directorate Approval. Indicate the directorate requesting the proposed report and the signature of the director.

Item 17: Requesting Office. Indicate office requesting the Reports Control Symbol.

Item 18: Responsible Individual. Indicate the name, room number, and telephone number of the official most knowledgeable in the field of the subject report.

Item 19: Reports Control Symbol Assigned. For new reports, this entry will be made by the Reports Control Officer; for revised reports and report surveys, please include previously assigned reports control symbol.

Item 20: Approved. This will be filled in by Reports Control Officer.

FIGURE E-5. Continued.

E-8

	Report Item	Authorizing Legislation	Recipient**	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	SHR, Pres. of Senate, HFAC, SFRC, HAC, SAC	Any provision of aid under Sec. 506, FAA of 1961; at least monthly	DSAA/COMPT/FMD
2	. Stockpiling of Defense Articles.	Sec. 514(e), FAA of 1961	SHR, Pres. of Senate, HFAC, SFRC	Creation of new, or addition to an existing stockpile valued at more than \$10M	A&L/DASD FOR LOG & MATERIEL MGMT
3	. U.S. Armed Services Personnel Assigned to SAO's: two reports				
	(a) Presidential waiver of Con- gressional limitation of six Armed Forces personnel in- country	Sec. 515(c)(1), FAA of 1961	HFAC, SFRC	30 days prior to introduction of additional personnel	DSAA/PLANS/MANPOWEF
	(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	HFAC, SFRC	30 days prior to introduction of additional personnel	DSAA/PLANS/MANPOWE
4.	. Notification of Program Changes	Sec. 634A, FAA of 1961	HFAC, SFRC, HAC, SAC	15 days in advance of obliga- gation of funds not justified, or in excess of amounts justi- fied to the Congress for obli- gation under the FAA and AECA	DSAA/COMPT/FMD
.5	Notification of Obligation of Funds not justified for a particular fiscal year	Foreign Assistance & Related Programs Appropriations Act, (For FY 1986, Sec. 524, P.L. 99-190)	HAC, SAC	15 days in advance of obliga- tion of funds not justified, or in excess of amounts justi- fied to the Appropriations Committees for a particular fiscal year	DSAA/COMPT/FMD
6.	. Annual Assessment on NATO Readiness	10 USC, Sec.117	HASC, SASC, HAC, SAC	Part of annual budget release to Congress	OASD/ISP

.

STATUTORY REPORTS TO CONGRESS SUBMITTED BY DOD ON SECURITY ASSISTANCE

Change No. 8, 31 March 1987

TABLE E-1

*

	Report Item	Authorizing Legislation	Recipient*	Trigger	Responsible DOD Component
7.	Notification of sales or transfers from U.S. active forces' inven- tories or current production	10 USC, Sec. 118	SHR, Pres. of Senate, HASC, SASC	Before signing of an LOA to transfer any defense article valued at \$50M or more from active U.S. forces' inventories or from current production	DSAA/COMPT/FMS CONTROL
8.	Sale of U.S. War Reserve Stocks, POMCUS, or decrement stock to non-NATO purchasers	10 USC, Sec. 975	SHR, Pres. of Senate, HASC, SASC	NLT 60 days after Presidential determination of an "inter- national crisis"	DSAA/OPS/CTRY DES
9.	Report on NATO acquisition of non- interoperable major weapons sys- tems 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 HASC, SASC	NLT February 1st each year	USDR&E
10.	Notification of Waiver of Non- Recurring R&D and Production Costs	Annual DOD Appropriation Act provision (Sec. 8039, DOD Appropriation Act, 1986)	HAC, SAC	In advance of any proposed NRC waiver regarding FMS of major defense equipment (normally 15 days in advance)	DSAA/OPS/MGMT
11.	Report on Significant Hostilities or Terrorist Acts	Sec. 21(c)(2), AECA	SHR, Pres. Pro Tem. Senate	Within 48 hours of change in status of hostilities or terrorist acts which would endanger American lives or property	GEN COUNSEL, DOD
12.	Billing upon delivery from stock with 120-day interest-free period after delivery	Sec. 21(d) (last sentence), AECA	SHR, Pres. of Senate, HAC, SAC	Presidential determination and budget request for emergency funds	DSAA/OPS/MGMT
13.	Report on FMS Training Standard- ization Agreements with NATO, Japan, Australia, or New Zealand	Sec. 21(g), AECA	SHR, HAC, SAC, HASC SASC, HFAC, SFRC	U.S. conclusion of any stan- dardization agreement on train- ing for identified purchaser	DSAA/COMPT/TMD
14.	Report on sales from stocks having an adverse impact on the readi- ness of U.S. Armed Forces	Sec. 21(i), AECA	SHR, SASC, HASC, HFAC, SFRC	In the event a proposed sale from stocks could have signi- ficant adverse impact on com- bat readiness of U.S. forces	DSAA/OPS/CTRY DES OFFICER
15.	Billing.upon delivery from new procurement with 120-day payment after delivery	Sec. 22(b), AECA	SHR, Pres. of Senate, HAC, SAC	Presidential determination and budget request for emergency funds	DSAA/OPS/MGMT

STATUTORY REPORTS TO CONGRESS SUBMITTED BY DOD ON SECURITY ASSISTANCE

TABLE E-1.

(Continued)

DoD 5105.38-M

*

STATUTORY REPORTS TO CONGRESS SUBMITTED BY DOD ON SECURITY ASSISTANCE

Report Item	Authorizing Legislation	Recipient*	Trigger	Responsible DOD Component
Annual Estimate & Justification for Sales Program (Congressional Presentation for Security Assis- tance (CPD)):	Sec. 25(a) AECA	SHR. Pres. of Senate, HAC, SAC, HFAC, SFRC, HASC, SASC, HBC, SBC, CBO	NLT February 1st of each year	DSAA/COMPT/DMD
(a) The "Javits" Report: covering all sales 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, which are con- sidered eligible for approval during the current calendar year. Also an indication of 'which sales are most likely to result in issuance of a LOA during such year	Sec. 25(a)(1), AECA		Note: Reported separately to State/PM and not part of the CPD	DSAA/COMPT/FMS CONTROL
(b) Estimate of total sales and licensed commercial exports	Sec. 25(a)(2), AECA			DSAA/COMPT/DMD
(c) Estimate of aggregate dollar value and quantity of defense articles and defense services, IMET, MAP, credits and guaran- ties to be furnished in the next fiscal year	Sec. 25(a)(5)(A), AECA			DSAA/COMPT/DMD
(d) Report on Cash Flow Financing	Sec. 25(a)(5)(B), AECA		Note: Reported separately and not part of CPD	DSAA/COMPT/FMD
(e) Analysis and description of USG services for which reim- bursement is provided under Sec. 43(b) or 21(a) of the AECA	Sec. 25(a)(6), AECA	SHR, SFRC	Note: Reported separately and not part of CPD	DSAA/COMPT/DMD
<pre>(f):Amount of funds in reserve for guaranties</pre>	Sec. 25(a)(7), AECA			DSAA/COMPT/FR&C
(g) Progress made in the Korean Force Modernization Program	.Sec. 25(a)(9), AECA			OASD/ISA/EA&PR
(h) Status of each loan and con- tract of guaranty or insurance	Sec. 25(a)(11), AECA		Note: Reported separately and not part of CPD	DSAA/COMPT/FR&C

TABLE E-1. (Continued)

E-11

	Report Item	Authorizing Legislation	Recipient*	Trigger	Responsible DOD Component
17.	Quarterly Report of Security Assistance Surveys	Sec. 26(b), AECA	SHR, SFRC	NLT 60 days after end of each quarter. This is included in reports required by Sec. 36(a), AECA. See Report Item 23.	DSAA/COMPT/DMD
18.	Copies of Security Assistance Surveys	Sec. 26(c), AECA	SHR, HFAC, SFRC	On request of Chairman, HFAC, or Chairman, SFRC	DSAA/COMPT/DMD
19.	Proposed Agreements for NATO Co- operative Projects	Sec. 27(f), AECA	SHR, HASC, SASC, HFAC, SFRC	NLT 30 days prior to signature of agreement on benalf of USG	DSAA/OPS/MGMT
20.	Quarterly Report on Price and Availability; LOA Requests for \$7M or more of MDE/\$25M or more of defense articles & services	Sec. 28, AECA	SHR, SFRC	NLT 15 days after end of each calendar quarter	DSAA/COMPT/DMD
21.	List of all accepted and unac- cepted LOAs to sell excess defense articles through FMS procedures	HFAC Report No. 96-70 (Inter- national Security Assistance Act of 1979), 24 March 1979, page 25		NLT 60 days after end of each quarter. This is included in reports required by Sec. 36 (a), AECA. See Report Item 23.	DSAA/COMPT/FMD
22.	Waivers of non-recurring recoup- ment charges	HGOC Report No. 97-214, 31 July 1981	SHR, SFRC	Included in reports required by Sec. 36(a), AECA. See Report Item 23.	DSAA/OPS/MGMT
23.	Quarterly Reports on Commercial and Governmental Military Exports:	Sec. 36(a), AECA	SHR, SFRC	NLT 60 days after end of each quarter	DSAA/COMPT/DMD
	(a) List of all unaccepted LOAs valued at \$1M or more for MDE	Sec. 36(a)(1), AECA			DSAA/COMPT/DMD
	(b) List of all accepted LOAs valued at \$1M or more for MDE: total value of all	Sec. 36(a)(2), AECA			DSAA/COMPT/DMD
	defense articles and services sold during the fiscal year				• .
	(c) Cumulative dollar amounts of FMS direct credit and guaranty agreements made during the fiscal year	Sec. 36(a)(3), AECA			DSAA/COMPT/FR&C

.

•

E-12

TABLE E-1. (Continued)

Change No. 7, 15 September 1986



STATUTORY REPORTS TO CONGRESS SUBMITTED BY DOD ON SECURITY ASSISTANCE

	Report Item	Authorizing Legislation	Recipient*	Trigger	Responsible DOD Component
23.	(d) Dollar amounts of Foreign Military & Construction Sales Agreements concluded during the quarter, projections for remaining quarters (FMCS stated separately)	Sec. 36(a)(5) & (6), AECA			DSAA/COMPT/DMD
	(e) Foreign Military Construction Sales (Sec. 29, AECA) made during the quarter	Sec. 36(a)(y), AECA			DSAA/COMPT/DMD
	(f) See Items 17, 21, & 22 above		· · ·		
24.	 Report of Proposed FMS which are: (a) For defense articles or services valued at \$50M or more, or (b) For design and construction services valued at \$200M or 	Sec. 36(b)(1), AECA	SHR, HFAC, SFRC, HASC, SASC, HAC, SAC	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/COMPT/FMS CONTROL
	more, or (c) MDE valued at \$14M or more				
25.	Report of Enhancement or Upgrade of Sensitivity of Technology of Items Previously Notified Under Sec. 36(b)(1), AECA	Sec. 36(b)(5)(A), AECA	SHR, HFAC, SFRC, HASC, SASC, HAC, SAC	45 days before delivery of previously notified item(s)	DSAA/COMPT/FMS CONTROL
26.	Notification on Enhancement or Up- grade of Capability or Sensitivity of Technology	Sec. 36(b)(5)(C), AECA	SHR, HFAC, SFRC, HASC, SASC, HAC, SAC	15/30 days prior to a proposed enhancement or upgrade which meets 36(b)(1) thresholds	DSAA/COMPT/FMS CONTROL
27.	Special Defense Acquisition Fund (SDAF) Annual Report	Sec. 53(a), AECA	SHR, Pres. of Senate HAC, SAC, HFAC, SFRC, HASC, SASC, HBC, SBC, CBO	NLT December 31st of each calendar year.	DSAA/PLANS/SDAF
28.	Report on Proposed Leases of Defense Articles	Sec. 62, AECA	SHR, HFAC, SFRC, HASC, SASC	NLT 30 days before entering into or renewing any lease agreement for one year or longer.	DSAA/OPS/MGMT & DSAA/COMPT/FMS CONTROL

E-13

TABLE

E-1.

(Continued)

Change No. 7, 15 September 1986

STATUTORY REPORTS T	O CONGRESS	SUBMITTED	ΒY	DOD	ON	SECURITY	ASSISTANCE	
---------------------	------------	-----------	----	-----	----	----------	------------	--

	Report Item	Authorizing Legislation	Recipient*	Trigger	Responsible DOD Component
29.	Reprogramming of FMS concessional credits	Title III, Foreign Assis- tance Appropriations Act, 1986	1	15 days in advance of obliga- tion of funds. See Report Items 4 and 5	DSAA/COMPT/FMD
30.	Aircraft grants or sales to El Salvador during FY 1986 or FY 1987	Sec. 538, Foreign Assistance Appropriations Act, 1986 & Sec. 702(d) of P.L. 99-83	HAC, SAC, HFAC, SFRC	15 days in advance of LOA issuance or delivery	DSAA/OPS/LA

*Abbreviations:

5

TABLE

(Continued)

SHR - Speaker of the House of Representatives HBC - House Budget Committee SBC - Senate Budget Committee CBO - Congressional Budget Office HAC - House Appropriations Committee SAC - Senate Appropriations Committee HFAC - House Foreign Affairs Committee SFRC - Senate Foreign Relations Committee HASC - House Armed Services Committee SASC - Senate Arned Services Committee

E-14



SAMM, TABLE E-2

CURRENT REPORTING REQUIREMENTS UNDER DSAA REPORTS CONTROL SYSTEM

Reports Control Symbol (RCS)	Report Title	Reporting Frequency	Reporting Components	Responsible Office
GRANT AID REPORTS:				
DSAA(AR) 1000	Grant Aid (MAP/IMET) Reporting System	As Required	All Implementing Agencies	DSAA/COMPT/DMD
DSAA(M) 1004	Identification of Reimbursement for Disposal of MAP Property	Monthly	All Implementing Agencies	DSAA/COMPT/FR&CPD
DSAA(AR)1016	Country and Amount of Increase Over CPD Levels (Section 113, Foreign Assistance and Related Programs Appropriation Act, 1975)	As Required	DSAA/COMPT	DSAA/COMPT/FMD & TMD
FOREIGN MILITARY SALES REPORTS:				
DSAA(M)1101	Financial Procedures Applicable to Mili- tary Procurement Agreement Between U.S. and Federal Republic of Germany	Monthly	All Implementing Agencies, SAAC	SAAC
DSAA(M)1111	i Monthly Report of Disbursements/Collec- tions Transactions for DSAA	Monthly	SAAC	DSAA/COMPT/FR&CPD
DSAA(Q)1112	Recoupment of Nonrecurring Costs on Sales of USG Products and Technology (DOD Directive 2140.2)	Quarterly	All Implementing Agencies, SAAC	DSAA/COMPT/FMD
DSAA(Q)1113	FMS Case Listings of Major Defense Equip- ment (MDE) Valued at \$! Million or More & Supporting Tables Showing Current Year Activity (Feeder for Section 36(a), Arms Export Control Act)	Quarterly	All Implementing Agencies	DSAA/COMPT/DMD
DSAA(AR)1114	FMS Letters of Offer to Sell Defense Articles or Services for \$14 Million of MDE or \$50 Million of Other (Feeder for Section 36(b), Arms Export Control Act)	As Required	All Implementing Agencies	DSAA/COMPT/FMSCD
DSAA(Q)1118	Excess Defense Articles Sold to Foreign Governments or International Organizations at Acquisition Cost (Feeder for Section 36(a), Arms Export Control Act; required by H.R. 96-70, March 24, 1979)	Quarterly	All Implementing Agencies	DSAA/COMPT/DMD
DSAA(Q)1119	Analysis of FMS Agreements Between the Army Corps of Engineers and the Govern- ment of Saudi Arabia (Later expanded to include any other countries)	i Monthly 	Army Corps of Engineers	DSAA/COMPT/DMD

٠

E-15

CURRENT REPORTING REQUIREMENTS UNDER DSAA REPORTS CONTROL SYSTEM.

TABLE E-2.

Reports Control Symbol (RCS)	Report Title	Reporting Frequency	Reporting Components	Responsible Office
FOREIGN MILITARY SALES REPORTS (Continued):				
DSÀA(A)1121	Number of U.S. Officers and Employees Engaged in Services to Foreign Govern- ments under FMS (Feeder for Section 36(a)(7), Arms Export Control Act)	Annually	All Implementing Agencies	DSAA/COMPT/DMD
DSAA(Q)1126	Major Defense Equipment List	Quarterly	All Implementing Agencies	DSAA/OPS/MGMT
DSAA(A)1128	Budget Call - Cost of Administering the Foreign Military Sales Program	Annually	All Implementing Agencies	DSAA/COMPT/BUD
DSAA(W)1129	FMS Credit Accounting System	Weekly	DSAA/COMPT/FR&CPD	DSAA/COMPT/FR&CPD
DSAA(AR)1133	Notification of Sales or Transfers from U.S. Active Forces' Inventories or Current Production (Feeder for Section 1118, 10 USC)	As Required	All Implementing Agencies	DSAA/COMPT/FMSCD
DSAA(AR)1135	Peacejammer ~ Restructuring of the Iranian FMS Program	As Required	All Implementing Agencies	DSAA/OPS/NESA
DSAA(Q)1137	Security Assistance Surveys (Feeder for Section 36(a), Arms Export Control Act; required by Sec. 26(b), AECA)	Quarterly	All Implementing Agencies	DSAA/OPS/MGMT
DSAA(Q)1138	Price and Availability Report (Feeder for Section 28(a), Arms Export Control Act)	Quarterly	All Implementing Agencies	DSAA/COMPT/DMD
DSAA(M)1141	FMS Selected Constructive (Physical) Deliveries	Monthly	All Implementing Agencies	SAAC
DSAA(Q)1142	Intermediate Export Fighter Program (FX) Cost Tracking Report	Quarterly	Air Force	DSAA/COMPT/BUD
DSAA(Q)1143	 Security Assistance Master Planning and Phasing Worksheet (SAMPAP)	Quarterly	Navy, Air Force	DSAA/PLANS/WPNS
DSAA(SA)1144	FMS Case Closure	Semi~annually	All Implementing Agencies, SAAC	DSAA/COMPT/FMD
DSAA(Q)1145	Foreign Military Construction Sales (Feeder for Section 36(a)(9), Arms Export Control Act)	Quarterly .	All Implementing Agencies	DSAA/COMPT/DMD
DSAA(Q)1146	; { Unexpired Leases of DOD Property of { Any Value (SAMM, page 12-24)	Quarterly	 All Implementing Agencies	DSAA/OPS/MGMT

CURRENT REPORTING REQUIREMENTS UNDER DSAA REPORTS CONTROL SYSTEM

TABLE E-2.

(Continued)

DoD 5105.38-M

*



CURRENT REPORTING REQUIREMENTS UNDER DSAA REPORTS CONTROL SYSTEM

Reports Control Symbol (RCS)	Report Title	Reporting Frequency	Reporting Components	Responsible Offic
FOREIGN MILITARY SALES REPORTS (Continued):				
DSAA(M)1147	U.S. Military Components' Deposits to Special Defense Acquisition Fund	Monthly	All Implementing Agencies	DSAA/COMPT/FR&CPI
DSAA(Q)1148	Royal Saudi Naval Sources FMS Financial Report	Quarterly	i Army Corps of Engineers, Navy	DSAA/COMPT/FMD
DSAA(Q)1149	Status Report on Sale of Govt-Furnished	Quarterly	Army, Navy, Air Force, SAO's	DSAA/OPS/HGMT
	Assurance (DoD Directive 4175.1)	1		
DSAA(AR)1150	Intensive Financial Management Report	As Required	Army, Navy, Air Force, SAAC, Others, as directed	DSAA/COMPT/FMD
DSAA(Q)1152	MAP Overhead Support Activities and SAO Budget Execution Reporting	Quarterly	Army, Navy, Air Force, Unified Commands	DSAA/COMPT/BUD
DSAA(Q)1153	Quarterly Status of FMS Administrative Expenses Allotment	Quarterly	Army, Navy, Air Force	DSAA/COMPT/BUD
DSAA(A)1154	: Report of FMS Administrative Fund Representational Expenditures	Annually	Army, Navy, Air Force	DSAA/COMPT/BUD
DSAA(A)1155	 Report on Cash Flow Financing (Sec. (25(a)(5)(B), Arms Export Control Act)	Annually	DSAA/COMPT	DSAA/COMPT/FMD
OTHER REPORTS:				
DSAA(AR)1200 (Formerly DSAA(AR)1100)	Foreign Military Sales Reporting System	As Required	All Implementing Agencies, SAAC	DSAA/COMPT/DMD
DSAA(Q)1201	Military Assistance International Balance of Payments (IBOP) Transactions	Quarterly	Army, Navy, Air Force, ASD (Admin), Treasury, Export- Import Bank, Comm. Banks	DSAA/COMPT/DMD
DSAA(Q)1204	: Export Licenses and Approvals (Feeder for Section 36(a)(4), Arms Export Control Act)	Quarterly	 Office of Munitions Control, Dept of State	DSAA/COMPT/DMD
DSAA(A)1211	 Value of Real Property Transfers (Senate Report on Hearings Before Committee on Appropriations, Part 2)	Annually	Army, Navy, Air Force	DSAA/COMPT/DMD
DSAA(A)1213	The Journal	Annually	DSAA/COMPT/DMD	DSAA/COMPT/DMD
DSAA(A)1215	<pre>{ Congressional Presentation for Security Assistance (Section 25(a), Arms Export Control Act)</pre>	Annually	AID, ACDA, DOD, State Department	DSAA/COMPT/DMD

DoD 5105.38-M

•

Reports Control Symbol (RCS)	Report Title	Reporting Frequency	Reporting Component	Responsible Office
OTHER REPORTS (Continued):				
DSAA(Q)1218	Military Manpower for MAAGs, Missions, MILGRPS	Quarterly	Unified Commands	DSAA/COMPT/BUD
DSAA(M)1219	DSAA Monthly Fund Status Report	Monthly	Latin American SAO's	DSAA/COMPT/FR&CPD
DSAA(Q)1221	FMS Arrearages	Quarterly	Army, Navy, Air Force, SAAC	DSAA/COMPT/FR&CPD
DSAA(Q)1222	Security Assistance Planning & Program Worksheets	Quarterly	Army, Navy, Air Force, SAO's	DSAA/OPS/MGMT
DSAA(Q)1226	Status of Coproduction Programs Approved Under Security Assistance Programs (DoD Directive 2000.9)	Quarterly	Army, Navy, Air Force	DSAA/OPS/MGMT
DSAA(Q)1228	Special Defense Acquisition Fund (SDAF) Inventory Report	Quarterly	Army, Navy, Air Force, DLA, NSA	DSAA/PLANS/SDAF
DSAA(A)1230	Foreign Military Trainee Positions of Prominence and Influence	Annually	Unified Commands	DSAA/COMPT/TMD
DSAA(A)1231	Professional Military Education Exchanges	Annually	Army, Navy, Air Force	DSAA/COMPT/TMD

CURRENT REPORTING REQUIREMENTS UNDER DSAA REPORTS CONTROL SYSTEM

TABLE E-2.

(Continued)

APPENDIX F

TRANSPORTATION COST LOOK-UP TABLE

A. <u>PURPOSE</u>: The purpose of this Appendix is to provide the procedures for development and use of the Transportation Cost Look-Up Table in Appendix G. The purpose of the table is to provide to applicable DOD components estimated actual transportation costs for items normally shipped in the Defense Transportation System (DTS) (e.g., sensitive/hazardous end items) when costs using standard transportation percentages are significantly different from actual charges.

B. **PROCEDURES**:

1. DSAA is responsible for recommending to OASD(C) those items which should be included in a transportation cost look-up table. Upon OASD(C) approval, DSAA shall disseminate the look-up table to the DOD Components by updating Appendix G annually. SAAC is responsible for application of the look-up table rates, when applicable to DD 1517 billings by the DOD components for specific items on the look-up table. DOD components are responsible for:

a. Making recommendations to DSAA relative to items and rates to be included in the look-up table.

b. Using approved rates in LOAs prepared for items cited on the look-up table.

c. Updating look-up table rates to assure estimated actual DOD costs are reflected.

d. Providing information to the SAAC relative to the applicable delivery term code for each DD 1517 billing processed to SAAC for items on the look-up table. If the priority changes and the actual delivery of materiel does not correspond with the Delivery Term Code (DTC) designated in the LOA, a Transportation Bill Code (TBC) indicating the actual method of shipment is to be entered on the DD Form 1517 (position 59).

2. Each DOD component will provide to DSAA yearly (no later than 30 June) the recommended rates for subsequent fiscal year which will be effective 1 October. The formats at Tables F-1 and F-2 will be utilized in forwarding such recommendations to DSAA. DOD components will include the cost elements prescribed in paragraph 80305 of DOD 7290.3-M. DSAA will evaluate data provided for recommended items and staff the addition of such items to the look-up table. DSAA will review and staff the revised rates and disseminate the revised table to SAAC and applicable DOD components by 31 August of each year by updating Appendix G. When a DOD component determines that an established transportation charge requires adjustment, the recommended revised rate will immediately be forwarded to DSAA. DOD components will utilize the rates on the look-up table in the development of all letters of offer when transportation costs are identified as below-the-line charges on the DD 1513. The rates have been developed and will be utilized as follows.

a. <u>Code 6</u>: Delivery to Overseas Port of Discharge to include CONUS Port Loading and Overseas transportation. For simplification and ease of management, DTC 6 will not be used for MAC shipments.

b. <u>Code 8</u>: Delivery to CONUS Port of Exit to include Port Loading.



**

c. <u>Code 9</u>: Delivery to the Overseas Port of Discharge to include CONUS inland, CONUS Port Loading, Overseas shipment (not SAMM flight), and Overseas Port Unloading. For simplification and ease of management, DTC 9 will normally be used for MAC shipments only.

Special transportation requirements, e.g., SAMM flights, will continue to be identified above the line on the DD 1513 and applicable actual charges billed to the customer.

C. <u>TRANSPORTATION COST LOOK-UP TABLE</u>: The latest DSAA approved trans - portation cost look-up table for selected items is located at Appendix G.

. . *

. . . .

TABLE F-1

CONUS TRANSPORTATION COSTS

						Est.		
				FMS	Port of ³	Actual	Est.	
NSN/	Weight		Standard	Proc. ²	Embark-	CONUS ⁴	Port	
NOMEN ¹	Item	M/Ton/Item	<u>Price</u>	<u>Cost</u>	_ation_	Inland	<u>Costs</u>	

- ¹ Items are those which appear to qualify based on previous data; NSNs must be added. Additional major items should be added as appropriate.
- ² Based on most current FMS offers.
- ³ Data should be provided for East Coast, West Coast, and Gulf port, if applicable.
- ⁴ Special factors such as security costs must be identified separately.

TABLE F-1. CONUS Transportation Costs.

DOD 5105.38-M

TABLE F-2

OVERSEAS TRANSPORTATION COSTS

					Est.	Est.	Est.
					Actual	Actual	Actual
				FMS	Overseas	Overseas	Overseas
NSN/	Weight		Standard	Proc. ²	Shipment ^{3,4}	Shipment	Port
<u>NOMEN¹</u>	_Item_	M/Ton/Item	Price	Cost	(Surface)	(MAC) ^{3,4}	Loading

1 Items are those which appear to qualify based on previous data; NSNs must be added. Additional major items should be added as appropriate.

2 Based on most current FMS offers.

3 For each item two figures must be cited:

a. Shipments to Europe, Latin America, and Mediterranean Ports.

b. Shipments to Newfoundland, Labrador, Thule, Iceland, South America, Far East, African Ports (other than Mediterranean) and Near East.

4 Special factors such as security, demurrage, etc., must be identified separately.

TABLE F-2. Overseas Transportation Costs.

ż

APPENDIX G

TRANSPORTATION COST LOOK-UP TABLE*

ARMY ANNEX

<u>NSN</u>	ITEM	<u>Code_6</u> **	<u>Code_8</u> **	<u>Code 9</u> **
HAWK				
1430-00-782-9816	HPI	\$11,839	\$4,941	\$43,541
1430-01-078-9643	HPI/PIP	11,839	4,941	43,541
1430-00-042-4910	BCC/PIP	8,468	3,678	29,636
1430-00-170-6261	BCC	8,468	3,678	29,636
1430-00-084-1130	IBCC	9,043	3,678	29,680
1430-00-078-8454	ROR	8,258	2,893	32,230
1430-00-880-3357	AN/TPQ-29	7,665	3,914	32,898
1430-01-042-4908	PAR/PIP	9,427	3,104	36,604
1430-01-178-8453	PAR	9,427	3,104	36,604
1430-01-042-4915	IPCP	12,112	4,640	46,447
1430-00-103-5270	ICC/PIP	12,112	4,640	46,447
1430-01-084-1131	IPCP	12,112	4,640	46,447
1430-01-042-4918	ICC/PIP	12,540	5,068	46,875
1430-00-178-8459	ICC	12,540	5,068	46,875
1430-01-042-4907	ICWAR/PIP	8,270	2,714	32,856
1430-00-135-0267	ICWAR	8,270	2,714	32,856
1410-00-234-3266	Missile	1,975	919	9,858
4935-01-083-3128	Shop Equip (No. 8)	7,009	3,526	30,990
4935-01-085-5618	Shop Equip (No. 9)	7,009	3,526	30,990
4935-01-085-5679	Shop Equip (T.A.G)	1,410	874	7,062
4935-00-133-9770	Shop Equip AN/TSM-112			
	w/SM 35 Beam	1,639	1,237	6,890
4935-00-782-1957	Shop Equip AN/TSM-105	7,007	3,526	30,990
4935-01-042-4909	Shop Equip AN/TSM-107 PI		3,526	30,990
4935-00-880-4510	Shop Equip AN/TSM-107	7,009	3,526	30,990
4935-01-051-8691	Shop Equip AN/TSM-104	7,009	3,526	30,990
4935-01-067-3362	Shop Equip GM AN/TSM-12		1,316	7,504
4935-00-604-7460	IAFU OMC GRD	573	305	1,367
5821-00-102-8668	Transmitting Set	87	74	438
1430-00-069-4438	BIG/AN/GSA-130	485	271	2,185
1337-00-484-8551	Rocket Motor, M112	734	520	4,367
TOW				
1410-01-007-2507	Missile	\$87	\$ 58	\$ 414
1410-01-007-2508	Missile	84	55	411

* Procedures for the development of the look-up table are outlined in Appendix F.

** If the priority changes and the actual delivery of materiel does not correspond with the Delivery Term Code (DTC) designated in the LOA, a Transportation Bill Code (TBC) indicating the actual method of shipment is to be entered on the DD Form 1517 (Position 59).



**

DOD 5105.38-M

NSN	ITEM	<u>Code 6</u> **	<u>Code 8</u> **	<u>Code 9</u> **	
TOW [Continued]			1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 -		-1
1410-01-087-1521 1410-01-137-9976 1440-00-169-1764 1440-01-104-9834 1410-01-106-8514 4935-00-150-5905 4935-01-082-7023 5855-01-893-9053 5855-01-152-8781 1410-01-135-2092	Missile Missile, Practice LCHR LCHR, Tubular, GM, TOW-2 I-TOW CSS ICSS Night Sight, AN/TAS 4A Night Sight, AN/UAS 12A TOW 2 MSL	\$ 87 84 873 873 87 2,491 2,491 2,491 540 248 87	\$58 55 605 58 1,285 1,285 1,285 509 217 58	\$ 414 411 2,882 2,882 2,335 10,566 10,566 1,320 954 413	
MLRS					
1055-01-092-0358	AVMRL (Less Carrier)	\$16,902	\$7,705	\$116,840	
STINGER					
1427-01-024-9967 1425-01-024-9982 1427-01-219-7116 6920-01-024-6948 1440-01-178-8618	MSL Round WPN Round WPN Round, less Griplock THT Gripstock-Control Group	\$150 214 182 196 32	\$113 142 121 165 21	\$549 623 559 698 62	
<u>REDEYE</u>					
1425-01-078-9259 1425-01-078-9258 6920-00-809-0399	M41-MSL-SY M41-MSL-w/Metal Container Guided MSL Training Set	\$179 179 206	\$145 145 183	\$508 508 604	
DRAGON					
1427-00-163-8959 1430-00-078-8340 1430-01-046-9594	Missile Tracker Night Tracker	\$186 508 316	\$141 497 272	\$ 555 1,083 750	
PATRIOT					
1430-01-087-6330 1410-01-087-6343 1430-01-087-6338 1440-01-087-9844 1430-01-087-6337 1430-01-131-5427 1430-01-131-5373	Radar Set GM Intercept Aerial AN/MGQ-104 M901 AN/MSQ-116 AN/MRC-137 Antenna Mast Group Trk	\$26,531 3,742 14,613 22,660 13,138 12,634 11,484	\$8,329 1,630 6,949 6,949 5,474 4,970 4,586	\$117,254 15,474 50,057 92,959 48,993 90,980 43,115	
CHAPARRAL					
1410-01-150-2863 1410-01-937-3859	Missile, GM Intercept Sys, Missile, GM Intercept	\$ 279 12,503	\$ 118 4,647	\$ 1,162 66,918	

Change No. 8, 31 March 1987

		DOD		D 5105.38-M	
	NSN	ITEM	<u>Code_6</u> **	<u>Code 8</u> **	<u>Code 9</u> **
•	CHAPARRAL [Continu	ued]			
	1410-01-104-9827 1410-01-216-3775	AN/TSM-96A Missile, GM, Intercept Aerial	10,809 279	6,121 118	44,366 1,162
	THERMAL IMAGER	Y			· .
	5855-01-037-7340 5855-01-173-0808	Night Sight, AN/TAS-6 Night Sight, AN/UAS-12B	\$214 219	\$205 233	\$718 825
		NAVY ANNE	<u>K</u>		
	NSN	ITEM	<u>Code_6</u> **	<u>Code 8</u> **	<u>Code 9</u> **
	HARPOON AURs				
	1410-01-038-6237 1410-01-133-4129 1410-01-039-2941 1410-01-139-1741 1410-01-139-1743	RGM-84D-2 AGM-84D-1 RGM-84D-3 RGM-84D-4 UGM-84D-1	\$1,230 1,580 4,610 4,560 2,600	\$ 810 930 3,260 3,260 1,300	\$5,270 3,910 9,470 9,720 7,760
	SPARROW AUR				
)	1410-00-149-3507 1410-00-149-3508	AIM-7M RIM-7M	\$400 535	\$260 295	\$1,692 1,948
	SIDEWINDER				
	1427-01-114-2054 1420-01-101-8233 1337-01-145-1963 1336-01-017-4030 1336-01-044-7430	Guidance & Control Section (GCS) Target Dectector (AODT) Rocket Motor (RM) Safety Arming Device (S&A) Warhead	\$389 194 754 28 374	\$371 186 742 27 371	\$ 478 248 1,001 34 426
	MK 46 TORPEDO				
	1356-01-063-3274	Torpedo	\$5,345	\$5,165	\$7,140
	<u>HARM</u>				
	1410-01-168-8663 1410-01-166-9263 1420-01-162-3292 1420-01-161-2090 1337-01-162-3422	Tactical Missile Training Missile Guidance Section Control Section Warhead Section	\$4,288 4,288 1,076 1,076 1,076	\$3,742 3,742 1,014 1,014 1,014	\$8,804 8,804 1,518 1,624 1,624



1410-01-168-8663	Tactical Missile	\$4,288	\$3,742	\$8,804
1410-01-166-9263	Training Missile	4,288	3,742	8,804
1420-01-162-3292	Guidance Section	1,076	1,014	1,518
1420-01-161-2090	Control Section	1,076	1,014	1,624
1337-01-162-3422	Warhead Section	1,076	1,014	1,624
1337-01-162-3422	Warhead Section	1,076	1,014	1,624
1337-01-162-3421	Rocket Motor Section	1,183	1,043	2,631



G-3

1

DOD 5105.38-M

AIR FORCE ANNEX

<u>NSN</u>	ITEM	<u>Code 6</u> **	<u>Code 8</u> **	<u>Code 9</u> **
MAVERICK	· · · · ·		· .	·
1410-01-101-8490JE 1410-01-089-2505JE 1410-00-125-6760JE 1410-00-238-1486JE 1336-00-138-2910JE 1336-00-883-5361 1336-00-883-5360 1336-00-432-2862 1337-01-118-4657	AGM-65A AGM-65B AGM-65B AGM-65A AGM-65B Warhead Booster Warhead Arming Device Rocket Motor	\$3,983 3,983 3,983 3,983 1,248 1,201 1,206 1,278	\$3,562 3,562 3,562 3,562 3,562 1,207 1,197 1,198 1,213	\$5,683 5,683 5,683 5,683 5,683 1,642 1,213 1,205 1,691
SIDEWINDER				
1410-01-135-2771AB 1410-01-137-5971AB 1410-01-137-5972AB 1410-01-162-9395AB	AIM-9L AIM-9E-2 AIM-9P-3 AIM-9M	\$211 211 211 211	\$146 146 146 146	\$1,242 1,242 1,242 1,242 1,242
SPARROW				
1410-01-101-8237BL 1410-01-135-6176BL	AIM-7E-3 AIM-7E	\$385 385	\$265 265	\$2,547 2,547

Change No. 8, 31 March 1987

~** /: /: /:

INDEX

ABBREVIATIONS, App. A

ACQUISITION FOR FMS, 8-3

ACRONYMS, App. A

ADDITIONAL TERMS & CONDITIONS Aircraft, 7-65 Aircraft Ferrying, 7-66 Safeguards for Contractor, 7-68 Transportation & Services, 7-67

ADMINISTRATIVE CHARGES, 7-77

AGENTS FEES, 8-5

AGREEMENTS, 7-1, 7-28 Financial Control of, 7-92 General Conditions, 7-48 Offer and Acceptance, 7-47, 7-57 Preparation, 7-1, 7-4, 7-28 Processing, 7-1, 7-28, 7-29 Worksheets, 7-51, 7-53, 7-56

AIASA REPORT, 4-5, 10-44.1

AIRCRAFT FERRYING, 7-66

AMENDMENTS TO LOAs (DD Form 1513-1), 8-51

AMMUNITION SALES, 7-37

ANNUAL INTEGRATED ASSESSMENT FOR SECURITY ASSISTANCE (AIASA), 4-5, 10-44.1

ARMAMENTS COOPERATION Definition, 3-1 Programs, 3-10 SAO Decision Relationships, 3-9 Functions, 3-13

ARMS CONTROL CONSIDERATIONS, 2-3

ASSET USE CHARGES, 7-81, 7-86

AUDITS, 13-13

BILLING (FMS), Key Dates, 7-98

BLANKET ORDER FMS CASE, 7-2.1

BROOKE AMENDMENT, 9-16, 10-44, 11-2.1

BUDGETS, SECURITY ASSISTANCE, 13-1 FMS Administrative, 13-2 MAP Administrative, 13-1 CASE, FOREIGN MILITARY SALES (FMS) Agreements, 7-1, 7-28 Amendments, 8-51 Blanket Order, 7-2.1 Cancellation, 8-49 Closure, 8-48 Defined Order, 7-2.1 Management Authority 7-136 Manager's Role, 7-140, 7-142 Modifications, 8-51 Performance Reporting, 8-45 Preparation/Processing, 7-1, 7-4, 7-28

CLASSIFIED

Exports, 5-17 Information Access to, 10-4.2 Release of, 5-10 Transmission of, 10-4.2 Materiel (release of), 9-3 Shipments, 8-23

CLSSA [Cooperative Logistics Supply Support Arrangement], 7-3, 8-10, 9-13

CODES

Delivery Term, 7-61, 7-62 "Mark For," 7-61 MILDEP Execution Agency, 10-26 Offer Release, 6-60, 7-61 Training Analysis, 10-67 Type of Assistance, 7-88, 7-92, 7-102

COMMERCIAL SALES [See Direct Commercial Sales]

CONGRESSIONAL NOTIFICATIONS/REPORTS Current Readiness Impact, 7-109 Inventory of Reports, App. E Section 36(b), 7-106 Section 118, 7-109 Sensitivity of Technology, 7-110

CONSOLIDATED DATA REPORT, 4-5

CONTRACT ADMINISTRATION SERVICES Cost, 7-82 Reciprocal Agreements (cost waivers), 7-99

CONTRACT AUDIT SERVICES, 7-82

CONTRACTOR PREFERENCE FOR DIRECT COMMERCIAL SALES, 6-20

CONTRACTUAL PROCESS Foreign Country Involvement in, 5-12 Progress Payments, 7-97.2 Release of Contractual Data, 5-12

COOPERATIVE PROJECTS, NATO, 14-16

Change No. 9, 31 July 1987

COPRODUCTION/LICENSED PRODUCTION Policy, 14-14

Restriction on Use of Credit Funds for, 9-3, 14-15.

COUNTERSIGNATURE, 7-44, 8-54, 8-60

COUNTRIES

Authorized Dependable Undertaking, 7-105 Eligible for Purchases, 6-15 Eligible to Receive Excess Property Listings, 8-37

CREDIT FINANCING, 9-1 Approval of FMS, 9-8 Commitment of FMS Funds, 9-8 Denial of FMS, 9-4 Financial Administration of, 7-87

DEFENSE REUTILIZATION AND MARKETING SERVICE (DRMS), 8-11

DEFENSE SECURITY ASSISTANCE AGENCY (DSAA)

Financial Management Review Program, 13-17 Info Systems Data Element Dictionary, App. D Management Information Systems, 15-1 1200 FMS System Instructions, 15-1 1200 FMS System Output Products, 15-22 1000 Materiel and Training System, 15-43 Military Articles & Services List (MASL), 15-66 Reports Control System, App. E Responsibilities: Commercial Purchases, 9-10 SAMM, 1-2, 1-3 Security Assistance, 3-2, 9-6, 9-10

DEFINED ORDER FMS CASE, 7-2.1

DELINQUENT ACCOUNTS FOR FMS BILLINGS, 8-47 Interest Assessment, 8-48

DEPENDABLE UNDERTAKING Countries Authorized, 7-105 Term of Sale, 7-90 DIRECT CHARGES TO FMS CASES, 7-83

DIRECT COMMERCIAL SALES, 2-20, 9-10 Contractor Preference for, 6-20 DOD Assistance to Industry, 6-2 DOD P&A Vs. Commercial Proposal, 6-26 FMS Credit, 5-17, 9-10 Guidelines, 6-21 Procedures for Processing Industry Requests, 6-23 Promotion, 6-4

DIRECTIVES, INSTRUCTIONS, & MANUALS, App. C

DSAA [See Defense Security Assistance Agency]

ELIGIBLE COUNTRIES (for purchases), 6-15

EMERGENCY DRAWDOWN AUTHORITY (Sec. 506), 11-8

EXCESS PROPERTY, 8-11 Listings, 8-37

EXPORTS

Classified Information/Materiel, 5-3, 5-6 Access to, 10-4.2 Authorities, 5-4 Decisions, 5-4 Foreign Government Info, 5-12 Transmission of, 5-6, 5-17, 10-4.2 Customs Clearance, 5-13, 5-15, 8-32 Eligible Foreign Countries, 6-15 Forms Required for, 5-18, 5-19, 5-20 Licenses, 5-13 Munitions List, 2-8 Procedures for Repair & Return, 5-16 Sales Policies, 6-1 Ship Transfers, 2-20 Survey Teams, 6-14.2, 6-16, 6-18

FEDERAL FINANCING BANK, 9-7

FINANCIAL Analysis, 7-39, 7-51 Annex, 7-35 DSAA Financial Mgmt. Review Program, 13-17 Principles and Procedures, 7-73

FINANCING Credit, 9-1 Approval of FMS, 9-8 Commitment of FMS Funds, 9-8 Denial of FMS, 9-4 Direct Commercial Purchases, 9-10 DSAA Financial Mgmt Review Program, 13-17 Eligibility, 9-3 Financial Control of Agreements, 7-92 Guaranteed Loan, 9-1 Initial Deposit, 7-88 Leases, 9-1, 12-6 Loans, 9-1, 12-6 Disbursement of Funds, 9-9 Repayment of, 9-16 Multiple Sources, 7-92 Need for, 9-4 Offshore Procurement, 9-16 Pricing of FMS Transactions, 7-75 Process and Procedures, 9-6 RODs (USG Liable), 8-39, 8-49 SAO Budget System, 13-2, 13-10 Security Assistance Budgets, 13-1 Transportation Cost Look-Up Table, App. F & G

FOLLOW-ON SUPPORT, 8-9

FOREIGN

Manufacture of U.S. Equipment, 14-12 Military Design and Construction Sales, 6-6



FOREIGN MILITARY SALES (FMS) Agreements, 7-1, 7-4, 7-29, 7-47 Case Performance/Implementation, 8-1 Customer Requests for Specific Source, 8-4 Logistics, 8-9 Sales Commissions, 8-5 Congressional Notifications/Reports, 7-106 Criteria & Responsibilities, 7-113 Executive Requirements, 7-106 Statutory Provision, 7-106 Credit, 9-4 Approval of Purchases, 9-8 Commitment of Funds, 9-8 Denial of, 9-4 Financial Administration of, 7-87 Eligible Countries, 6-15 Financial Principles/Procedures, 7-73 Financial Control of Agreements, 7-92 Legislative Authority for, 2-2 Loan Agreement, 9-1, 9-42 Issuance of, 9-7 Repayment of, 9-16 Orders [FMSO I, FMSO II], 7-3 Policies, 2-4, 7-28 Types of Cases, 7-2.1

FORMS

DD 1513 [Offer and Acceptance], 7-47 Amendments to, 8-51, 8-57 Modifications to, 8-54, 8-61 "Pen-and Ink" Changes to, 8-53 DD 2012 [Letter of Intent (LOI)], 7-15 DD 2060 [FMS Obligational Authority], 8-1, 14-6 DD 2285 [Invitational Travel Orders], 10-41, 10-51, 10-54 For Export of Defense Articles, 5-18, 5-19, 5-20 SF 364 [Report of Discrepancy (ROD)], 8-33

FREIGHT FORWARDERS, 5-14, 8-17, 8-33, 8-29, 8-38

GLOSSARY [of Terms], App. B

GOVERNMENT-PROVIDED ENGINEERING SERVICES, 7-85

GRANT AID, 2-2

HOLDING ACCOUNTS, 7-97

INDEMNIFICATION, 7-37

INDUSTRIAL SECURITY, 5-5

INFORMATION SYSTEMS DATA ELEMENT DICTIONARY, App. D

INITIAL DEPOSIT, 7-88 Follow-Up, 7-97.1

INSPECTIONS, 13-13

INTEREST ASSESSMENT ON DELINQUENT DEBTS, 8-48

INTERNATIONAL AGREEMENTS, 14-13

INTERNATIONAL MILITARY EDUCATION AND TRAINING (IMET) PROGRAM, 10-1

INVITATIONAL TRAVEL ORDERS (ITOs) 10-41, 10-51, 10-54

LEASES Authority, 12-1 Certificate of Delivery, 12-26 Closure, 12-6, 12-27 Coordination, 12-4 Financial Arrangements, 12-6 Of Defense Articles, 12-1 Reporting, 12-6

LETTER OF INTENT, 7-2, 7-9

LETTER OF OFFER AND ACCEPTANCE (LOA) (DD Form 1513) Agreements, 7-1, 7-4, 7-29, 7-47 Congressional Notifications/Reports, 7-106, 7-122 Criteria & Responsibilities, 7-113 Executive Requirements, 7-106 Statutory Provision, 7-106, 7-126 Eligible Countries, 6-15 Financial Principles/Procedures, 7-73 Legislative Authority for, 2-2 Policies, 2-4, 7-28 Requests for SME, 7-120 Transmittal Letter for, 7-135

LOANS

Defense Articles, 12-28 Authority, 12-28 Implementing Documents, 12-29 Reporting, 12-29 Disbursement of Loan Funds, 9-9 Guaranteed, 9-1, 9-42 Implementation and Management, 9-6 Issuance of, 9-7 Repayment of, 9-16 Special Defense Acquisition Fund (SDAF), 14-10 Transportation under Loan Agreements, 9-77

LOGISTICS, 8-9

MAJOR Defense Equipment (MDE) List, 7-20 Recoupment of Costs on Sales of, 7-12 Item Material Excess (MIMEX), 8-11

MANAGEMENT INFORMATION SYSTEMS, DSAA, 15-1

MAN-PORTABLE AIR DEFENSE SYSTEMS (MANPADS), 2-21

MAP [See Military Assistance Program]

MASL [See Military Articles & Services List]



3

Change No. 9, 31 July 1987

MATERIAL REQUIREMENTS SURVEYS, 4-2

MDE [See Major Defense Equipment]

MILITARY ARTICLES & SERVICES LIST (MASL), 15-66

MILITARY ASSISTANCE PROGRAM (MAP) Funds, 11-1 Inventories, 11-3 Redistribution & Disposal of Materiel, 11-2.2, 11-6

Transfer of Excess Materiel, 11-5

MILITARY EXPORT Classified Information/Materiel, 5-3, 5-6 Access to, 10-4.2 Authorities, 5-4 Decisions, 5-4 Foreign Government Info, 5-12 Transmission of, 5-6, 5-17, 10-4.2 Customs Clearance, 5-13 Eligible Foreign Countries, 6-15 Forms Required for, 5-18, 5-19, 5-20 License, 5-13 Munitions List, 2-8 Procedures for Repair & Return, 5-16 Sales Policies, 6-1 Ship Transfers, 2-20 Survey Teams, 6-14.2, 6-16, 6-18

MILSTRIP, 8-13

MOBILE TRAINING TEAMS (MTTs), 10-52

MODIFICATION TO LOA (DD Form 1513-2), 8-54

MUNITIONS LIST, 2-8

NATO

Armaments Cooperation, 3-1 Cooperative Projects, 14-16

NONRECURRING COST (NRC) RECOUPMENT, 7-36, 7-78 Charges Summary, 7-54

NOTICE OF MODIFICATION TO LOA (DD Form 1513-2), 8-54

OFFSET PROCUREMENT, 14-17,

OFFSHORE PROCUREMENT, 9-16

ORIENTATION TOURS, 10-4, 10-15

PAYMENT SCHEDULE Preparation, 7-94 Requirement, 7-35 Revisions, 7-93

PEN-AND-INK CHANGES (DD 1513, 1513-1), 8-53 PERFORMANCE REPORTING (FMS), 8-45

PLANNING AND AVAILABILITY (P&A) DATA, 7-1, 7-7

PLANNING AND REVIEW (P&R) DATA, 7-1, 7-6

PLANNING, SECURITY ASSISTANCE, 4-1 Foreign Country Responsibility, 4-1 Groups, 4-4 Instruments, 4-5

PME EXCHANGE PROGRAM, 10-70

POLICE TRAINING, 2-18, 10-4

POLICIES & STATUTES Case Management Authority, 7-136 Congressional Reports, App. E Constraints on Eligibility, 2-18 Direct Commercial Sales, 6-20 Disclosure of Classified Info, 5-3, 5-12, 10-4.2 FMS Legislative Authority, 2-2, 2-4 General SA Policies, 2-1, 4-1 Grant Aid (IMET, MAP), 2-2 Leases/Loans, Congressional Notification, 12-4 Legislative Authority for FMS, 2-2, 2-4 Military Export Sales, 6-1, 6-5 Munitions List, 2-8 Ship Transfers, 2-20 Special Provisions, 2-18. Technology Transfer, 5-1, 7-129, 7-131

POLICY PROVISIONS, 2-1

PROFESSIONAL MILITARY EDUCATION (PME) EXCHANGE PROGRAM, 10-70

PROMOTION, SALES PROHIBITION, 6-4

QUALITY ASSURANCE AND INSPECTION, 7-82

READINESS, IMPACT ON (due to FMS), 7-109

RECIPROCAL AGREEMENTS (Cost Waivers), 7-99

RELEASE OF Classified Information, 5-10, 10-4.2 Contractual Data, 5-12 Unclassified Information, 5-9

REPAIR AND RETURN, 5-16

REPORTS OF DISCREPANCIES (RODs), 8-16 Financing (USG Liable), 8-39, 8-49 In Excess of \$10,000.00, 8-50 Procedures for Reporting, 8-33 Shipment, 8-21



Change No. 9, 31 July 1987

4

RESPONSIBILITIES & RELATIONSHIPS *Y***FOR SECURITY ASSISTANCE** Decision Channels, 3-8 Relationships, 3-10, 3-15 Communications Channels, 3-15 Directives and Record Communications, 3-15 Security Assistance Communities, 4-3 Interrelationships, 4-4 Responsibilities, 3-1 Case Management, 7-136 DOD, 3-1 DSAA: Commercial Purchases, 9-10 SAMM, 1-2, 1-3 Security Assistance, 3-2, 9-6, 9-10 For Congressional Submissions, 7-113 SAOş, 3-3 AUDS [See Reports of Discrepancies]

ROYALTIES, 7-36

ROYALTY FEE, 14-25

SALES COMMISSIONS, 8-5

SALES PROMOTION, PROHIBITION, 6-4

SANCTIONS [FAA Section 620(q)/"Brooke Amendment"] MAP, 11-2.1 IMET, 10-44

SAO FUNCTIONS, 3-3, 3-11

SDAF [See Special Defense Acquisition Fund]

SECURITY ASSISTANCE Administration of Program, 13-1 Audits and Inspections, 13-13 Communities, 4-3 Decision Channels for, 3-8 Defense Analysis Papers (SADAPs), 4-6 DSAA Financial Mgmt Review Program, 13-17 Implementation, 1-5 Management Manual (SAMM) Chapter Identification System, 1-1 Distribution, 1-2 Commercial Purchases, 1-3 Organization (SAO) Functions; 3-3, 3-11 Planning, 4-1, 4-2.1 Budget & Sales Process, 4-5 Considerations, 4-2.1 Foreign Country Responsibility, 4-1 Groups, 4-4 Instruments, 4-5 USG Approach, 4-4 Rationale for, 1-3 Responsibilities and Relationships, 3-1, 3-15 Scope, 1-4, 4-1 Survey Teams, 6-14.2, 6-16, 6-18 Suspensions and Cancellations, 2-21.4

SECURITY ASSISTANCE MANAGEMENT MANUAL (SAMM) Chapter Identification System, 1-1 Distribution, 1-2 Commercial Purchases, 1-3 SECURITY ASSISTANCE ORGANIZATION (SAO) FUNCTIONS, 3-3, 3-11 **SECURITY CLASSIFICATIONS, 5-6.4** Foreign Translations, 5-23 SECURITY REQUIREMENTS Man-Portable Air Defense Systems, 2-21 **SENSITIVE TECHNOLOGY, 7-129** SHIP TRANSFERS, 2-20 SIGNIFICANT MILITARY EQUIPMENT (SME) Definition, 7-2 Requests for, 7-4, 7-120 Sale of, 6-4 SINGLE SELLING PRICE, 7-36 SME [See Significant Military Equipment] SOLE SOURCE DESIGNATION, 8-4.1 SPECIAL AUTHORITY (Sec. 506), 11-8 SPECIAL DEFENSE ACQUISITION FUND (SDAF) Authority and Purpose, 14-1 Criteria for Procurement, 14-2 Implementation, 14-3 Loan Agreement, 14-10 SPECIAL PROGRAMS/ACTIVITIES Foreign Manufacture of U.S. Equipment, 14-12 NATO Cooperative Projects, 14-16 Special Defense Acquisition Fund, 14-1 **STATUTORY PROVISIONS, 2-1** SURVEY TEAMS, 6-13, 6-14.2, 6-16, 6-18

SURVEYS, MATERIAL REQUIREMENTS, 4-2

SUSPENSIONS AND CANCELLATIONS OF SECURITY ASSISTANCE, 2-21.4

SYSTEM SUPPORT BUYOUT, 8-16

TECHNICAL DATA Packages, 14-17 Release of USG-Owned Technical Data, 14-17 Royalty Fee Management, 14-25 Sale of Technical Data, 14-18

TECHNOLOGY TRANSFER Classified Information/Materiel, 5-3, 5-6 Access to, 10-4.2

Change No. 9, 31 July 1987

5

Authorities, 5-4 Decisions, 5-4 Foreign Government Info, 5-12 Transmission of, 5-6, 5-17, 10-4.2 Definitions, 5-1 Export License, 5-13 Munitions List, 2-8 Policy, 5-3 Release of Information, 5-6, 5-9 Security Classifications, 5-6.4 Foreign Translations, 5-23 Guidelines, 5-7 Sensitive Technology, 7-110, 7-129

TERMINATION LIABILITY, 7-41, 7-53

TERMS OF SALE, 7-88, 7-90

TRAINING

AIASA Report, 10-44.1 Cancellation Charge, 10-50 DISAM, 10-4.1 English Language, 10-4, 10-6, 10-49 FMS, 10-45 IMET, 10-1 Invitational Travel Orders (ITOs), 10-41, 10-51, 10-54 Living Allowances, 10-22, 10-51, 10-60 Materials, 10-28 Mobile Training Teams, 10-52 Orientation Tours, 10-4, 10-15 PME Exchange Program, 10-70 Police Training, 10-4 Program Card Formats, 10-58 Program Management, 10-1 Reciprocal Exchange, 10-70 Third Country, 10-40 Tuition Rates, 10-50

TRANSPORTATION Additional Terms/Conditions, 7-67 Cost Look-Up Table, App. F & G Credit/Loan Conditions, 9-37, 9-77 Foreign Military Trainees, 10-51 Instructions on DD Form 1513, 7-30, 7-60 Of Classified Materiels, 8-23 Of FMS Materiel, 8-17 Plan (ref Classified Materiel), 5-21 Under Loan Agreements, 9-77 Use of DTS, 8-23

TYPE OF ASSISTANCE CODES, 7-92

WAIVERS

ECL, 10-7 Ocean Transportation, 9-37 Training, 10-4.2

