



DEFENSE SECURITY ASSISTANCE AGENCY

WASHINGTON, DC 20301-2800

2 July 1990

Letter of Transmittal

Change 2 to the 1 October 1988 SMM, attached, incorporates refinements in several important areas. It is recommended that you review the attachment as you collate it into the manual in order to be better aware of the changes being included.

Information and guidance within the SMM are never static. Maintenance of a useful manual is a prerequisite to making U.S. security assistance as effective as possible. We continue to welcome suggestions, provided to DSAA as discussed in Chapter 1, for improving the SMM.

A handwritten signature in black ink, appearing to read "Charles W. Brown", is positioned above the typed name.

**CHARLES W. BROWN
LIEUTENANT GENERAL, USA
DIRECTOR**

Attachment
as



DEFENSE SECURITY ASSISTANCE AGENCY

WASHINGTON, DC 20301-2800

13 APR 1990

In reply refer to:
I-01327/90

MEMORANDUM FOR COMMANDANT, DEFENSE INSTITUTE OF SECURITY
ASSISTANCE MANAGEMENT

SUBJECT: Publication of Change 2 to the SAMM

The attachment is provided for publication as Change 2 to DOD
5105.38-M, Security Assistance Management Manual. Questions may
be directed to Mr. Wells, DSAA/OPS-E, AV 227-8108.

CHARLES W. BROWN
LIEUTENANT GENERAL, USA
DIRECTOR

Attachment
as

PREPD. BY: WELLS/ /x78108
DSAA/OPS-E/sw
DISTR. ORIG ADDEE & cc IF SHOWN
CMD (1) OTHER:
OPS-E SUBJ
OPS-E CHRON
OPS- CHRON

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pscmi

12 April 1990

SUBJECT: Publication of Change 2 to the SAMM

Changes are in the order of the first page for each change (1 through 32). A synopsis of the more significant changes/Tab where each may be found is as follows:

- ✓- Addition of general policy on Logistics Support/1
- ✓- Replacement of outdated U.S. Munitions List/1 (1.A)
- ✓- Tighter third party transfer controls (fuel, parts)/2
- ✓- P&A as planning data, elimination of P&R/7
- ✓- New MDE list/7 (7.A)
- ✓- Program management lines/7 (7.C)
- ✓- Rewrite of LOA Amendments and Modifications section/8
- ✓- Terms of sale (nonrepayable credits) changes/14
- ✓- DRMS procedures update/15, 16, and 17
- ✓- Expanded offshore procurement guidance/18
- ✓- NAMSA admin charges/22
- ✓- References update (Appendix C)/26
- ✓- Update of country and activity codes/28
- ✓- Fair pricing and other DSAA Comptroller changes/32

pscad

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| USD/P INTEROFFICE COORDINATION SHEET | | DATE (YYMMDD) 900409 | 1-01327/90 |
| SUBJECT SAMM Change 2 Transmittal Letter | | CURRENT SUSPENSE DATE (YYMMDD) 900415 | |

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

BACKGROUND. Accumulated changes to text in the SAMM are attached to the DISAM cover memo at the Signature Tab. Changes represent a mix of edit and policy refinements that have been developed since publication of Change 1 (Oct 89). A synopsis of the most significant changes is at Tab A. I will work with DISAM to make certain the changes are added as planned since some changes may otherwise be difficult to decipher.

RECOMMENDATION. Approve memo at the Signature Tab.

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

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|----------------------------------|----------------------------------|--------------------|--------------------------|
| LAST NAME OF ORIGINATOR Wells | DIRECTORATE/OFFICE DSAA/OPS-E | EXTENSION 78108 | SIGNATURE Wayne Wells |
|----------------------------------|----------------------------------|--------------------|--------------------------|

Cleared for Change 2



Memorandum for DISAM

SUBJECT: Follow-On Support for FMS Countries

The following addition is to be made to Section 20202 of the DOD 5105.38-M, SAMP during publication of change 2:

"D. Logistics Support.

1. DOD considers the support of U.S. origin defense articles to be critical to the success of the SA Program.

2. Systems in use with U.S. forces will be supported through the normal procurement system of the MILDEP (also see Para 60003.F).

3. When a system is to be phased out of the DOD inventory, countries which have acquired the system under FMS will be given the opportunity to determine support item requirements and to place final orders designed to maintain the capabilities of the system through the remainder of its service life. These orders will be consolidated to ensure the most economical final buys (also see Sect 80205).

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

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

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

c. As an exception to policy, special efforts should be made to support non-standard items, whether acquired commercially or through FMS, when circumstances dictate these efforts in order to best serve U.S. interests (also see Para 70002.C.4)."

Wayne Wells

W. Wells
DSAA/OPS-E, X78108

Cleared through Dep Dir, DSAA 6/22/89
Army, Navy, Air Force, and DLA staffing completed 10/19/89

pscnd

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- ~~(6) Application/License for permanent/temporary export or temporary import of classified defense articles and related classified technical data (Form DSP-85).~~
- ~~(7) Authority to Export Defense Articles and Defense Services sold under the Foreign Military Sales program (Form DSP-94).~~
- ~~(b) Department of Commerce:~~
- ~~(1) International Import Certificate (Form ITA-645P/ATF-4522/DSP-53).~~
- ~~(2) Shipper's export declaration (Form No. 7525-V).~~
- ~~(c) Department of Defense: Offer and acceptance (DD Form 1513).~~
- ~~[Dept. Reg. 108.840, 49 FR 47684, Dec. 6, 1984;~~
- ~~Dept. Reg. 108.841, 50 FR 12787, Apr. 1, 1985]~~

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.

Source: Dept. Reg. 108.840, 49 FR 47686, Dec. 6, 1984; unless otherwise noted.

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 Muni-

tions 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 Section 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 Sections 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.

Category III—Ammunition

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

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

(Extracted from the International Traffic in Arms Regulations (ITAR), printed in 22 Code of Federal Regulations (CFR) 120-130 by Department of State, Office of Munitions Control, November 1985.)

* Significant military equipment. Articles for which special export controls are warranted because of their capability for substantial military utility.

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other detonating devices for such ammunition. (See Section 121.6.)

(c) Ammunition belting and linking machines.

* (d) Ammunition manufacturing machines and ammunition loading machines (except hand-loading 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 Section 121.11.)

* (b) Launch vehicles and missile and anti-missile 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 Section 121.5.)

* (d) Missile and space vehicle powerplants.

* (e) Military explosive excavating devices.

* (f) Ablative materials fabricated or semi-fabricated from advanced composites (e.g., silica, graphite, carbon, 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 Section 121.12.)

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

(c) Propellants for the articles in Categories III and IV of this section. (See Section 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 Section 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 Section 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, half-tracks and gun carriers.

* (c) Self-propelled guns and howitzers.

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

* (e) Military recovery vehicles.

* (f) Amphibious vehicles. (See Section 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

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category, including but not limited to military bridging and deep water fording kits.

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 Section 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 Section 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) 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.

* (h) Developmental aircraft and components thereof which have a significant military applicability, excluding such aircraft and components that have been certified by the Federal Aviation Administration and determined through the commodity jurisdiction procedure specified in Section 120.5 of this subchapter, to be subject to the export control jurisdiction of the Department of Commerce for purposes of section 17(c) of the Export Administration Act, as amended.

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

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 space-flight, and

(2) Electronic equipment specifically designed or modified for use with non-military 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-clock-frequency) of 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 equipment; range, position and height finders and spotting instruments; aiming devices (electronic, gyroscopic, optic, and acoustic); bomb sights, bombing computers, military television sighting and viewing units, inertial platforms, and periscopes for the articles of this section.

* (b) 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

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(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, stereoscopic plotting, and photogrammetry equipment, and components specifically designed or modified therefor.

(b) Speech scramblers, privacy devices, cryptographic devices and software (encoding and decoding), and components specifically designed or modified therefore, ancillary equipment, and protective apparatus 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 Section 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 Section 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 Section 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 Section 120.21) relating to the defense articles listed in the other categories of the United States Munitions List. (See Section 125.4 for exemptions; see also Section 123.21.)

Category XIX—Defense Services Defense services (as defined in Section 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.

[Dept. Reg. 108.840, 49 FR 47686, Dec. 6, 1984; 49 FR 48536, Dec. 13, 1984; Dept. Reg. 108.841, 50 FR 12787, Apr. 1, 1985; 51 FR 47014, Dec. 30, 1986]

§ 121.2 Interpretations of the United States Munitions List.

The following interpretations (listed alphabetically) explain and amplify the terms used in Section 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 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 under 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 Cartridge 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-Chlorovinylchloroarsine (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 (CICi).
- (5) Ethyldibromoarsine.

(6) Phenylcarbylamine chloride.
 (7) Tear gas solutions (CNB and CNS).

(8) Tear gas orthochlorobenzalmononitrile (CS).

(d) Sternutators and irritant smokes:

(1) Diphenylamine 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) Methylpinacolyloxyfluorophosphine oxide (GD).

(f) Antiplant chemicals, such as: Butyl 2-chlor-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 Section 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 16 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, casting 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 Section 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, Hexogen 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 HNO₃).

(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 nuclear-powered 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)
 - (iv) Amphibious Command Ships (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, ASR, 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)

[Dept. Reg. 108.840, 49 FR 47684, Dec. 6, 1984; 49 FR 48536, Dec. 13, 1984]

PART 122 - REGISTRATION OF MANUFACTURERS AND EXPORTERS

- Sec. 122.1 Registration requirements.
 - 122.2 Application for registration.
 - 122.3 Refund of fee.
 - 122.4 Notification of changes in information furnished by registrants.
 - 122.5 Maintenance of records by registrants.
- 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

Source: Dept. Reg. 108.840, 49 FR 47690, Dec. 6, 1984; unless otherwise noted.

§ 122.1 Registration requirements.
(a) General. Any person who engages in the United States in the business of either manufacturing or exporting defense articles or furnishing defense services is required to register with the Office of Munitions Control. Manufacturers who

**TABLE 202-1
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 .90 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.

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

TABLE 202-1. The United States Munitions List.

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INFO SERVICE CENTER

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PRIORITY
P 082347Z FEB 90
FM SECDEF WASHINGTON DC//USDP//
TO AIG 8797

UNCLAS

FROM DSAA/OPS-E

SUBJECT: SAMM CHANGE, THIRD PARTY TRANSFER

REFERENCE: SAMM, DOD 5105.38-M, 1 OCT 88

1. RECENT AUDIT FINDINGS PERTAINING TO A SECURITY ASSISTANCE RECIPIENT COUNTRY COMMENTED THAT FMS-ORIGIN AVIATION FUEL WAS USED TO FUEL AIRCRAFT WHICH DID NOT BELONG TO THE COUNTRY.

2. THE POTENTIAL FOR CO-MINGLING FMS AND NON FMS-ORIGIN CONSUMABLE ITEMS, INCLUDING BULK PETROLEUM, PRESENTS SPECIAL ACCOUNTING PROBLEMS AND THE NEED FOR EMPHASIS IN THIS AREA. THE NEXT FORMAL CHANGE TO THE SAMM WILL:

① A. ADD TO THE END OF PARA 20301.C: "SPECIAL CARE MUST BE TAKEN TO ENSURE THAT MINOR REPAIR PARTS, FUEL, OR OTHER DEFENSE ARTICLES WHICH LOSE IDENTITY WHEN CO-MINGLED, ARE CONTROLLED BY THE RECIPIENT GOVERNMENT USING A PROCEDURE WHICH WILL REASONABLY ASSURE THERE WILL BE NO NON-APPROVED TRANSFERS (SEE SECT 90006)."

② B. ADD SECTION: "90006 THIRD PARTY TRANSFERS. WE WISH TO AVOID ANY CONNOTATION THAT ITEMS PURCHASED WITH U.S. FINANCING WERE RESOLD MERELY TO GENERATE FUNDS. FOR THE FIRST THREE YEARS FOLLOWING DELIVERY OF AN ITEM PURCHASED WITH U.S. SA FUNDS, DSAA WILL NORMALLY CONCUR WITH TRANSFER (SEE SECTION 60003.K) ONLY WHERE THE PROCEEDS OF THE SALE ARE DEPOSITED IN THE COUNTRY'S TRUST FUND ACCOUNT. SUCH DEPOSITED FUNDS MAY NOT BE REFUNDED TO THE PURCHASER EITHER TO MEET ITS INTERNAL FINANCIAL RESPONSIBILITIES OR TO MEET ITS DIRECT CONTRACTUAL LIABILITIES. SUCH SALES PROCEEDS DEPOSITS ARE ALSO REQUIRED WHERE THE PURCHASER RESELLS TO THE USG OR TO A FIRM TO FULFILL ITS CONTRACT WITH THE USG. SAO'S SHOULD BE PREPARED, IN CONJUNCTION WITH MILDEPS, DSAA FMD, AND SAAC, TO PROVIDE GUIDANCE ON THE RETURN OF REIMBURSEMENTS TO THE COUNTRY'S FMS TRUST FUND ACCOUNT FOR REUTILIZATION."

③ C. ADD TO SECTION 110001.A: "7. SECTION 90006 IS ALSO APPLICABLE TO THIRD PARTY TRANSFERS OF MAP MERGER DEFENSE ARTICLES."

3. THE DSAA POINT OF CONTACT IS MR. WAYNE WELLS, AV 227-8108. BT

JOINT STAFF

ACTION J5(3) USDP:FILE(1) DIA(1) (D,U,A,6,F)
INFO VCJCS(7) DJS(1) J3(4) NIDS(1) J4(9) QUAL CONTROL(1)
SECDEF-N(1) USDA:ADMIN(1) USDP:DSAA(4) USDP:CIS(1)
USDP:TCS(1) USDP:OUTREAC(1) USDP:TRD/TSO(1)
USDP:MUN(1) USDP:LIC(1) USDP:WSP(1) NMIC(1) DA-SA(1)
DIC-2A(1) DIO-WE(1) DB-4F3(1)

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Section 203 - Special Provisions**20301 CONSTRAINTS ON ELIGIBILITY.**

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

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

C. **Transfer.** The purchaser or grant recipient must agree not to transfer title or possession of any defense article or related training or other defense services to any other country without prior 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].

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

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

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

G. **Violations.** Any government using American equipment and/or services in substantial violation of an applicable agreement entered into under 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].

H. Police, Counterterrorism, and Military Intelligence Programs.

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

2. *Police* training in the context of the FAA prohibition includes military police as well as civilian police, *if* the military police perform on-going civilian law enforcement functions. Neither the name given to a unit nor the ministerial authority under which it operates is sufficient to determine whether a particular unit is a "police unit." *The determining factor is the nature of the*

H. **Fiscal Provisions Relating to Foreign Military Sales Credits.** According to Section 37 of the AECA, cash payments received and advances received from direct credits shall be available solely for payments to suppliers and refunds to purchasers and shall not be available for financing credits and guaranties. Amounts received from foreign governments and international organizations as repayments for credits extended pursuant to Section 23 (direct credits), and other collections, such as fees and interest shall be transferred to miscellaneous receipts of the U.S. Treasury. However, if Guaranty Reserve (Section 24) funds have been used for a borrower's overdue payment to the Federal Financing Bank, subsequent amounts received from the borrower shall be merged with the Reserve and shall be available for any purposes for which funds are normally available.

I. **Coproduction/Licensed Production.** Section 42(b) of the AECA pre- scribes 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.

90005 CLASSIFIED MATERIELS. If in the case of direct commercial contracts, the purchaser proposed 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 foreign purchaser must comply with the provisions of this manual, Chapter 8, Section 802, Paragraph 80206.B.9.

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- b. Satisfy required initial deposits on specific LOAs (MAP portion of financing will be identified in Block 27 of the LOA.)
- c. Liquidate arrearages of 90 days or more on customer DD Form 645 FMS Billing Statements issued quarterly (at specific direction of DSAA Comptroller only).
- d. Offset current amounts due and payable on DD Form 645 FMS Billing Statements (at specific direction of DSAA Comptroller only).

SAAC must ensure that adequate procedures and controls are available to preclude refunds of merged MAP funds to the foreign purchaser.

4. MAP Fund Accounting and Reporting. The DSAA AFD will maintain records of obligations and transfers of funds made on the basis of SF 1081s and report to the Treasury (at the appropriate level) in compliance with Treasury Fiscal Requirements Manual.

5. MAP Restrictions. Procurements financed by merged MAP funds will not be governed by the delivery procedures and reversionary rights requirements applicable to the FY 1981 and prior year MAP. 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. OSP under FMS cases funded with merged MAP funds is restricted by AECA, Sec. 42(c) (see Chapter 9, Paragraph 90210). 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.

~~6. Excess Defense Articles. Recipients of merged MAP funds are not eligible for the grant of EDA. They may, however, purchase EDA under FMS procedures.~~

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7. B. MAP Financed LOAs for Defense Services. P.L. 99-83 amends Section 503(a) of the FAA, 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.

C. 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 FAA. 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 1102 of this chapter.

except under the authority of section 516 FAA (Southern Region Amendment) or section 517 FAA (Narcotics - Control Program in Latin America and the Caribbean).

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60003.L.4.c.

c. 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.

d. SA 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. MILDEP 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 MILDEP 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.

5. **Reporting Requirements.** 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 USG personnel who participated in the survey.

a. **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 Table 600-1 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.

b. **DSAA Responsibility.** 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.

6. **Submission of Survey Reports to Congress.** 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 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 report to assure that the report reflects a staffed USG position. Coordination with the DSAA Operations Directorate is required for each draft survey report within 30 days of its preparation.

M. **Non-U.S. Administrative Support Costs.** The USG does not serve as the disbursing agent for funds received under FMS cases unless those funds are required for materiel or services provided by DOD, other Federal agency, or through a DOD procurement contract. Therefore, FMS cases will not include transportation, lodging, per diem, or other administrative expenses of foreign government representatives, even though such expense may be related to the materiel or service being provided under FMS cases. In exceptional situations, DSAA may specifically authorize an FMS case to include the payment of travel and living allowances for International Military Students. *See also section Paragraph 7010 3.H.2.U.*

**TABLE 600-2
FOREIGN COUNTRIES AND INTERNATIONAL ORGANIZATIONS ELIGIBLE TO
PURCHASE DEFENSE ARTICLES AND DEFENSE SERVICES
UNDER THE AUTHORITY OF THE AECA**

AFRICA

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

Seychelles →
Tanzania →
Uganda →

EUROPE

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

**NEAR EAST &
SOUTH ASIA**

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

**WESTERN
HEMISPHERE**

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

**EAST ASIA
AND PACIFIC**

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

INTERNATIONAL TREATY ORGANIZATIONS

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

Also see Appendix D, Table D-5.

[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, FMSC, or leases should be referred to DSAA Operations.]

TABLE 600-2. Foreign Countries and International Organizations Eligible to Purchase Defense Articles and Defense Services under the Authority of the AECA.

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UNCLASSIFIED

Barclay

*M. Wells
8-22-89*

JOINT STAFF
INFO SERVICE CENTER

ZYUW RUEHCAA5124 2301703

ROUTINE
R 181701Z AUG 89
FM SECSTATE WASHDC
TO AMEMBASSY KAMPALA 6223
AMEMBASSY DAR ES SALAAM. VICTORIA 1159
INFO SECDEF WASHDC//DSAA// 7293 USCINCEUR VAIHINGEN GE/ECJ4-SA/
USCINCPAC HONOLULU HI

UNCLAS STATE 265124

E.O. 12356: N/A
TAGS: MASS
SUBJECT: PRESIDENTIAL DETERMINATIONS SIGNED

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7/8-21-89
Yoo -
(Table 600-16)*

1. ON JULY 20 PRESIDENT BUSH SIGNED PRESIDENTIAL DETERMINATIONS FOR SEYCHELLES, TANZANIA AND UGANDA, MAKING EACH COUNTRY ELIGIBLE TO RECEIVE DEFENSE ARTICLES AND SERVICES UNDER THE FOREIGN ASSISTANCE ACT AND THE ARMS EXPORT CONTROL ACT. THE PRESIDENT DIRECTED THE SECRETARY OF STATE TO REPORT THE FINDING TO CONGRESS AND PUBLISH IT IN THE FEDERAL REGISTER.

2. THE PRESIDENT'S DETERMINATIONS WILL PERMIT THE OBLIGATION OF FY 1989 MAP FUNDS, WHICH INCLUDES CIVIC ACTION FUNDS, FOR SEYCHELLES, TANZANIA AND UGANDA. THE DETERMINATIONS WILL CONTINUE TO APPLY FOR FUTURE FISCAL YEARS. EAGLEBURGER BT

*Republic of the Seychelles
United Republic of Tanzania
Republic of Uganda*

ACTION (U,6,7,8,F)
INFO J5 (2) QUAL CONTROL (1) SECDEF-N (1)
ASD:PA&E (1) USDP:AFR (1) USDP:DSAA (4) USDP:CIS (1)
USDP:OUTREAC (1) USDP:IEEA (1) USDP:TRD/TSO (1)
USDP:MUN (1) USDP:DTSA (1) USDP:AFR POL (1) NMIC (1)
DB-8D (4) DIA (1) DIO-AF (1)
+SAFE

MCN=89230/06400 TOR=89230/1702Z TAD=89230/1703Z

CDSN=MAU731
PAGE 1 OF 1
181701Z AUG 89

UNCLASSIFIED

00103.F. change ✓
9 F. 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.

G. 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.

60104 RESPONSIBILITIES.

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

B. DOD Component Recommendation. The DOD component processing the foreign country or international organization request is responsible for providing a recommendation to the DSAA based upon the factors and criteria in paragraphs 60105 and 60106 below.

60105 GUIDELINES. In determining whether the DOD will grant preference to direct commercial sales of specific defense articles and services, the following guidelines will be used:

A. 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:

1. Classified articles.
2. Items provided under CLSSA and similar non-CLSSA follow-on support sales arrangements.
3. Surplus personal property, including MAP disposable property.
4. DOD long supply stocks, when, in the judgment of the DOD component concerned, reduction of such stocks is desirable.
5. 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. delete
change
13
6. All ammunition rounds above 40mm in caliber.
7. All aircraft flares which are not procured in complete form from commercial sources.
8. All defense articles which contain as components 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).



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DEFENSE SECURITY ASSISTANCE AGENCY

WASHINGTON, DC 20301-2800

Change 2 ✓

14 JUL 1989

In reply refer to:
I-058485/89

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

SUBJECT: Contractor Preference for Direct Commercial Sales

This responds to HQDA(DALO-SAA) memorandum 89050440L, 30 June 1989, attached which proposes a change to Section 60109.B of the SMM.

Review of the proposed change indicates that:

- Section 60109.B deals with withdrawal of LOAs which have been prepared and submitted to country. The possibility of a contractor request to "stop preparation of" an LOA is provided for under Sections 60103.G and 60109.C.

- The statement "U.S. contractors should not assume that DoD has knowledge of foreign solicitations just because an export license request has been submitted." is most pertinent to "Commercial Source Responsibility", Section 60106.A.

(at top of page 601-4)

The addition, quoted above, to Section 60106.A will be included in Change 2 of the SMM.

SIGNED

H. Diehl McKalip
Director
Security Assistance Operations

Attachment
as stated

6

pscma

Prepd by: Mr. Wells/JUL 89
Distr: Orig addres & cc if shown
CMD (1)
OPS-E Subj
OPS-E Chron
OPS-Chron

Memorandum for Mr McKalip
Through Col Fritz
Mr Laskofski

m 7-14-89
W 7/14/89

13 July 1989

Subject: Contractor Preference for Direct Commercial Sales

HQ AMC was visited by a contractor in early 1989 who indicated to top levels that requests for export licenses should be adequate to prevent "competing" LOAs from being issued. The AMC customer ombudsman asked USASAC to look into it.

USASAC proposed a SAMM clarification to HQDA which was then passed to DSAA.

USASAC and HQDA agree that export licenses frequently do not lead to sales and attempts to keep track of commercial sales efforts through the licensing process would not work. The proposed SAMM change seems to be the best solution.

The USASAC AO agrees with our proposed reply. Although I discussed the issue with HQDA previously, I was unable to talk with the HQDA (DALO-SAA) AO, who is on leave until next week; however, it should not be controversial. If signed, I will discuss our answer with DALO on Monday to help ensure this will take care of the problem.

Recommend approval at the Signature Tab.

W
W. Wells
OPS-E, X78108

Attachment
As Stated

pscwd

Backup *DSAA*



22

DEPARTMENT OF THE ARMY
OFFICE OF THE DEPUTY CHIEF OF STAFF FOR LOGISTICS
WASHINGTON, D.C. 20310-05



30 JUN 1989

DALO-SAA 8950440L

MG KLUGH/ADCSLOG/75301

MEMORANDUM THRU ~~DEPUTY CHIEF OF STAFF FOR LOGISTICS~~ *RK 30/1/89*
~~DIRECTOR OF THE ARMY STAFF~~ *107 6 Jul 89* JOYCE C. FULTON, MAJ, GS, ADAS

FOR DIRECTOR, DEFENSE SECURITY ASSISTANCE AGENCY

SUBJECT: Contractor Preference for Direct Commercial Sales--
ACTION MEMORANDUM

1. Purpose. To obtain Director, Security Assistance Agency (DSAA) approval for a change to Section 60109B, Security Assistance Management Manual (SAMM), DOD 5105.38-M.

2. Discussion.

a. When a foreign customer solicits a private contractor for a proposal, any ongoing request for a Letter of Offer and Acceptance (LOA) must cease.

b. Section 60109B, SAMM states: "U.S. contractor requests for withdrawal of LOAs should be referred to DSAA-OPS for resolution."

c. Contractors Assumptions.

(1) That the foreign purchaser has notified DSAA they are soliciting bids from private industry and that DSAA has stopped the LOA process.

(2) That having or submitting a request for an export license gives notice to DOD of a potential commercial proposal and stops LOA process.

3. Recommendation. That DSAA approve the proposed SAMM change to Section 60109B at Tab J.

Encl

for J.M. [Signature], Col, GS
WILLIAM L. JACKSON
Director for Security Assistance

A Hechmer

I-89/58485

Barnes



23

DEPARTMENT OF THE ARMY
USA SECURITY AFFAIRS COMMAND
5001 EISENHOWER AVENUE
ALEXANDRIA, VA 22333-0001



AMSAC-MI (12-8a)

F 2 JUN 89

MEMORANDUM FOR HQDA (DALO-SAA), WASH DC 20310-0511

SUBJECT: Contractor Preference for Direct Commercial Sales

1. As a result of a recent problem that arose regarding how U.S. firms should notify DOD of foreign purchaser interest, recommend that Section 60109 of the SMM be revised. It addresses the actions that DOD should take regarding LOAs when DOD learns that a foreign purchaser subsequently solicits bids from private industry for the same supplies and services. The SMM should be revised to indicate that U.S. firms must notify DSAA in writing when they desire to deal directly with a foreign purchaser and that submission of an export license alone is not adequate notification. We suggest that the last sentence of 60109.B be revised as follows: "U.S. contractor requests to withdraw or stop preparation of an LOA should be made in writing to DSAA-OPS. U.S. contractors should not assume that DOD has knowledge of foreign solicitations from having or submitting an export license."

2. In addition, once the SMM is revised as discussed above, request that DSAA publicize the information in future conferences with representatives of U.S. industry and that DSAA insure that the provisions of paragraph 60109C are thoroughly covered in the Security Assistance Management Course - Industry at DISAM.

3. USASAC POC Mr. James Wamsley, 274-5675.

FOR THE COMMANDER:

DOUGLAS E. LEACH
Chief, Office for International
Industrial Cooperation

I-89/55485

Barb - no
change

RECOMMENDED PROPOSED CHANGE TO SECTION 60109B, SAMM

Change Section 60109B to read as follows: "Withdrawal of LOAs. There are cases...of the situation of commercial quotations. U.S. contractor requests to withdraw or stop preparation of an LOA due to country request for commercial quotations will be made in writing to DSAA-OPS. U.S. contractors should not assume that just because an export license has been submitted, DOD has knowledge of foreign solicitations."

cleared for change 2
starts p 700-1

25

✓

12 March 1990

Memorandum for DISAM

Subject: Proposed SAMP Change, P&R/P&A Data

Replace current SAMP paragraph 70002.A with the following:

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

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

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

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

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

"3. LOI. Letters of Intent authorize expenditures for a relatively small portion of a major LOA which has not yet been implemented. Examples of use might include early purchase of castings or start of training to allow a program to proceed on schedule. Since LOIs entail a risk that the program of which they are a part may not proceed, LOIs should be used only when

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clearly required. The DD Form 2012 is designed to finance procurement of items prior to issuance of an LOA. The DD Form 2012-1 is used for the same types of items during the period between issuance of an LOA and signed acceptance of the LOA by the purchasing country. "Items" in this context are extracts from LOA line items, and not necessarily items of hardware. If Congressional notification must be completed before the LOA can be issued, the following note should be added to the LOI: '6. It is understood that United States law requires that the United States Congress must be afforded a formal opportunity to review the proposed sale before the sales offer may be issued to the Purchaser and that a law may be enacted to prohibit such issuance. The Purchaser shall bear the risk that the offer may not be issued for reasons such as enactment of a prohibition.'

Delete paragraph 70003.B.4.

In Appendix B, replace definitions as follows:

- Planning and Review (P&R) Data with "Planning and Review (P&R) Data - Price and Availability (P&A) Data."

- Price and Availability Data with

"Price and Availability (P&A) Data - Prepared by the MILDEPs, DSAA, and other DoD components in response to a foreign government request for preliminary data for the possible purchase of a defense article or service. P&A data are not considered valid for the preparation of an LOA. Furnishing of this data does not constitute a commitment for the USG to offer for sale the articles and services for which the data are provided."

Additional changes attached, to make terminology throughout the SAMM consistent with the above, should also be included in Change 2.

attachment
as

pscwd2

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).

D. **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.

40003 MATERIEL REQUIREMENTS SURVEYS.

A. **General.** DOD Components must assure that SAOs and foreign purchasers 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.

B. **Eligible Items.** 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:

1. U.S. production for the item is scheduled to end in the foreseeable future.
2. The U.S. is making a periodic buy of an item for which there is known foreign demand.
3. A minimum procurement quantity is required for an item when there is known foreign demand.

C. **Eligible Countries.** Materiel Requirements Surveys will be disseminated only to those countries that have previously indicated an interest in acquisition of the item or weapon system. Such interest could include: prior purchases, prior requests for P&A, ~~PER~~, 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. NDP. Final eligibility determination will be made by DSAA in coordination with the Department of State.

D. **Coordination.** Generally, 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.

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

b. ~~P&A Data~~ **P&A Data and LORs.** ~~P&A~~ P&A data are classified where these data (1) identify a requesting foreign government and specific items of 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 50202.A.1 above. Unless otherwise authorized by paragraph 50202.A.1 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 50202.A.1 above or paragraph (c), below.

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

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

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

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

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

[Note: Originating Agency's Determination Required.]

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

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

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

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

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

designation/nomenclature, military model number and NSN (if applicable), most recent contract with DOD (including date and number), and the cognizant MILDEP/DOD component for that contract.

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

1. Previous contract history with that firm;
2. Information regarding other qualified commercial sources currently capable of producing the article or service;
3. Information as to whether the article or service has previously been approved for direct sale preference;
4. Information as to whether stocks of the article in question are in long supply;
5. Confirmation that the item in question is in fact considered to be SME on the U.S. Munitions List; and
6. Confirmation that the item in question is in fact manufactured without GFE (and if applicable the firms qualifications to purchase GFE under the provisions of DODD 4175.1).

C. DSAA Determinations. 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 whether or not 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.

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

60107 PROCEDURES FOR PROCESSING REQUESTS FOR DIRECT SALE PREFERENCES.

A. DOD Component Responsibility. The DOD component concerned, upon receipt of a request for FMS P&R, P&A, or an LOA, will screen the request against the summary listing of articles or services eligible for direct sales preference and the criteria in paragraph 60105 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

CHAPTER SEVEN

PREPARATION AND PROCESSING OF FMS CASES

SECTION 700 - GENERAL INFORMATION, FMS AGREEMENTS

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

70002 BACKGROUND/DEFINITIONS.

A. **Types of Requests.** Depending upon the nature of the requirement, foreign countries or international organizations may request preliminary data (generally P&R) or an FMS agreement LOA for the purchase of defense articles or services. In exceptional circumstances, as described below, the provision of 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 70003.A.2. below for channels of submission and release approval channels.

1. **P&R Data.** Planning and Review (P&R) data is rough order of magnitude price and availability data to be used by a foreign country or international organization solely for preliminary review and planning purposes for evaluation of the possible purchase of a defense article or service. P&R data is not valid for use in preparation of an LOA - DD Form 1513 and will not be provided on a DD Form 1513. DOD components should ensure that the P&R information provided is 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.

2. **P&A Data.** 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.

Repla

3. **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.

4. **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.

B. Categories of Items and Services.

1. **Defense Articles and Defense Services.** Categories of defense articles and services are identified in the *International Traffic in Arms Regulations (ITAR)*, Part 121, "Arms, Ammunition and Implements of War." Items thus identified constitute the United States Munitions List (Reference Chapter 2, Table 202-1, 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.

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

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

C. **Standard FMS Cases.** Standard FMS cases are divided into Defined Order Cases, Blanket Order Cases, and 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 USG.

1. **Defined Order Cases.** A Defined Order case is one in which the items, services or training to be provided are stated explicitly on the LOA.

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

b. The following types of materiel and services are normally provided through Defined Order cases:

(1) 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,

(2) Munitions, ammunition and other explosives,

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

b. **FMSO II.** The FMSO II consists of an LOA covering the purchaser's estimated withdrawals of materiel from the supply system for an agreed period (normally one 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. CLSSA policy questions may be referred to DSAA/OPS-E.] *

4. **Non-Standard Support.** This includes hardware or services required to support commercial end items; support of obsolete end items, including end items which have undergone system support buy outs; and to support selected non-U.S. origin military equipment.

a. In the absence of special circumstances such as existing commercial support arrangements, security assistance for these items may be provided through normal FMS procedures.

b. Requests involving sensitive technology or which have significant impact on U.S. programs should be coordinated with DSAA

70003 PROCEDURES.

A. **LOR.** An eligible foreign country or international organization which desires ~~P&R data~~, P&A data, or an LOA from the USG conveys that desire to the U.S. Government in an LOR.

1. **Format.** Although no specific format is required for an LOR, the requestor must assure that the request is complete as indicated below:

a. The LOR must specify what is desired — ~~P&R data, P&A data, or an LOA.~~

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

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

d. When LORs are received which do not meet the requirements of paragraphs a. through c. above, the DOD component initially receiving the request shall notify the requestor of the deficiency and hold action on the request until the information is received.

2. **Channels of Submission of LOR.** The Department of State has statutory responsibility for approving all requests for Foreign Military Sales to eligible countries and international organizations. 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:

a. **SME.** 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

70003.A.2.a.(1).

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 DSAA. For MDE items, the cognizant DOD component will provide the applicable unified command and SAO with a copy or details of the purchaser's request, as appropriate. The following must be addressed in transmission of the request by the U.S. Embassy:

- (1) The reason the nation desires the articles or services.
- (2) How the item would affect the recipient's force structure and how it would affect the recipient's capability to contribute to mutual defense or security goals.
- (3) The anticipated reactions of neighboring nations.
- (4) The ability of the purchaser to operate, maintain, and support the article. Training required either in-country or in the U.S. and the possible impact of any in-country U.S. presence that might be required as a result of providing the article.
- (5) The source of financing and the economic impact of the proposed acquisition.
- (6) Relevant human rights considerations that might bear on the proposed acquisition.
- (7) Whether the U.S. Government should approve transfer of the article and reasons therefor.

b. All other FMS (non-SME). Requests for ~~P&R~~, P&A_x 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 DSAA. 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 DSAA.

c. Exceptions.

(1) Direct Submission to State or DSAA. In exceptional circumstances requests for ~~P&R~~, P&A_x, and LOAs may be submitted directly to the Bureau of Politico-Military Affairs, Department of State, and DSAA. 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.

(2) Requirement for Copies Furnished. DOD components receiving requests for ~~P&R~~, P&A_x 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.

(3) Unknown DOD Component. When the cognizant DOD component 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.

d. 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 701, paragraphs 70103.I. and 70103.J.

e. DOD Component Recommendations. 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.

B. Responses to Letters of Request.

1. General. 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 70002.A. above for a description of P&R and P&A data and paragraph 70003.A.2. above for the channels of submission of requirements for data.~~ ^A

2. Discussions with Foreign Governments and International Organizations. Economic, production, and budget uncertainties all contribute to DOD component difficulties in making accurate cost and delivery estimates. The large volume of P&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.~~ ^A

3. 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 P&R data, e.g., list the: ^A

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

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

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

d. Estimated accessorial charges.

- e. Source of the data (e.g., last contract award, stock price).
- f. Estimated availability of the articles/services.
- g. Key assumptions used in developing the data, for example:

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

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

- h. Key factors which will effect the above planning data, for example:

(1) Current contract for this item expires on (indicate date) and an LOA must be accepted by (indicate date) so that options can be added to the current contract. If an LOA is not accepted by the indicated date, the price may rise substantially and new data will be required.

(2) Production line is due to phase out by (indicate date). Start-up costs would have to be applied if an LOA is not accepted by (indicate date).

(3) Materiel has a shelf-life of (indicate date).

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

j. 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.

k. The DD Form 1513 will not be used to provide P&R data.

4. ~~FR&R~~ Format for P&A Data. 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."

4.5. ~~FR&R~~ and P&A Estimates are not Commitments. All responses for P&R and P&A data will include the following note: "The provisions of the foregoing ~~FR&R~~ 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."

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

7. DD Form 1513 - LOA.

a. **Purpose.** The DD Form 1513 will be used for all FMS of defense articles and services 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.

b. **Periods of Effectiveness.** The LOA will itemize the defense articles and services offered, and when executed becomes an official tender by the USG. An accepted LOA is effective until all articles offered are delivered and all services completed. 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.

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

8. **Response to Requests which Involve Less than EOQ.** When a request is received for ~~P&R~~, P&A_x or an LOA which cannot be supplied from stock and cannot be immediately obtained from normal procurement because it represents less than an EOQ, the response to such requests should provide the following information to the country or international organization:

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

b. Whether a USG procurement is planned for the near future, the anticipated price of such procurement and the anticipated delay in supply the item if the requirement were held pending such procurement in conjunction with USG procurement. All such responses to a foreign country or international organization must be coordinated with DSAA Operations.

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

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

b. Notification of class cancellations for previously approved quotas.

c. Quota requests which cannot be accommodated within desired timeframe.

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

C. Coordination of Requests for ~~P&R~~, P&A_x or an LOA.

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

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

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

2. The receipt of the information copy by DSAA of the ~~P&R~~, P&A_x or LOA request required by paragraph 70003.A.2. 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 70003.A.2. above.]

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

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

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

70302.B.3.c.

submission of Section 36(b)(5)(C) reports. A Section 36(b)(5)(A) report is not required before delivery of enhancements or upgrades previously identified in a Section 36(b)(5)(C) notification.

c. 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 Paragraph 70302.A.1.(a) 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 MILDEP 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 703-6C only when the net cost of the enhancement or upgrade portion reaches the Section 36(b)(1) dollar threshold as follows:

| Equipment/Services To Be Enhanced | Net Cost of Enhancement (Millions) | |
|-----------------------------------|------------------------------------|--|
| Major Defense Equipment | \$ 14 | <i>enhancement requires new information also</i> <i>Y10 - Based on</i> <i>appr to be enhanced.</i> <i>not on app being included here.</i> <i>no change</i> |
| Other Defense Equipment/Services | \$ 50 | |
| Design and Construction Services | \$200 | |

Statutory notification for enhancements or upgrades of sensitivity of technology should be submitted within 30 days of the request to purchase in the format provided in Table 703-6C to DSAA (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.

C. Exceptions.

1. Impact on Current Readiness (Section 118) Report Exceptions. No Section 118 report is required if a proposed foreign military sale of defense articles valued at \$50 million 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 USG procurement contract and no concurrent procurement for the USG's own requirements is expected to be underway at the time the LOA is accepted by the purchaser.

2. Price and Availability/~~Planning and Review~~. 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.

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(1) appropriate officials of DOD consider the fee to be fair and reasonable; (2) in the event that only a portion of the proposed fee is considered to be fair and reasonable, a statement to this effect together with the rationale therefor; or (3) the USG cannot determine the reasonableness of the proposed fee. This statement will normally be included as a "Note" to the LOA. Such a Note may also include the contractor's explanation and/or justification for the proposed fee, together with any other data requested by the purchasing country or international organization. The Note will also include a statement that acceptance of the LOA by the purchaser, with inclusion of the Note, will constitute the purchaser's approval of the sales commissions and fees involved.

2. Ex-Post Facto Notification to Purchasing Country or International Organization. When it is not possible to determine prior to presentation of the LOA whether the price quoted for the articles or services includes sales commissions and fees, the purchasing country or international organization will be notified as soon as possible if, in the course of subsequent contract negotiations, it appears that a charge for sales commissions and fees will be claimed by the contractor. This notification will include the information in paragraph a. above, along with a statement that, unless contrary advice is received from the purchasing country or international organization within 30 days of the date of the notification, the DOD will determine whether to accept such a charge as a valid cost in the contract. No sales commissions and fees will be accepted by the contracting officer prior to expiration of the 30 day period.

3. Coordination with the DSAA.

a. All LOAs which specify that a sales commission or fee is included in the case will be coordinated with DSAA Operations, regardless of the dollar value of the case, prior to an LOA dispatch to the requesting country or international organization. LOAs which carry the notation that no sales commissions and fees are included in the case do not require coordination with the DSAA except as may be required by other policies and procedures which may be in effect.

b. All correspondence with a foreign country or international organization on the subject of agents fees relative to P&A, ~~P&R~~, or a LOA will be coordinated with DSAA Operations prior to dispatch.
 data an

c. 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.

d. The submission to DSAA Operations of all LOAs or ex-post facto notifications for coordination shall be in writing, shall contain a certification that the agent is *bona fide*. in accordance with the criteria set forth in FAR, and shall provide the rationale for reasonableness or an explanation if the reasonableness of the fee cannot be determined.

B. FMS Agent Fee Ceiling. Allowable costs for sales commissions and fees applicable to contracts for FMS shall not exceed \$50,000 per contract (including all modifications and subcontracts thereto), per country. 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.

C. Disallowance of Agents Fees.

1. No fee shall be accepted by the contracting officer if such fees are disapproved by the purchasing country or international organization.

2. If, in making the determination required by FAR, the contracting officer or head of the procuring activity (HPA) determines that an agent is not *bona fide*. for reasons other than reasonableness of fee, no LOA will be tendered pending withdrawal by the prospective contractor of the fee for such agent from his proposal.

D. Exceptions to Notification Procedures.

1. The procedure contained in paragraph ^A 1. above will not be followed in the case of Australia, Egypt, Greece, ~~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 one of the following statements:

(For Saudi Arabia) "All U.S. Government contracts resulting from this Offer and Acceptance shall contain one of the following provisions, unless laws of the Kingdom of Saudi Arabia call for prescribing sales commissions or agents' fees, and payment thereof is approved in writing by S.A.G. before contract award:"

(For other countries granted an exception) "All 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:"

a. For firm fixed-price contracts or fixed-price contracts with economic price adjustment:

"The contractor certifies that the contract price (including any subcontracts awarded hereunder) does not include any direct or indirect costs of sales commissions or fees for contractor sales representatives for the solicitation or promotion or otherwise to secure the conclusion of the sale of any of the supplies or services called for by this contract to the Government of (____)."

b. For all other types of contracts:

"Notwithstanding any other provision of this contract, any direct or indirect costs of sales commissions or fees for contractor (or subcontractor) sales representatives for the solicitation or promotion or otherwise to secure the conclusion of the sale of any of the supplies or services called for by this contract to the Government of (____) shall be considered as an unallowable item of cost under this contract."

2. Accordingly, approval of sales commissions and fees must be sought and obtained prior to contract award unless the contractor certifies that no such fee or commission is included in the cost of the contract.

E. Proprietary Information. Inclusion of a "Note" to the LOA with respect to sales commissions and fees shall not be deemed, with respect to distribution and availability of LOAs, as altering the proprietary nature, if any, of such data for the purpose of 18 U.S.C. 1905.

F. Agents Fees for Commercial Contracts. Agents fees for direct commercial contracts financed with FMS credit funds will be limited to \$50,000 per contract. It is the responsibility of the contractor to prove that payments of any agents fees in excess of \$50,000 are not financed with FMS credit funds.

80104. APPOINTMENT OF AN AGENT.

A. Policy. It is USG policy to deal directly with a foreign government or international organization for the purchase of defense articles via Foreign Military Sales procedures. An agent may be designated by a foreign government for the accomplishment of the following purpose only: to act as an agent for the receipt of FMS Government Furnished/Spares/Support items which are required by that agent to enable the (manufacture/assembly) (repair/rehabilitation) of defense items purchased on a direct basis by the foreign purchaser. The following form letter, which designates such an agent, should be used and a foreign government request signed at the Minister or Deputy Minister of Defense level.

2. **Personnel Costs.** Civilian and military personnel costs directly attributable to SDAF procurements will be funded on separate MIPR lines. These labor costs shall be computed per the guidance in DOD 7290.3-M, paragraphs 70102 and 70103.

3. **FMS Add-Ons.** For advice on add-on factors for non-recurring RDT&E, nonrecurring production and asset use, see paragraph 70002H, DOD 7290.3-M.

H. **Reporting Deliveries to the SDAF Account.** 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.

I. **Delivery Reporting Summation.** 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.

J. **Interdepartmental Orders.** Sub-MIPRs issued by one MILDEP to another may not cite SDAF funds. Sub-MIPRs must cite the issuing services funds.

K. **Payment for Transportation of SDAF Items.** Costs incurred to transport materiel to assembly 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.

L. **Storage of SDAF Inventories.** Major SDAF equipment held in DOD inventories will normally be segregated from other DOD items. However, as an exception to this general policy, SDAF items with a limited shelf life may be co-mingled with service inventories so long as separate and accurate inventory records are maintained. MILDEPs will forward bills for SDAF storage to the SAAC. Bills will be for direct out-of-pocket costs incurred on major equipment.

M. **Inventory Losses.** All inventory losses related to SDAF secondary items will be absorbed at the time of the loss by the MILDEP 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 MILDEP, 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.

N. **Billing for Ammunition.** The USA will bill the SDAF account by SF 1080 to reimburse the Conventional Ammunition Working Capital Fund.

140007 FMS SALES OF SDAF ITEMS.

A. **Price and Availability Data.** Requests for P&A ~~and 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 Section 36(b), AECA.

| | |
|---------|---|
| NAVSEA | Naval Sea Systems Command |
| NAVSUP | Naval Supply Systems Command |
| NC | Nonrecurring Cost |
| NCAD | New Cumberland Army Depot (Pennsylvania) |
| NCB | National Codification Bureau |
| NDP-1 | National Disclosure Policy |
| NDPC | National Disclosure Policy Committee |
| NETSAFA | Naval Education and Training Security Assistance Field Activity |
| NICP | National Inventory Control Point (U.S. Army) |
| NIIN | National Item Identification Number |
| NMDL | Navy Management Data List |
| NPFC | Naval Publications and Forms Center |
| NRC | Nonrecurring Cost |
| NRFI | Not Ready For Issue |
| NSA | National Security Agency |
| NSC | Naval Supply Center, or National Security Council (in context) |
| NSD | Naval Supply Depot |
| NSIA | National Security Industrial Association |
| NSN | National Stock Number (replaces FSN) |
| NSY | Naval Shipyard |
| NTSC | Naval Training Systems Center |

O

| | |
|---------------------|--|
| OA | Obligation Authority |
| OASD/ISA | Office of Assistant Secretary of Defense/International Security Affairs |
| OBT | Observer Training |
| OC-ALC | Oklahoma City Air Logistics Center (U.S. Air Force - AFLC) |
| ODC | Office of Defense Cooperation |
| OJCS | Office of the Joint Chiefs of Staff |
| OJT | On-the-Job Training |
| O&M | Operation and Maintenance |
| OMA | Operations and Maintenance, Army |
| OMB | Office of Management and Budget |
| OMC | Office of Military Cooperation, Office of Munitions Control (Dept. of State) |
| OO-ALC | Ogden Air Logistics Center (U.S. Air Force-AFLC) |
| OPNAV | Office of the Chief of Naval Operations |
| OSD | Office of the Secretary of Defense |
| OSP | Offshore Procurement |
| OT | Orientation Tour |
| OVHL | Overhaul |
| OPR | Office of Primary Responsibility |

P

| | |
|--------------------|--|
| PA | Program Authorization |
| PACAMS | Panama Canal Area Military Schools |
| PACOM | U.S. Pacific Command |
| P&A (P&R) | Price and Availability Data |
| P&R | Planning and Review Data |
| PAPS | Phased Armaments Programming System |
| PARS | Procurement Accounting and Reporting System |
| PAT | Port Assistance Team |
| PA&E | Program Analysis & Evaluation |
| → P&H/PCH&T | Packaging, Crating, Handling, and Transportation |
| PCO | Procurement Contracting Officer |
| PCS | Permanent Change of Station |
| PD | Presidential Determination |

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| P |
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Paramilitary Forces - Forces or groups which are distinct from the regular armed forces of any country, but resembling them in organization, equipment, training, or mission.

Pipeline - That portion of (a) approved and funded MAP articles and services, and (b) accepted FMS orders for defense articles and services, for which delivery, either constructive or actual, has not occurred, or services have not been rendered.

Planning and Review (P&R) Data - 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 an 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. [See SAMM, Chapter 7.]

Replac

Planning, Programming, and Budgeting System (PPBS) - An integrated system for the establishment, maintenance, and revision of the Five Year Defense Plan (FYDP) and the DOD budget.

Price and Availability (P&A) Data - Estimate of price and availability of defense articles and services of sufficient accuracy to be used for the preparation of an 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. [See SAMM, Chapter 7.]

Replac

Program Decision Memorandum (PDM) - A document which provides Secretary of Defense decisions on the Program Objectives Memorandum (POM) and the Joint Program Assessment Memorandum (JPAM).

Progress Payments - Those payments made to contractors or DOD industrial fund activities as work progresses under a contract, on the basis of cost incurred or percentage of completion, or of a particular stage of completion, accomplished prior to actual delivery and acceptance of contract items.

Project Definition - The process of exploring more thoroughly all aspects of the proposed project and to examine the relations between required performance, development time and cost. The areas to technical uncertainty are examined and possible trade-offs, are evolved in order to achieve a satisfactory balance between performance, development time and cost. These trade-offs may lead to amending the operational requirement. From then on, performance requirements regarding the technical characteristics are established so as to meet the operation requirements under the best conditions. These requirements will form the basis for the establishment of a development program and of more detailed and realistic estimates of development time and cost.

The overall results of the studies carried out during project definition will be used for the discussion on whether to proceed with the development or not.

Public Law (PL) 480 Funds (Sec. 104c) - Foreign currencies derived from sale of surplus agricultural commodities under Title I, PL 480, Agricultural Trade and Development Act of 1954, as amended. Section 104(c) authorizes these foreign currencies to be used for procuring equipment, materials, facilities, and services for the common defense, including internal security.

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| R |
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Reappropriation - MAP or IMETP funds which at the end of the fiscal year are not reserved or obligated and are customarily made available by the Congress for use in the subsequent fiscal year.

44

(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;~~
- (1) (2) An oral request;
 - (2) (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
 - (3) (4) A request for price/delivery data required to facilitate country decision-making on overall equipment purchase plan or budget.

2. Excess Defense Articles (EDA) Sold Under FMS (RCS:DSAA(O)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 Table E-2 for sample reporting format.

3. Foreign Military Construction Sales (RCS: DSAA(O)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 Table E-3 for a sample reporting format.

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~~CONFIDENTIAL~~

Background
E/ 10-27-89



DEFENSE SECURITY ASSISTANCE AGENCY

WASHINGTON, DC 20301-2800

20 October 1989

CD - Do it!

Memorandum for ~~LTC Brown~~
Through ~~Mr Rudd~~
~~Mr McKalip~~
Mrs Blundell
~~Mr Wray~~

10-26

OK by me the pages with Mr Wall's recommendation. Lots of staff change to SAMM eliminating P&A data and see who selects?

Subject: Policy for Use of P&R and P&A Data

10-25-89

At Tab 1:

- Recommendation was approved for DSAA Country Directors to provide information on P&R and P&A data processing and
- We were asked to furnish good data in this area in 6 months.

Management Division request for Country Directors to provide a copy of any correspondence showing that P&A has been provided separately from an LOA, along with resultant input, is at Tab 2. The eight documents provided show: *(6 month sample)*

- Four instances where P&A is used but P&R applies.
- Two where P&A is used but LOA applies.
- One where P&A was being provided but P&R would appear to have been equally valid.
- One showing P&A requested but P&R being provided, with DSAA explaining why (illustrates poor use of time due to terminology problem).

Request for MILDEP data on P&R-P&A issuances 1 Jun-30 Sep 89, and resultant input is at Tab 3. It shows:

- Army 131 P&R, 160 P&A; Navy 67 P&R, 4 P&A; and Air Force 175 P&R, 19 P&A.
- Data appear relatively meaningless in terms of P&R versus P&A workload.

-- Army results could just as correctly read 291 P&R, 0 P&A. Most Army "P&A" responses were estimates for items on hand (136 of 160 were Colombia 506(a) shipments) and the information and work would not have been different if it were referred to as P&R. Army also provided a portion of the reported "P&A" for items to be requisitioned under already implemented case dollar lines (to provide the cost to the country in advance of

~~CONFIDENTIAL~~

When with Attachment - Remark

C

initiating the requisition) and those could have been referred to as P&R.

-- Navy reports that its four P&A responses were actually P&R that were mislabeled.

-- Air Force "P&A" tends to be grouped, with seven for Singapore within PRIE and seven at ILC, indicating that use of P&R and P&A is interpreted differently within different organizations.

Analysis of the input tends to confirm that terminology is a problem. The SAMM refers (Tab 1.C) to P&R data as rough order magnitude price and availability data. Each LOA also includes unit/total cost (price) and availability data. Informal comments during the exercise also support this view.

Conclusion. "P&A Data", as a separate data category, is extraneous and creates confusion. Its net effect on Security Assistance management appears to be negative. *

Recommendation: That I staff the proposed SAMM change at Tab 4 to eliminate "P&A Data" as a data type separate from P&R or LOA. *

wjz
Wayne Wells
OPS-E, X78108

O/C

Attachments
as

* P&R eliminated instead due to
AECA Sec 28

polwd4

that the quality of the materiel is in accordance with contract terms or, for DOD standard items, U.S. military specifications. In the event that DSAA determines that quality assurance is required, the purchaser will be notified when the contract is reviewed that DOD quality assurance services from DLA, through the DCAS office in New York, are required as a condition for FMS financing of the contract.

(2) Although the cost of such quality assurance services may be included in the contract and paid to SAAC by the contractor on behalf of the purchaser, the purchaser country will be required to arrange for these services through an FMS agreement with DCAS.

q. The contracts or purchase orders must clearly identify the amount of any applicable down payment and follow-on payments.

(1) A down payment or initial payment may not exceed the amount of cost incurred by the contractor up to the date of submission of the down payment invoice. This payment is defined as the contractor's out-of-pocket payments made prior to contract implementation plus termination liability to be incurred during the first 90 days, less profit, as certified by the contractor.

(2) Follow-on payments may be scheduled upon accomplishment of specific milestones detailed in the contract, such as deliveries or contractor costs incurred as of the date of the invoice plus costs to be incurred (which include termination liability) through the next 90 days. A proportional share of profit may also be recovered in follow-on payments, based upon milestones achieved or partial deliveries.

(3) Full contract payment cannot be scheduled prior to the date/schedule of contract deliveries or completion of contract actions.

(4) The purchaser country should validate invoices and submit them to DSAA for payment within 60 days of receipt from the contractor. Purchaser countries may not assess charges to U.S. contractors for processing contracts or invoices for payment. FMS financing will be withdrawn if such charges are determined to have been assessed or if the purchasing country representatives have solicited U.S. contractors to provide free materiel, services, advertising, or similar forms of benefits as a condition of award of a contract or processing of invoices.

r. Pricing comparisons are being performed on a selective basis as part of the contract review process. Current DOD procurement prices will be used as a source of comparison prices to assure a valid comparison. However, if DOD has excess stocks available at a lower price, or if the purchaser has invested in early procurement through a FMS CLSSA case for the same type of item, we will so notify the contractor and the purchaser. When prices are discovered which appear to be excessive in comparison with new acquisition of comparable items for DOD or domestic purchase, the contractor will be advised. The DOD objective is to maximize the benefits of limited FMS funds; however, it's recognized that certain circumstances, especially delivery schedules, may justify paying higher prices. Unjustified excessive prices may be cause for disapproval of FMS financing.

s. It is important that the purchaser provide prior notification to DSAA of acquisition plans. Plans should be submitted for each requirement for which the purchaser anticipates making a direct commercial purchase with FMS funding. The identification of requirements should be provided as far in advance as possible (preferably 60 days) before solicitation of bids or initiation of contract negotiations. This will allow DOD sufficient time to evaluate the proposed acquisition and seek any required clarification prior to solicitation. SEE

TABLE 902-8 FOR SAMPLE NOTIFICATION FORMAT. ←

covered for Change 2 ✓

39

ROUTINE
R 230608Z FEB 90
FM SECDEF WASHINGTON DC//USOP//
TO AIG 8797

ZYUW RUEKJCS9480 0540608

UNCLAS
FROM DSAA/COMP7-FMD
SUBJECT: REVISION TO THE SECURITY ASSISTANCE MANAGEMENT MANUAL
(SAMM), DOD 5105.38-M, INTERIM CHANGE
REFS: (A) P.L. 100-461, DATED OCTOBER 1, 1988 (FOREIGN
OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS
ACT 1989), SECTION 586(A)
(B) P.L. 101-165, DATED NOVEMBER 21 1989 (DEPARTMENT OF
DEFENSE APPROPRIATIONS ACT, 1990), SECTION 9104(C)(2)

1. THE PURPOSE OF THIS CHANGE TO THE SAMM IS TO PROVIDE GUIDANCE ON
HOW THE TERMS OF SALE INVOLVING NON-REPAYABLE FMS CREDITS SHOULD BE
SHOWN IN BLOCK (27) OF DD FORM 1513, BLOCK (28) OF OO FORM 1513-1
AND BLOCK (11) OF DD FORM 1513-2 SO THAT THE PRICING ADVANTAGES
PERMITTED BY REFERENCES (A) AND (B) CAN BE OBTAINED. THE USE OF
THE TERM "FMS GRANT" IS DISAPPROVED.

② 2. CHANGE THE FIRST SENTENCE OF CHAPTER 13, PARAGRAPH 130104.C.1.B.
(PG 1301-3) TO READ: -USE OF TERMS OF SALE ON LOANS. TERMS OF SALE
INDICATE WHEN PAYMENTS ARE REQUIRED AND WHETHER THE AGREEMENT IS
TO BE FINANCED ON A CASH, FMS CREDIT (REPAYABLE OR NON-REPAYABLE),
OR MAP FUNDING BASIS."

③ 3. ADD PARAGRAPH (7), TO CHAPTER 13, PARAGRAPH 130104.C.2.A. (PG
1301-4), AS FOLLOWS: "(7) "FMS CREDIT (NON-REPAYABLE)." THIS TERM
APPLIES TO PAYMENT FOR AN FMS CASE WHOLLY FINANCED WITH NON-
REPAYABLE CREDIT FUNDS THEREBY QUALIFYING THE CASE FOR PRICING
BENEFITS (EXCLUSION OF MILITARY SALARIES AND NON-RECURRING COSTS OF
RESEARCH, DEVELOPMENT, AND PRODUCTION OF MAJOR DEFENSE EQUIPMENT)
AS PROVIDED FOR IN SECTION 503(A) (3) OF THE FOREIGN ASSISTANCE ACT
OF 1961 AND SECTION 21 (E) OF THE ARMS EXPORT CONTROL ACT. (NOTE:
PROCEDURES FOR REQUESTING ADVANCES OF NON-REPAYABLE FMS CREDITS ARE
CONTAINED IN TABLE 902-3A (PAGES 90-58 AND 902-59) OF THE SAMM.
THESE ADVANCES ARE NOT AUTOMATIC, AS IS THE CASE FOR MAP MERGER
DISBURSEMENTS. PURCHASERS SHOULD BE ENCOURAGED TO FOLLOW THE
PROCEDURES IN TABLE 902-3A SO AS NOT TO DELAY NEEDED
DISBURSEMENTS.)"

① 4. CHANGE CHAPTER 7, TABLE 701-9, W. BLOCK (27) TERMS. (PP 701-29).
TO READ: "W. BLOCK (27). TERMS. ENTER APPROPRIATE TERMS OF SALE
IN ACCORDANCE WITH THE GUIDANCE CONTAINED IN CHAPTER 13, SECTION
1301, PARAGRAPH 130104.C. ENTER THE AMOUNT OF THE INITIAL DEPOSIT
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 WHOLLY
FINANCED BY NON-REPAYABLE FMS CREDIT, INSERT THE WORDS "FMS CREDIT
(NON REPAYABLE)". IF THE SALES AGREEMENT IS FINANCED BY A
COMBINATION OF SOURCES, EACH TERM OF SALE AND THE APPLICABLE AMOUNT
WILL BE CITED. HOWEVER, IF THE COMBINATION OF SOURCES INCLUDES FMS
CREDIT AND FMS CREDIT (NON-REPAYABLE), THESE AMOUNTS WILL BE
TOTALLED AND THE TERMS WILL ONLY STATE FMS CREDIT. THE REASONING
BEHIND THIS COMBINATION OF TERMS IS THAT THE PRICING BENEFITS WILL
NOT APPLY UNLESS THE SALES AGREEMENT IS WHOLLY FINANCED BY NON-
REPAYABLE FMS CREDIT OR BY A COMBINATION OF NON-REPAYABLE FMS
CREDIT AND MAP MERGER. IT IS INCUMBENT UPON THE FMS PURCHASER TO
IDENTIFY THE TYPE OF FINANCING (MAP, FMS CREDIT, FMS CREDIT NON-
REPAYABLE OR CASH) WHEN REQUESTING AN LOA. THE MILDEPS SHOULD
ENTER THE TYPE AND AMOUNT OF FUNDS IN THE APPROPRIATE BLOCK. DSAA
WILL EITHER ADJUST THE TYPE AND AMOUNT OF FUNDS AT THE TIME OF
COUNTERSIGNATURE, CONSISTENT WITH AVAILABILITY OF FUNDS, OR RETURN
IT TO THE MILITARY DEPARTMENT FOR REPRICING AS REQUIRED. WHEN
PROCESSING A DD FORM 1513-1 OR 1513-2, THE TERMS OF SALE ON THE
ORIGINAL LOA SHOULD BE PERPETUATED UNLESS OTHERWISE DIRECTED BY
DSAA OR THE PURCHASER. IT IS THE PURPOSE OF THE "FAIR PRICING"
LEGISLATION TO REDUCE, TO THE MAXIMUM EXTENT PRACTICABLE, PRICES

CHARGED TO MAP AND FMS CREDIT (NON-REPAYABLE) RECIPIENTS.
CONSEQUENTLY, MILDEPS SHOULD COUNSEL SUCH RECIPIENTS TO USE THESE
FUNDS, TO THE MAXIMUM EXTENT PRACTICABLE, TO WHOLLY FINANCE CASES
WHICH INCLUDE NON-RECURRING COSTS OR MILITARY PAY COSTS."

5. ALL CURRENTLY EXISTING LOANS, MODIFICATIONS, AND AMENDMENTS FOR
EGYPT AND ISRAEL SHOULD BE CONSIDERED WHOLLY FINANCED WITH NON-
REPAYABLE CREDIT FUNDS REGARDLESS OF THE TERMS REFLECTED IN THE
LOANS, UNLESS THE MILITARY DEPARTMENT OR AGENCY HAS DOCUMENTARY
EVIDENCE THAT THE CASE IS FINANCED WITH COUNTRY CASH RESOURCES OR
HAS BEEN ADVISED BY DSAA THAT THE CASE IS FINANCED WITH COUNTRY
CASH RESOURCES. ALL FUTURE CASES FOR ISRAEL AND EGYPT THAT ARE
FINANCED WITH USG RESOURCES WILL REFLECT FMS CREDIT (NON-REPAYABLE)
IN THE APPROPRIATE BLOCK OF THE LOA.

6. CHANGE CHAPTER 13, PARAGRAPH 130104.C.3.A (PG 1301-5) ~~CODE 23 TO:~~
~~"SEC 23 OR 24, AECA, FMS CREDIT AND FMS CREDIT (NON-REPAYABLE)."~~

7. THE ABOVE CHANGES ARE EFFECTIVE IMMEDIATELY AND WILL BE CON-
TAINED IN THE NEXT ROUTINE UPDATE TO THE SAMM. COUNTRY SPECIFIC
GUIDANCE WILL BE PROVIDED AS APPROPRIATE. QUESTIONS REGARDING THE
ABOVE INFORMATION SHOULD BE REFERRED TO DSAA/COMPT-FMD. POINT OF
CONTACT IS MS. HELEN MCFARLANE, AUTOVON 224-1173, COMMERCIAL (202)
694-1173. BT

④ Add to 130104.C.3.A. ~~for FMS credit~~
"Code N: Sec 23 or 24, AECA, FMS
credit (non-repayable)."

* Backup next under

EXCY FOR USDP-FILE PER SFC ESTEP/23FEB90/CE

JOINT STAFF -
ACTION J5(3) DIA(1) (D,U,A,6)
INFO VCJCS(7) DJS(1) J3(4) NIDS(1) J4(9) QUAL CONTROL(1)
SECDEF-N(1) USDA:ADMIN(1) USDP:DSAA(4) USDP:TCS(1)
USDP:OUTREAC(1) USDP:TRD/TSO(1) USDP:LIC(1) NMIC(1)
DA-SA(1) DIO-WE(1)
+SAFE

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M. **Block (13), Item Description.** Insert the Generic Code and MASL line data for each item. In addition the National Stock Number (NSN) and/or part number, as appropriate, and a complete description of the material/services should be entered. For cases involving major systems/end items all complimenting/supporting materiel and services should be described.

N. **Blocks (14) through (17).** Quantity, unit of issue, unit cost, and total cost are self-explanatory. Enter information or N/A, as appropriate.

O. **Block (18), Availability and Remarks.** Enter one or more codes from paragraph 3, 4, and 5 of the EXPLANATORY NOTES on page 3 of the DD Form 1513. Also enter specific delivery dates, as appropriate.

P. **Blocks (19) and (20).** Offer Release Code and Delivery Term Code--See instructions contained in Table 701-10 of this section.

Q. **Block (21), Estimated Cost.** Enter estimated material/services costs in whole dollars. These costs should not include any administrative or accessorial charges.

R. **Block (22), Estimated Packing, Crating, and Handling Cost.** Enter the value in whole dollars based on the prescribed percentages as set forth in DOD 7290.3-M, or actual costs if appropriate. If the charge is appropriate only to certain items, indicate the lines to which the charge was applied, or exclusion, in parenthesis. Do not show the percentage rate used in determining the cost contained in this block.

S. **Block (23), Estimated General Administrative Costs.** Enter in whole dollars--based on the percentage set forth in DOD 7290.3-M. Do not show the percentage rate used in determining the cost contained in this block.

T. **Block (24), Estimated Charges for Supply Support Arrangement.** Enter the value in whole dollars based on the percentage set forth in DOD 7290.3-M. Do not show the percentage rate used in determining the cost contained in this block.

U. **Block (25), Other Estimated Costs.** Describe the charge and enter in whole dollars. If there are several specific costs, identify each in Block 13 as a NOTE and specify line items. If a percentage is used, do not show the percentage rate used in determining the cost contained in this block.

V. **Block (26), Estimated Total Costs.** Enter the costs in whole dollars (total of Blocks (21) through (25)).

W. **Block (27), Terms.** Enter appropriate terms of sale in accordance with the guidance contained in ~~Chapter 7, Section 702, paragraph 70211~~. 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. **Block (28), Amount of Initial Deposit.** If by the terms of this LOA an initial deposit is required and has been stated in Block (27), the dollar amount in whole dollars of this initial deposit should be entered.

Y. **Blocks (29) through (37).** Leave blank. These blocks should be filled in by the authorized representative of the purchasing government.

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waiver request for DSAA, and assure that the request identifies the total amount of charges involved.

3. Waiver or Reduction of Quality Assurance, Inspection, Audit and other Contract Administration Services.

a. Quality assurance and inspection, contract audit services, and other CAS provided in connection with contracts for defense articles or defense services entered into after October 29, 1979, by a NATO member country, or pursuant to an LOA with a NATO member country, may be provided without charge if that government provides such services in accordance with an agreement on a reciprocal basis to the USG.

b. These services may also be provided without charge in connection with the placement or administration of any contract for defense articles or defense services pursuant to NATO infrastructure programs in accordance with an agreement under which the foreign governments participating in such programs provide such services, without charge, in connection with similar contracts.

c. Agreements for the provision of such services without charge will be negotiated by the OUSD(A) and will be implemented by the Director, DSAA, under the authority of the AECA, Section 21(h)(1); Section 106, P.L. 99-661 (NATO-E3A); and Section 132, P.L. 99-83 (Germany-Patriot). Since the reciprocal nature of providing such services can normally only be provided on a country-wide basis, agreements for reciprocal waivers will normally not be made for specific programmatic requirements.

d. A listing of approved reciprocal waiver agreements is provided at Figure 1301-1.

C. Terms of Sale and Type of Assistance Codes

1. General.

a. Applicable Sections of FAA and AECA. An LOA for a sale of defense articles, defense services, or design and construction services may involve Section 503(a)(3) of the FAA (MAP Merger) and/or one or more of the following sections of the AECA.

- Section 21. Sale from DOD stocks (includes defense articles and services of DOD personnel except those services provided under Section 29).
- Section 22. Sale from DOD procurement (includes defense articles and services of DOD contractor personnel except those services provided under Section 29).
- Section 23. DOD direct credit extended to a purchaser to finance a sale from DOD stocks or DOD procurement.
- Section 24. DOD guaranteed credit extended to a purchaser to finance a sale from DOD stocks or DOD procurement.
- Section 29. Sale of design and construction services from DOD stocks or procurement.

b. Use of Terms of Sale on LOAs. Terms of Sale indicate when payments are required and whether the agreement is to be financed on a cash, FMS credit (loan) or MAP funding basis. The IA 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 IA will cite on the LOA all of the applicable terms and (except for FMSO I, and Cash with Acceptance) insert the following: "Payment will be in accordance with the provisions of the Financial Annex subject to paragraph B.3.f. of Annex A."

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

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

a. Terms.

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

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

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

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

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

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

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b. Related Information.

(1) If more than one of the above Terms of Sale apply to a particular LOA, the IA will cite all of the appropriate Terms of Sale on the LOA. No attempt should be made to break out the estimated costs of each or some line items; however, where FMS Credit or MAP funds are cited a dollar breakout will be shown. Applicable line items for credit will be coded "TAZ." Mixed line items will show "TAZ" and other appropriate "TA" code. (See paragraph D. below.)

(2) In addition to the applicable Terms of Sale, the IA will enter the following statement in the "Terms" block of the LOA: "Payment will be in accordance with the provisions of the Financial Annex subject to paragraph B.3.f. of Annex A." However, this statement does not apply to Cash with Acceptance and FMSO I cases. If the purchaser is not authorized a Dependable Undertaking for Section 22 or Section 29 sales, the Term of Sale will be "Cash with Acceptance," unless specific DSAA approval is obtained. A Financial Annex is required for all LOAs except FMSO I agreements. Paragraph 70213.A.4., this section sets forth instructions for Financial Annexes.

3. Type of Assistance (TA) Codes.

a. Codes Identified.

- Code 3: Sec 21 (b), AECA; Source of Supply "S", "R", "E".
- Code 4: Mixed Sec 21(b), 22(a), or Sec 29 AECA or source undetermined; Source of Supply "X".
- Code 5: Sec 22(a), AECA; Source of Supply "P".
- Code 6: Sec 21(d), AECA; Payment on Delivery; Source of Supply "S", "R", "E".
- Code 7: Sec 22(b), AECA; Dependable Undertaking with 120 days payment after delivery; Source of Supply "P".
- Code 8: Sec 21(d), AECA; Stock sales with 120 day payment Source of Supply "S", "R", "E".
- Code M: Sec 503(a)(3) Foreign Assistance Act, MAP Merger.
- Code U: FMSO I, Source of Supply "P".
- Code V: FMSO II, Source of Supply "P".
- Code Z: Sec 23 or 24, AECA; FMS Credit.

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b. Code N: Sec 23 or 24, AECA, FMS credit (Non-Repayable)
Use with Source of Supply Codes: The type of assistance code may

be interchanged when used in the "Availability and Remarks" block of the LOA. Example: TA3, TAZ. The Source of Supply codes shown in paragraph 3, Explanatory Notes, Annex A, to the LOA, must be determined and indicated independently of TA codes. For example, the source of supply coding for FMSO II should be "5(*)" and the TA code for FMSO II should be "TAV" with both designations being shown in the "Availability and Remarks" block of the LOA. A summary of Terms of Sale and Type of Assistance Codes is at Table 1301-2

D. Financial Administration of the FMS Credit Program. The FMS credit appropriation and loans guaranteed by DOD provide two sources of initial funding of FMS or direct commercial sales. Annual requirements are defended before Congress by OSD/DSAA. The appropriation is administered by DSAA. Customer payments of principal and interest on amounts loaned are based upon the terms of individual loan agreements. Specific details on FMS credit management are included in Chapter 9.

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- (2) DRMR-Europe.
Commander
Defense Reutilization and Marketing Region
ATTN: DRMR-ER
Building B04, Lindsey Air Station
APO New York 09633-5000
- (3) DRMR-Pacific.
Commander
Defense Reutilization and Marketing Region
ATTN: DRMR-PR
Camp H. M. Smith, Hawaii 96861-0007

c. DRMS Status. 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.

d. Relation to Other Agreements. 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.

e. References. The DRMS publishes two documents which provide information on the specifics of the DRMS excess program and on articles which are available for sale.

(1) Foreign Military Sales Customer Information Guide. This document provides information on how to use this service and specifics of the program.

(2) Declared Excess Personal Property List. 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 802-1 of this section.

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e.f. MDE and SCE. 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.

80202. REQUISITION PROCEDURES.

A. Use of MILSTRIP.

1. Standard Items. Once an FMS case has been established and funded, MILSTRIP requisitions may be initiated either by the purchaser or by a designated DOD component. For standard material items, requisitions will be prepared in MILSTRIP format by the military service, or will be converted to MILSTRIP format by the MILDEP 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:

a. Army. U.S. Army Security Affairs Command, New Cumberland, PA 17070.

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80206. TRANSPORTATION OF FMS MATERIEL.

A. Introduction.

1. The purpose of this part is to provide information to FMS customers about how their materiel is handled. The narrative describes the materiel movement process, defines the respective roles of U.S. Government activities and private manufacturers, and provides helpful information about situations that have previously caused problems for freight forwarders. Knowledge of these procedures should assist the customer both in selecting a qualified freight forwarder, and in subsequently evaluating the freight forwarder's performance.

2. Basic DOD policy with respect to deliveries of 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.

3. 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 802-2 contains potential sources from which listings of freight forwarders may be obtained.)

4. 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.

5. 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 DOD. 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 UMMIPS. Knowledge of these procedures should allow the freight forwarder to effectively interface the USG 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.

6. 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 MAPAD, ~~DOD 5105.38-D~~. The appropriate "Freight Forwarder" Code and "Mark For" Code is annotated on the LOA document, by the customer and perpetuated in the MILSTRIP data. DOD contractors are provided the clear text address of the "Freight Forwarder" and "Mark For" through the Cognizant Transportation Office of the ACO.

7. Trucking companies, airlines, railroads, U.S. Postal Service or small parcel carriers, may be utilized for FMS shipments. The normal method of shipment for FMS materiel

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TABLE 802-1

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FOREIGN COUNTRIES AND INTERNATIONAL ORGANIZATIONS AUTHORIZED RECEIPT OF DLA EXCESS PROPERTY LISTINGS

COUNTRIES

Africa

Botswana
Djibouti
Kenya

Liberia
Sudan
Zaire

Near East and South Asia

Bahrain
Bangladesh
Egypt
India
Israel
Jordan
Kuwait
Lebanon
Morocco
Nepal
Oman

Pakistan
Qatar
Saudi Arabia
Sri Lanka
(Ceylon)
Tunisia
United Arab
Emirates, The
Yemen Arab Rep.

Europe

Austria
Belgium
Denmark
France
Germany (Federal
Republic of)
Greece
Iceland
Ireland
Italy
Luxembourg

Malta
Netherlands
Norway
Portugal
Spain
Sweden
Switzerland
Turkey
United Kingdom
Yugoslavia

Western Hemisphere

Argentina
Bahamas
Barbados
Bolivia
Brazil
Canada
Colombia
Costa Rica
Dominica
Dominican Rep.
Ecuador
Guatemala
Haiti

Honduras
Jamaica
Mexico
Panama
Paraguay
Peru
St Lucia
St Vincent
Trinidad and
Tobago
Uruguay
Venezuela

Far East

Australia
Burma
Brunei
Indonesia
Japan
Korea

Malaysia
New Zealand
Philippines
Singapore
Taiwan
Thailand

International Organizations

NATO (North Atlantic Treaty Organization and its agencies)

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TABLE 802-1. Foreign Countries and International Organizations Authorized Receipt of DLA Excess Property Listings.

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

b. **FMSO II.** The FMSO II consists of an LOA covering the purchaser's estimated withdrawals of materiel from the supply system for an agreed period (normally one ^{to three} 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.

DSAA is the central point for CLSSA policy guidance within DoD.
[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.]

4. **Non-Standard Support.** This includes hardware or services required to support commercial end items; support of obsolete end items, including end items which have undergone system support buy outs; and to support selected non-U.S. origin military equipment.

a. In the absence of special circumstances such as existing commercial support arrangements, security assistance for these items may be provided through normal FMS procedures.

b. Requests involving sensitive technology or which have significant impact on U.S. programs should be coordinated with DSAA

70003 PROCEDURES.

A. **LOR.** An eligible foreign country or international organization which desires P&R data, P&A data, or an LOA from the USG conveys that desire to the U.S. Government in an LOR.

1. **Format.** Although no specific format is required for an LOR, the requestor must assure that the request is complete as indicated below:

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

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

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

d. When LORs are received which do not meet the requirements of paragraphs a. through c. above, the DOD component initially receiving the request shall notify the requestor of the deficiency and hold action on the request until the information is received.

e. LORs transmitted by U.S. embassies or SAOs should, when possible, refer to the country letter or message requesting data. This can then be referenced in the LOR or other U.S. response.

2. **Channels of Submission of LOR.** The Department of State has statutory responsibility for approving all requests for Foreign Military Sales to eligible countries and international organizations. 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:

a. **SME.** 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

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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 DSAA. For MDE items, the cognizant DOD component will provide the applicable unified command and SAO with a copy or details of the purchaser's request, as appropriate. The following must be addressed in transmission of the request by the U.S. Embassy:

- (1) The reason the nation desires the articles or services.
- (2) How the item would affect the recipient's force structure and how it would affect the recipient's capability to contribute to mutual defense or security goals.
- (3) The anticipated reactions of neighboring nations.
- (4) The ability of the purchaser to operate, maintain, and support the article. Training required either in-country or in the U.S. and the possible impact of any in-country U.S. presence that might be required as a result of providing the article.
- (5) The source of financing and the economic impact of the proposed acquisition.
- (6) Relevant human rights considerations that might bear on the proposed acquisition.
- (7) Whether the U.S. Government should approve transfer of the article and reasons therefor.

(see 70103.N)

b. All other FMS (non-SME). 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 DSAA. 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 DSAA.

c. Exceptions.

(1) Direct Submission to State or DSAA. 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 DSAA. 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.

(2) Requirement for Copies Furnished. 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.

(7) **USG Intent for Maintenance Support Plans.** Any USG intent to develop logistics or maintenance support plans will be specified in detail.

(8) **Basis for Logistics Support Cost Estimates.** The basis upon which logistics support cost estimates are made will be specified. These should include the period of support of initial spares and repair parts package, operational deployment of equipment, level of maintenance to be accomplished by the purchaser, and number of maintenance sites.

(9) **Critical Long Lead Items.** Insofar as possible, the LOA must identify, by line item of equipment, any critical long-lead time items of spares or support equipment which must be procured in advance of the definitization conference, to insure in-country logistics support of the weapons system by its scheduled delivery date.

j. **Financial Information.** (Also refer to Section 702, this chapter.) ¹³

(1) **Financial Annexes.**

(a) **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 USG. 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.

(b) **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:

1. Include specific calendar dates when each payment is required.

2. 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.

k. **Condition of Equipment.**

(1) **Condition Must be Specified.** The LOA must include information which makes clear the condition of any equipment furnished from U.S. Government inventories; the purchaser must not be surprised or disappointed if receiving equipment is in less than "like new" condition. Any known limitations in condition must be specified in the LOA, using codes set forth in Annex A of the DD Form 1513.

(2) **"As-Is/Where-Is" Materiel.**

(a) **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 USG 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.

(b) **Present Condition.** The condition of equipment sold "as-is/where-is" should be identified by Condition Codes (e.g., R-4), and the LOA should include a short note of what Condition Codes indicate.

(c) **Repair Costs.** The LOA must specify that the cost of any repair/rehabilitation of excess items is not included in the "as-is/where-is" price.

1. **Identification of Equipment to be Supported.** LOAs for all requisition cases (whether a CLSSA or Blanket Order) must specifically identify the major items of equipment being supported by the case.

m. **Description of Services to be Provided.** There must be a clear and comprehensive understanding of the extent and limitations of the obligation undertaken by the U.S. Government when providing services under an FMS case. This may require a detailed Statement of Work for major undertakings, but can be done by providing the following information for routine cases:

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

n. **Single Selling Price.** ^{see section 130701, E1} This DOD policy is 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 is sometimes necessary to provide detailed cost data to provide the purchaser with information which demonstrates that such costs are necessary. ~~Furnishing any cost breakdowns beyond a single unit price requires the LSAA approval.~~

o. **Royalties and NRC Recoupment Charges.** FMS cases will not normally be established for the sole purpose of collecting either royalties or pro rata nonrecurring cost recovery charges. FMS cases that sell a TDP must include an obligation for the purchaser to pay the USG a royalty charge to be made per unit of production which may be fixed subsequently by a DD Form 1513-1. However, pro rata NRC 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 USG cost pool and production quantities used to determine NRC recoupment charges will not be released to foreign governments, international organizations, or domestic requesters.

p. **Responsibility for Initiation of Requisitions.**

(1) **Identification of Responsibility.** There must be clear understanding between the USG and the purchaser as to which party will initiate requisition actions required for spare parts and similar type support.

(2) **Instructions for Purchaser.** The LOA will contain sufficient information, either by "Note" or by reference to DOD instructions available to the purchaser to enable the purchaser to initiate and route requisitions correctly.

(3) **Repair and Return.** The LOA will also contain sufficient disposition instructions for articles (owned by the purchaser) being returned by the purchaser to the CONUS

4. Pen-and-Ink Changes - DD Forms 1513 and 1513-1. Pen-and-ink changes are modifications to a DD Form 1513 or DD Form 1513-1 authorized by the issuing DOD components prior to acceptance of the document. Pen-and-ink changes should be avoided to the maximum extent 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 CD, 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 CD. Extensive changes must be made by issuance of a new or restated DD Form 1513 or DD Form 1513-1 (after acceptance of the basic case) rather than by a pen-and-ink change. Copies of all DD Forms 1513 and DD Forms 1513-1 (including revised TLWs, if applicable) that have been modified by authorized pen-and-ink changes must be disseminated to the required organizations (for example, SAAC).

Preparing and Processing

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

1. Army: ~~Department of the Army
U.S. Army Security Affairs Command
5001 Eisenhower Avenue
Alexandria VA 22333-0001~~

2. Navy: Department of the Navy
Navy Office of Technology Transfer and Security Assistance
Washington DC 20360-5000
messages - NAVOTTSA WASHINGTON DC

3. Air Force: Department of the Air Force
Director of Military Assistance and Sales (AF/PRI)
Headquarters, U.S. Air Force
Washington DC 20330-0001

(was - can send 8/1/78)

* ~~Replace with:~~

1. Army: Action Address -
Department of the Army
U.S. Army Security Affairs Command
5001 Eisenhower Avenue
Alexandria, VA 22333-0001
messages - CDR USASAC ALEXANDRIA VA//AMSAC//

Information Address -
Headquarters, Department of the Army
Directorate for Security Assistance
Washington, D.C. 20310-0512
messages - DA WASHINGTON DC//DALD-SA//

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Change 2
 Replace present
 Table 700-6
 starts pg 700-20 ✓

As of 10 March 1990

TABLE 700-6
MAJOR DEFENSE EQUIPMENT LIST

| | DSAA Approved Pro Rata Nonrecurring Cost (NRC) Recoupment Charge \$ | Date NRC Charge Approved |
|---|--|--------------------------------|
| <u>CATEGORY I - FIREARMS</u> | | |
| Rifle, 5.56mm M-16 Series (A) | (No Charge) | |
| Gun, Machine, 7.62mm, M240 (A) | 65.07 | 28 Mar 89 |
| <u>CATEGORY II - ARTILLERY AND PROJECTILES</u> | | |
| Gun, M-61, 20mm (AF) | 1,342.00 | 6 Dec 84 |
| Gun, GAU-8, 30mm (AF) | 27,881.00 | 22 Jan 81 |
| Gun, Pod, GPU-5/A, 30mm (AF) | 60,239.00 | 11 Aug 82 |
| Gun, Machine, 50 CAL, M-2 (A) | 1.82 | 28 Mar 89 |
| Howitzer, Towed, 105mm, M101A1 (A) | 850.00 | 11 Jun 87 |
| Howitzer, Med, Towed, 155mm, M-198 (A) | 47,483.00 | 14 Feb 86 |
| <u>CATEGORY III - AMMUNITION</u> | | |
| Cartridge, 20mm (A) | (a) | |
| Cartridge, 30mm (GAU-8) (AF) | .50 | 28 Mar 89 |
| Cartridge, 40mm HE (A) | .11 | 28 Mar 89 |
| Cartridge, 40mm, HE, M406 (A) | (a) | |
| Cartridge, 60mm, HE (A) | .47 | 28 Mar 89 |
| 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, HE, HEP-T, M393A2 (A) | (a) | |
| Cartridge, 105mm, HEAT-T MP M456 (A) | 3.59 | 7 May 81 |
| Cartridge, 105mm, M490 (A) | .57 | 7 May 81 |
| Cartridge, 105mm, M724A1 (A) | 1.42 | 7 May 81 |
| Cartridge, 105mm, APFSDS-T M735 (A) | 68.00 | 28 Mar 89 |
| Cartridge, 105mm, APFSDS-T M774 (A) | (a) | |
| Cartridge, 105mm, APFSDS-T M833 (A) | (a) | |
| Cartridge, 120mm, APFSDS-T M829 (A) | 126.60 | 2 Dec 88 |
| Cartridge, 120mm, HEAT MP-T M830 (A) | 293.59 | 2 Dec 88 |
| Cartridge, 120mm, HEAT TP-T M831 (A) | 83.03 | 2 Dec 88 |
| Cartridge, 120mm, TPCSDS-T M865 (A) | 37.82 | 2 Dec 88 |
| Cartridge, 4.2", HE (A) | (a) | |
| Cartridge, 4.2", HE, M329 (A) | (a) | |
| Cartridge, 4.2", ILLUM (M335) (includes M577 fuze) (A) | 4.03 | |
| 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 |

7.A

| | | |
|--|----------|-----------|
| 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 COPPERHEAD (A) | 4,152.00 | 17 Sep 81 |
| Projectile, 155mm, ADAM M692/M731 (A) | 111.00 | 30 May 86 |
| Projectile, 155mm, HE, RAAMS M718/M741 (A) | 57.00 | 30 May 82 |
| Projectile, 175mm, HE, M437 (A) | 2.33 | 26 Mar 80 |
| Projectile, 8", HE M106 (A) | .04 | 21 May 79 |
| Projectile, 8", HE, ICM (A) | 15.48 | 21 May 79 |
| Projectile, 8", HE, ICM M509 (A) | (a) | |
| Projectile, 8", HE, M650 (A) | 83.04 | 21 May 79 |

CATEGORY IV - LAUNCH VEHICLES. GUIDED

MISSILES, BALLISTICS MISSILES, ROCKETS

TORPEDOES, BOMBS, AND MINES

| | | |
|---|--------------|-----------|
| Bomb, BLU-109 w/FMU-143/B Fuze | 1.097.00 | 18 May 89 |
| Bomb, Anti-Armor Cluster Munition CBU-90 (AF) | 3,351.00 | |
| Bomb, Combined Effects Bomblet, CBU-87 (AF) | 1,080.00 | 6 Dec 84 |
| Bomb, Cluster, TMD/Gator Mines, CBU-89 (N) | (a) | |
| Bomb, MK-20, Cluster Bomb, Rockeye (N) | 117.39 | 25 Mar 83 |
| Bomb, MK-82, 500#, General Purpose (N) | 3.29 | 25 Mar 83 |
| Bomb, MK-83, 1,000#, General Purpose (N) | 10.40 | 25 Mar 83 |
| Bomb, MK-84, 2,000#, General Purpose (N) | 12.80 | 25 Mar 83 |
| Bomb, M-117, 750#, General Purpose (AF) | 20.00 | 6 Dec 84 |
| Bomb, Guided, Walleye Series (N) | 6,183.00 | 6 Dec 84 |
| Fuel Air Explosive Weapon, FAE II (N) | (a) | |
| Gun Mount, 5"/54, MK-45 MOD1 (N) | 142,566.00 | 1 Oct 84 |
| Gun Mount, 76mm Gun, MK-75 (N) | 62,749.00 | 6 Dec 84 |
| Launcher, HARPOON Shipboard Command and Launch Control System, AN/SWG-1 (V) (N) | 80,562.00 | 20 Jan 78 |
| Launcher, HARPOON Shipboard Command and Launch Control System, AN/SWG-1A (V) (N) | 109,603.00 | 11 Dec 86 |
| Launcher, HELLFIRE (A) | 14,715.00 | 14 May 85 |
| Launcher, TOW (A) | 3,029.00 | 16 Sep 77 |
| Launcher, MK-13 (MOD0 thru 4) (N) | 78,125.00 | 17 Nov 78 |
| Launcher, PATRIOT (A) | 214,782.00 | 18 Nov 88 |
| Launcher, ROLAND (A) | 324,828.00 | 24 Sep 80 |
| Launcher, Multiple Launch Rocket System (MLRS) (A) | 173,000.00 | 2 Dec 85 |
| Launcher, Vertical, MK-41 (w/o Cannister) (N) | 1,232,863.00 | 14 Dec 87 |
| Launcher, Vertical, MK-41 (w/Canister) | 1,239,246.00 | 14 Dec 87 |
| * Launcher, Vertical, MK-41 (8 Cell) (w/o Cannister) (N) | 154,108.00 | 24 Nov 89 |
| * Launcher, Vertical, MK-41 (8 Cell) (w/non-standard Canister) | 160,491.00 | 24 Nov 89 |

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|--|------------|-----------|
| Light, Antitank Weapon, 66mm, LAW | | |
| M72 Series (A) | 1.32 | 28 Mar 89 |
| Missile, AIM-120, AMRAAM (AF) | (a) | |
| Missile, AIM-4A-G, FALCON (AF) | 3,321.00 | 12 Mar 82 |
| Missile, AIM-7 SKYFLASH Portion (N) | 820.30 | 7 May 81 |
| Missile, AIM-7C/D/E, SPARROW (N) | 2,733.00 | 7 May 81 |
| Missile, AIM/RIM-7F/M, SPARROW (N) | 7,646.00 | 2 Jun 82 |
| Missile NATO SEASPARROW Surface Missile System (NSSMS) (N) | (a) | |
| Missile, AIM-9H SIDEWINDER (N) | 3,457.00 | 26 Oct 78 |
| Missile, AIM-9/J/P/N, SIDEWINDER (AF) | 134.00 | 12 Mar 82 |
| Missile, AIM-9L SIDEWINDER (N) | 2,604.00 | 18 May 78 |
| Missile, AIM-9M SIDEWINDER (N) | 6,368.00 | 25 Mar 83 |
| Missile, AGM-45, SHRIKE (N) | 4,890.00 | 11 Aug 78 |
| Missile, AIM-54A-C, PHOENIX (N) | 71,295.00 | 10 Jan 83 |
| (Includes Front End - 35,019; Aft End - 36,276) | | |
| Missile, AGM-65A/B, MAVERICK (AF) | 3,722.00 | 3 Feb 81 |
| Missile, AGM-65D (AF) | 5,343.00 | 3 Nov 87 |
| Missile, AGM-65E, LASER MAVERICK (AF) | 24,213.00 | 6 Dec 84 |
| Missile, AGM-65F/G (AF) | 6,331.00 | 3 Nov 87 |
| Missile, AGM-88, HARM (N) | 21,249.00 | 20 Apr 82 |
| Army Tactical Missile System (ATACMS) (A) | 148,275.00 | 1 Oct 88 |
| Missile, MIM-72 CHAPARRAL Series (A) | 2,099.91 | 16 Dec 88 |
| Missile, MIM-72 CHAPARRAL w/Smokeless Motor) (A) | 2,102.91 | 16 Dec 88 |
| 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 79 |
| Missile, NIKE HERCULES (A) | 448,055.00 | |
| Missile, MIM-104 PATRIOT (includes canister) (A) | 82,836.00 | 18 Nov 82 |
| Missile PERSHING Series (A) | 128,378.00 | |
| Missile, REDEYE (A) | (a) | |
| Missile, ROLAND (A) | 4,422.00 | 24 Sep 80 |
| Missile, Shore Defense, RBS-17 (Derivative of HELLFIRE) (A) | 3,300.00 | 20 May 87 |
| Missile, AGM-78 STANDARD ARM (N) | (a) | |
| Missile, RGM-66D, STANDARD ARM, MR (N) | (a) | |
| Missile, RIM-66B-2--66B, RIM-66E (MR), RIM-67A-13(ER), BLOCK V STANDARD SM-I (N) | 12,602.00 | 15 Sep 77 |
| Missile, RIM-66D and RIM-67B STANDARD II, MR, ER, SM-2 Block I (N) | 89,651.00 | 6 Dec 84 |
| Missile, RIM-66D and RIM-67B STANDARD II, MR, ER, SM-2/BLOCK II (N) | 40,253.00 | 21 Apr 89 |
| Missile, 5" Rolling Airframe, RAM, | | |

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|---|------------|-----------|
| X-RIM-116A (N) | (a) | |
| Missile, STINGER Basic (A) | 7,600.00 | 20 Dec 88 |
| Missile, STINGER Post (A) | 302,200.00 | 20 Dec 88 |
| Missile, STINGER RMP (A) | 3,700.00 | 20 Dec 88 |
| Missile, TOMAHAWK (N) | (a) | |
| Missile, BGM-71A, Basic TOW HEAT and Practice (A) | 293.00 | 16 Sep 77 |
| Missile, I-TOW (A) | 487.00 | 3 Nov 81 |
| Missile, BGM-71D, TOW 2 (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 |
| Rocket Vertical Launch Antisubmarine (N) | 98,926.00 | 14 Dec 88 |
| 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 Jan 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 |

**CATEGORY V - PROPELLANTS, EXPLOSIVES
AND INCENDIARY AGENTS**

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

**CATEGORY VI - VESSELS OF WAR AND
SPECIAL NAVAL EQUIPMENT**

| | | |
|---|--------------|-----------|
| CG - Guided Missile Cruiser (N) | (a) | |
| DD-963 (N) | (a) | |
| DD - Destroyer (N) | (a) | |
| DDG - Guided Missile Destroyer (N) | (a) | |
| FF-1040 (N) | (a) | |
| FFG - Guided Missile Frigate (N) | 3,591,379.00 | 18 Oct 78 |
| FFG-1 (N) | (a) | |
| LCAC - Landing Craft Air Cushion (N) | (a) | |
| LHD - Amphibious Assault Ship (N) | (a) | |
| LPD - Amphibious Transport Dock (N) | (b) | |
| LSD - Dock Landing Ship (N) | (b) | |
| LST - Tank Landing Ship (Newport Class) (N) | 824,840.00 | 25 Jan 84 |
| LKA - Amphibious Cargo Ship (N) | (b) | |
| LPA - General Purpose Amphibious Assault Ship (N) | (b) | |
| MSO - Minesweeper, Ocean, Nonmagnetic (N) | (b) | |
| PHM - Patrol Combatant Missile, Hydrofoil (Nato Configuration) (N) | 1,000,000.00 | 28 Mar 89 |
| PHM - Patrol Combatant Missile, Hydrofoil (FRG Configuration) (N) | 1,250,000.00 | 28 Mar 89 |

SS - Submarine, Conventionally Powered (N)

(b)

CATEGORY VII - TANKS ANDMILITARY VEHICLES

| | | |
|---|------------|-----------|
| Carrier, Armored Personnel, M-113 Series (A) | 688.00 | 11 Sep 78 |
| Carrier, Mortar, M-106A1/2 (A) | 688.00 | 11 Sep 78 |
| Carrier, Mortar, M-125A1 (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 |
| Carrier, LANCE, M-667, (A) | 688.00 | 11 Sep 78 |
| Carrier, HAWK, M-727, (A) | 688.00 | 11 Sep 78 |
| Carrier, CHAPARRAL, M-730, (A) | 688.00 | 11 Sep 78 |
| Carrier, VULCAN, M-741, (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 (w/cannon assembly) (A) | 8,771.00 | 23 Jun 87 |
| Howitzer, Self-propelled, 155mm, M-109A1-A3 (w/o cannon assembly) (A) | 7,447.00 | 23 Jun 87 |
| Tank, M-48A1 (A) | 1,479.00 | |
| Tank, M-48A3 (A) | 5,521.00 | |
| Tank, M-48A5 (A) | 12,849.00 | |
| Tank, M-60A1 (A) | 14,083.00 | 3 Mar 80 |
| Tank, M-60A3 w/TTS (A) | 31,427.00 | 3 Mar 80 |
| Tank, M-60A3 w/o TTS (A) | 21,939.00 | 3 Mar 80 |
| * Tank, M-1, ABRAMS (A) | 114,443.00 | 27 Oct 88 |
| * Tank, M-1A1 (A) | 226,725.00 | 27 Oct 88 |
| Tank Engine, AVDS-1790 Series (A) | 2,066.00 | 3 Mar 80 |
| Vehicle, Assault Amphibian, AAV7A1 (N) | 91,426.00 | 20 Apr 82 |
| Vehicle, Armored Reconnaissance Assault, M-551 (A) | 33,213.00 | |
| Vehicle, Combat Engineering Vehicle (CEV), M-728 (A) | | (a) |
| Vehicle, Fire Direction Control Center (FDCV) (A) | 3,382.00 | 21 May 86 |
| Vehicle, Fire Support Team (FISTV), M-981 (A) | 68,476.00 | 3 Feb 86 |
| * Vehicle, Field Artillery Ammunition Support (FAASV), M992 (including M109 chassis) | 12,805.00 | 22 Nov 89 |
| * Vehicle, Infantry Fighting (IFV), M2 (A) | 51,989.00 | 22 Nov 89 |
| * Vehicle, Infantry Fighting (IFV), M2A1 (A) | 74,937.00 | 22 Nov 89 |
| * Vehicle, Infantry Fighting (IFV), M2A1 (A) (w/o 25MM Cannon) | 57,580.00 | 22 Nov 89 |
| * Vehicle, Cavalry Fighting (CFV), M3 (A) | 50,549.00 | 22 Nov 89 |
| * Vehicle, Cavalry Fighting (CFV), M3A1 (A) | 73,497.00 | 22 Nov 89 |
| * Vehicle, Cavalry Fighting (CFV), M3A1 (A) (w/o 25MM Cannon) | 56,140.00 | 22 Nov 89 |
| * Vehicle, Cavalry Fighting (CFV), M3A2 (A) | 106,113.00 | 22 Nov 89 |

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|---|-----------|-----------|
| Vehicle, Light Armored (LAV) (N) | | |
| LAV 25 (w/o M242 Gun) | 69,965.00 | 24 Aug 88 |
| LAV Anti Tank | 69,965.00 | 24 Aug 88 |
| LAV Command and Control | 69,965.00 | 24 Aug 88 |
| LAV Logistics | 69,965.00 | 24 Aug 88 |
| LAV Mortar | 69,965.00 | 24 Aug 88 |
| LAV Recovery | 69,965.00 | 24 Aug 88 |
| Vehicle Mechanized Infantry Combat, M-723 (A) | (a) | |
| Vehicle, Recovery, M-88/M88A1) (A) | 8,460.00 | 1 Nov 88 |
| Vehicle, Recovery, M578 (A) | (a) | |
| Vulcan Air Defense System, M-163 an M-167 Series (A) | 29,439.00 | 26 Mar 80 |
| High Mobility Multi-Purpose Wheeled Vehicle (HMMWV) | 660.00 | 6 Apr 88 |
| M966 Tow Carrier BSC Armor | 660.00 | 6 Apr 88 |
| M996 Ambulance, 2 Litter | 660.00 | 6 Apr 88 |
| M997 Ambulance, 4 Litter | 660.00 | 6 Apr 88 |
| M998 Cargo Troop Carrier | 660.00 | 6 Apr 88 |
| M1025 Armament Carrier BSC Armor w/o wpns | 660.00 | 6 Apr 88 |
| M1026 Armament Carrier BSC Armor w/wpns | 660.00 | 6 Apr 88 |
| M1027 GLLD Carrier | 660.00 | 6 Apr 88 |
| M1035 Soft Top Ambulance, 2 Litter | 660.00 | 6 Apr 88 |
| M1036 Tow Carrier BSC Armor w/wpns | 660.00 | 6 Apr 88 |
| M1037 Shelter Carrier w/wpns | 660.00 | 6 Apr 88 |
| M1038 Cargo Troop Carrier Soft Top | 660.00 | 6 Apr 88 |
| M1042 Shelter Carrier w/wpns | 660.00 | 6 Apr 88 |
| M1044 Armament Carrier Supp Armor w/wpns | 660.00 | 6 Apr 88 |
| M1045 Tow Carrier Supp Armor w/o wpns | 660.00 | 6 Apr 88 |
| M1046 Tow Carrier Supp Armor w/wpns | 660.00 | 6 Apr 88 |

**CATEGORY VIII- AIRCRAFT, SPACECRAFT
AND ASSOCIATED EQUIPMENT**

| | | |
|---|---------------|-----------|
| * A-4A (w/o engine) (N) | 15,165.00 | 20 Oct 83 |
| * A-4B (w/o engine) (N) | 12,864.00 | 20 Oct 83 |
| * A-4C (w/o engine) (N) | 15,523.00 | 20 Oct 83 |
| * A-4E (w/o engine) (N) | 27,929.00 | 20 Oct 83 |
| * A-4F (w/o engine) (N) | 32,226.00 | 20 Oct 83 |
| * A-4M (w/o engine) (N) | 132,000.00 | 20 Oct 83 |
| A-6 (N) | (a) | |
| A-7 (w/o FLIR) (N) | 243,881.00 | 8 Sep 83 |
| * A-10 (w/o TF-34 Engine) (AF) | 388,786.00 | 12 Mar 82 |
| A-37 (AF) | 19,651.00 | |
| * AH-1S COBRA W/T-53-L-705 Engine, M-65 TOW & C-NITE Systems | 163,860.00 | 17 May 89 |
| AH-1J SEACOBRA (w/o engine) (N) | 52,245.00 | 11 Oct 85 |
| AH-1T SEACOBRA (w/o engine) (N) | 486,665.00 | 11 Oct 85 |
| * AH-64 APACHE (w/o 2 T-700 engines) | 1,006,272.00 | 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 |

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|--|---------------|-----------|
| C-130, HERCULES w/4 T-56 engines (AF) | 102,520.00 | 3 Aug 83 |
| C-141A/B, STARLIFTER (AF) | 892,254.00 | 12 Mar 82 |
| CH-47A/B/C w/2 T-53-L-11A engines (A) | 100,000.00 | |
| CH-47D CHINOOK (A) | (a) | |
| CH-53E/MH-53E (w/o T 64 Engine) (N) | 1,023,097.00 | 12 May 83 |
| * E-2B (N) | 298,400.00 | 22 Jun 89 |
| E-2C (N) | 2,625,904.00 | 18 May 78 |
| E-3A, SENTRY (U.S./NATO Standard) (AF) (total U.S. NRC charge \$27.43M; total NATO NRC charge \$5.59M) | 33,021,000.00 | 26 Oct 81 |
| EA-6 (N) | (a) | |
| * F-4A (w/o engines) (N) | 129,712.00 | 20 Oct 83 |
| * F-4B (w/o engines) (N) | 70,450.00 | 20 Oct 83 |
| F-4E (N) (w/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-4J (w/o engines) (N) | 122,089.00 | 20 Oct 83 |
| * F/RF-5A, TIGER (w/o 2 J-85 engines) (AF) | 40,000.00 | 1 Nov 71 |
| * F/RF-5E, TIGER II (w/o 2 J-85 engines) (AF) | 68,000.00 | 1 Nov 71 |
| * F/RF-5F, TIGER II (w/o 2 J-85 engines) (AF) | 207,000.00 | 25 Nov 75 |
| F-8 (N) | 56,859.00 | 12 May 81 |
| F-14 (N) | 1,600,000.00 | 29 Nov 76 |
| F-15, EAGLE (AF) | 1,600,000.00 | 29 Nov 76 |
| F-16 A/B (w/J-79 engine) (AF) | 456,934.00 | 1 May 81 |
| F-16 A/B FIGHTING FALCON (w/o EPG special NRC) (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 (w/o engine) (AF) | 554,000.00 | 24 Feb 89 |
| 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) | 54,360.00 | 27 Nov 87 |
| 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 |

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|---|--------------|-----------|
| OH-58A, KIOWA (A) | 22,000.00 | 11 Jun 87 |
| OH-58C, KIOWA (A) | 48,000.00 | 11 Jun 87 |
| * OH-58D, AHIP (A) | 755,379.00 | 26 Mar 90 |
| OV-1A/B/C, MOHAWK (A) | 119,229.06 | 23 Jun 82 |
| OV-10 (w/o engine) (N) | 41,930.00 | 9 Jun 78 |
| P-3A/B (N) | 382,750.00 | 20 Oct 83 |
| P-3C (N) | 592,219.00 | 3 Jan 78 |
| P-3C AEW&C (N) | 1,761,974.00 | 25 Feb 87 |
| P-3C Update III Configuration (N) | 1,044,128.00 | 17 May 89 |
| Remotely Piloted Vehicle (RPV), ACQUILA (A) | (a) | |
| * RF-4B (w/o engines) (N) | 104,566.00 | 20 Oct 83 |
| RF-4C, PHANTOM II (AF) | 108,000.00 | 6 Dec 84 |
| S-2A (w/o engines) (N) | 18,987.00 | 20 Oct 83 |
| S-2C (w/o engines) (N) | 23,497.00 | 20 Oct 83 |
| S-2D (w/o engines) (N) | 38,448.00 | 20 Oct 83 |
| S-2E (w/o engines) (N) | 35,950.00 | 20 Oct 83 |
| S-3 (N) | 3,502,643.00 | 26 Jun 81 |
| SH-2/2D/2F LAMPS, MARK I (w/ 2 T-58-GE engines) (N) | 325,423.00 | 6 Dec 84 |
| SH-60B (LAMPS, MARK III Airframe w/o 2 T-700-GE-401 engines) (N) | 859,636.00 | 15 Oct 82 |
| SH-60B Minimum Avionics Suite (N) | 366,236.00 | 15 Oct 82 |
| SH-60B Mission Avionics Suite (N) | 1,063,400.00 | 15 Oct 82 |
| SH-60B Ship Electronics (N) | 1,131,227.00 | 15 Oct 82 |
| * SH-70C (w/o engine) (N) | 855,284.00 | 23 Jun 87 |
| T-2 (N) | 39,968.00 | 10 Jan 78 |
| TA-4F (w/o engine) (N) | 28,110.00 | 20 Oct 83 |
| * TA-4J (w/o engine) (N) | 51,176.00 | 20 Oct 83 |
| T-33 (AF) | 2,857.00 | 12 Mar 82 |
| * T-37 (AF) | 19,651.00 | 28 Mar 89 |
| T-38A (AF) | 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 BLACKHAWK (w/o 2 T-700-GE-700 eng.)(A) | 169,692.00 | 3 Oct 81 |

ENGINES

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|---|------------|-----------|
| * CFM-56 (AF) | 20,000.00 | 17 May 89 |
| * CT7-2A/2D (derivative of T-700 eng.) (N) | 29,697.00 | 21 Dec 88 |
| * CT7-5A/7A (derivative of T-700 eng.) (A) | 25,777.00 | 21 Dec 88 |
| * CT7-6/9 (derivative of T-700 eng.) (N)(A) | 9,236.00 | 21 Dec 88 |
| CT-58 (derivative of T-58) (N) | 20,045.00 | 11 Jun 87 |
| F-100-PW-100/200 (AF) | 221,705.00 | 12 Mar 82 |
| * F-100-PW-220 (AF) | 464,050.00 | 24 Feb 89 |
| F-101 (AF) | (a) | |
| F-101X (AF) | (a) | |
| F-107(N) | (a) | |
| * F-110-GE-100 (AF) | 464,050.00 | 13 Mar 87 |
| F-404 (N) | 63,840.00 | 24 Feb 89 |
| | | 30 Mar 87 |

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|---|------------|-----------|
| 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-PW-200) (AF) | 155,194.00 | 20 Oct 83 |
| T-33-P-100 (AF) | (a) | |
| T-53 (N) | 1,542.00 | 7 May 81 |
| 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 |
| * T700-GE-401/401A (N) | 29,697.00 | 21 Dec 88 |
| * T700-GE-401C (N) | 25,450.00 | 21 Dec 88 |
| * T700-GE-700 (A) | 29,697.00 | 21 Dec 88 |
| * T700-GE-701/701A/701A1 (A) | 29,697.00 | 21 Dec 88 |
| * T700-GE-701C (A) | 25,450.00 | 21 Dec 88 |
| 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

| | | |
|--|--------------|-----------|
| 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 | | |

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|---|---------------|-----------|
| 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 | 9 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), PATRIOT, AN/MSQ-104 (A) | 548,311.00 | 15 Nov 82 |
| Joint Tactical Information Distribution System, JTIDS (AF) | 50,828.00 | 30 Oct 82 |
| Digital Mapping System, MK 90, (DMA) Product Generation Module | 91,898.00 | 18 May 89 |
| Source Preparation Module | 432,291.00 | 18 May 89 |
| Data Services Module | 34,254,561.00 | 18 May 89 |
| Data Extraction Module | 324,248.00 | 18 May 89 |
| * Have Quick A-NETS | 166,121.00 | 5 Apr 90 |
| * Memory Upgrade Modification, E-3 A/C NAVSTAR Global Positioning System (GPS) (AF) | 1,674,841.00 | 8 Nov 89 |
| Ocean Surveillance Information System (OSIS) Baseline Upgrade (OBU) (N) | 11,586,364.00 | 11 Sep 87 |
| Radio, AN/ARA-54 (A) | 39.84 | |
| Radio, AN/VRC-12 Series (12, 43 through 49) (A) | 70.00 | 15 Feb 84 |
| * Radio, AN/VRC-87/88/89/90/91/91 (A) | 803.00 | 26 Jan 90 |
| * Radio, AN/PRC-119 (A) | 803.00 | 26 Jan 90 |
| Radio, AN/TRC-170 (AF) | 60,622.00 | 15 Feb 84 |
| * Receiver/Transmitter, RT-1439 (A) | 296.00 | 26 Jan 90 |
| Sonar, AN/SQR-18A (N) | 267,069.00 | |
| Sonar, AN/SQR-18A (CV) 1 (N) | 601,837.00 | 24 May 84 |
| * Sonar, AN/SQR-19 (N) | 1,756,900.00 | 21 Mar 90 |
| * Sonar, AN/SQR-19, Towed Array Group only (N) | 359,400.00 | 21 Mar 90 |
| * Sonar, AN/SQR-19, Shipboard Electronics only (N) | 1,071,800.00 | 21 Mar 90 |
| Sonar, AN/SQS-56 (N) | 173,193.00 | 19 Jul 88 |
| SURTASS, AN/UQQ-2(V)1 (N) | 3,029,374.00 | 28 Aug 89 |
| SURTASS, AN/UQQ-2(V)1 (Shipboard System)(N) | 1,785,000.00 | 28 Aug 89 |
| Tactical Flag Command Center (N) | (a) | |
| Tactical Air Operations Center, AN/TYQ-23 (N) | 198,600.00 | 17 May 89 |
| Tactical Air Operations Center, TAOC-85 (N) | (a) | |
| Tactical Operations System (TOS) AN/UYQ-19 and AN/UYQ-36 (A) | 121.128.00 | |

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| Telephone, AN/TTC-38, Central (A) | (a) |
| Telephone AN/TTC-39, (A) | (a) |
| Telephone, AN/TTC-42, Unit Level Circuit Switch (N) | (a) |
| Versatile Avionics Shop Test (VAST), AN/USM-247(V) (N) | (a) |

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

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| AEGIS Weapon System (N) | 16,288,000.00 | 25 Feb 87 |
| (Note: NRC for AEGIS does not include the NRC for the Standard Missile nor the Vertical Launch System) | | |
| Close in Weapon Systems, CIWS, PHALANX (NRC is per gun mount) (N) | 287,842.00 | 28 Oct 78 |
| Computer, Fire Control MK1A (N) | (a) | |
| Director, Fire Control, MK51-2 (N) | (a) | |
| Fire Control Gun System, MK-37 (N) | 24,800.00 | 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 | 6 Dec 84 |
| Fire Control, System, ROLAND AN/GSG-11 (A) | 324,828.00 | 24 Sep 80 |
| Fire Control System, MK-86 (N) | (a) | |
| Fire Direction System, AN/GSG-10 TACFIRE (A) | 740,331.00 | |
| 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-26, PAVE TACK (AF) | 643,071.00 | 11 Jun 87 |
| MFCs MK-92 (N) | (a) | |
| Manpack System, Single Channel UHF, AN/PSC-1 and AN/PSC-7 (A) | (a) | |
| Manpack, LOREN, AN/PSN-6 (A) | (a) | |
| Marine Integrated Fire and Air Support System (MIFASS) (N) | (a) | |
| Missile Minder, AN/TSQ-73 (A) | 715,687.00 | |
| Mission Payload Subsystem (MPS), Daylight (A) | (a) | |
| MPS, Forward Looking InfraRed (FLIR) (A) | (a) | |
| Modular Tactical Communications | | |

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| Center (MTCC) (A) | (a) | |
| Navigation Pod, AN/AAQ-13 (LANTIRN) (AF) | 217,453.00 | 18 May 89 |
| Pathfinder (Derivative of AN/AAQ-13) (AF) | 32,618.00 | 12 Jul 89 |
| PATRIOT Antenna Mast Set (A) | 131,906.00 | 18 Nov 82 |
| PATRIOT Electrical Power Plant (EPPII) (A) | 339,464.00 | 18 Nov 82 |
| Position Location Reporting System, AN/TSQ-129 Master Station (A) | 1,179,261.00 | 30 Nov 88 |
| RT-1343/TSQ-129 Basic User Unit (A) | 41,298.00 | 30 Nov 88 |
| Radar, AN/APG-63, (AF) | 410,407.00 | |
| Radar, AN/APG-65 (F-18) | 29,471.00 | 30 Mar 87 |
| Radar, AN/APG-65 (EFA Configuration) | 23,543.00 | 21 Apr 89 |
| Radar, AN/APG-66 (F-16A/B) (AF) | 30,400.00 | 12 Apr 84 |
| Radar, WX-66 (Derivative of AN/APG-66) | 13,437.00 | 24 Nov 89 |
| Radar, AN/APG-68 (F/16C/D) (AF) | 101,120.00 | 12 Apr 84 |
| Radar, AN/APS-145 (N) | 1,078,582.00 | 25 Feb 87 |
| Radar, Antenna, AN/APS-138 (AN/APS-145) (N) | 162,047.00 | 25 Feb 87 |
| Radar, AN/AWG-9 (PHOENIX) (AF) | 338,403.00 | |
| Radar, AN/FPS-117 (AF) | 883,053.00 | 20 Apr 89 |
| Radar, AN/MPQ-53, (PATRIOT) (A) | 2,383,426.00 | 18 Nov 82 |
| Radar, AN/SPS-46 (N) | (a) | |
| Radar, AN/SPS-40B (N) | 216,746.00 | 7 May 82 |
| Radar, AN/SPS-48E (N) | (a) | |
| * Radar, AN/SPS-49(V)1/2/3/4/6 (N) | 143,460.00 | 12 Apr 90 |
| * Radar, AN/SPS-49(V)5/7 (N) | 149,146.00 | 12 Apr 90 |
| * Radar, AN/SPS-49 ATD Modification | 82,186.00 | 12 Apr 90 |
| Radar, AN/TPQ-36 (A) | 344,261.00 | 17 May 89 |
| Radar, Low Altitude Surveillance Radar (LASR) (derivative of AN/TPQ-36 Radar) (A) | 73,361.00 | 1 Oct 84 |
| Radar, AN/TPQ37 (A) | 1,236,126.00 | 17 May 89 |
| Radar, AN/TPS-43 w/basic antenna (AF) | 27,462.00 | 5 Feb 86 |
| Radar, AN/TPS-63 (USMC Baseline) (N) | 45,557.00 | 7 May 87 |
| Radar, AN/TPS-63 (derivative configuration) (N) | 31,890.00 | 7 May 87 |
| Radar, Fire Control, MK-25 (N) | (a) | |
| Targeting Pod, AN/AAQ-14 (AF) | 201,057.00 | 18 May 89 |
| Targeting Pod Support Equipment (FMS) (AF) | 1,418,320.00 | 18 May 89 |
| SHF System, Multichannel, AN/TSC-85 and AN/TSC-93 (A) | (a) | |
| SATCOM GND System, AN/TSC-86 (A) | (a) | |
| Target Acquisition Designation Sight (TADS) (A) | 202,591.00 | 30 Dec 83 |
| 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) | |
| Terminal, Single Subscriber (SST) (A) | (a) | |

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CATEGORY XIII - AUXILIARY MILITARY EQUIPMENT

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

NOTES:

* Indicates added, changed, revised, or new information.

(a) Approval for pro rata nonrecurring cost recoupment charge will be requested from the Director, DSAA at the time of actual request for FMS or commercial sales proposal.

(b) For older ship designs, a percentage (3.5%) nonrecurring cost recoupment charge will be established at the time of actual request for an FMS or commercial sales proposal.

DSAA-OPS. DSAA-OPS, following its review, will coordinate with the Comptroller. If approved, the transaction will be processed and countersigned.

L. DD Form 1513 - Duration of Offer.

1. Expiration Date on Offer - Standard. Each LOA will include the date upon which the offer expires. When the LOA is forwarded to the DSAA, for coordination and/or countersignature, the date (Block 7) should be completed along with the signature and typed name and title of the DOD component authorized representative. Additionally, Block 8 should contain an expiration date of 85 days after the date placed in Block 7. 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.

2. 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 LOA or Amendment, or (2) the time sensitivity of any information included in the LOA, then the shorter expiration period should appear and a note placed on the LOA which explains why the expiration period is less than 60 days. Offer expiration dates in excess of 85 days require DSAA approval.

M. Acceptance of Offer. The purchaser should complete the acceptance portion of the DD Form 1513. The form should be signed, dated, and copies forwarded to the MILDEP and to SAAC along with any required initial deposit before the expiration date listed on the LOA.

1. Requests for Extension. Requests by the purchasers for extensions to expiration dates will be honored only after a full review by the preparing agency to insure that all data included in the LOA 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. SAAC and 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.

2. Receipt and Recording of Acceptance. When the LOA is accepted, distribution will be made in accordance with the instructions contained in the LOA. ~~In addition, the applicable MILDEP is responsible for furnishing a signed copy to DSAA/Comptroller (Attn: Data Management Division).~~

3. SAO Notification of Acceptance or Rejection. Each SAO will immediately advise DSAA (Comptroller), 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 DSAA-Comptroller, 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, DSAA, 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.

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SECTION 702 - PROGRAM MANAGEMENT LINES

70201 PURPOSE. The purpose of this section is to provide the DoD components with the policy, guidelines, and procedures for the use of program management lines in LOAs.

70202 GENERAL.

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

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

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

70203 FMS PROGRAM MANAGEMENT GUIDELINES.

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

1. System sales of aircraft, ships, shipboard equipment, missiles, combat vehicles, radars or communications electronics which include the major end item and necessary logistical and training support.
2. Modifications and upgrades which improve the operational capability of systems already in purchaser inventories.
3. Non-standard equipment, systems, or services sales.
4. Sales which include program acceleration.
5. Complex ^{LOAs} cases for services that may require effort outside of or in addition to that normally provided by dedicated security assistance offices.

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6. Coproduction programs.

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

1. Cost of personnel assigned as program manager or program coordinator.

2. Administrative ^{LOA program} ~~case~~ management services which demonstrably are executed at a level of effort beyond that generally performed on routine FMS LOAs. (Administrative case management functions are identified in Chapter 7, paragraph 70402.A.2 and, when performed at routine levels, are properly charged to FMS administrative funds.) Such ~~over-and-above~~ levels of management effort are normally found in LOAs which include program acceleration, non-standard procurements, special program tracking or reporting, program reviews, or extensive integration.

3. Configuration management.

4. System integration.

5. Integrated logistics management.

6. CONUS or overseas program management reviews (TDY costs of all U.S. participants may be included).

7. ~~ALL~~ TDY costs to support program management line functions. ~~Notes.~~ Administrative travel expenses, to include salary, which can be identified to the ^{LOA} ~~case~~ or ^{LOAs} ~~cases~~ supported by a program management line also may be included.

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

1. Sales from stock other than weapon systems.

2. Follow-on support cases.

3. Cases entirely for services other than those described in A.3 and 5 above.

4. Sale of individual major items.

5. Publications, maps, ^{and} charts.

6. Modifications other than those which improve the operational capability of systems. See A.2 above.

7. Routine non-MDE sales.

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

~~1. Management services, including non-routine reporting, requested by the purchaser. These should be considered technical assistance, special services, or other services.~~

1,2. Other services requested by the purchaser (such as, technical assistance⁽ⁱ⁾ TAFTs⁽ⁱ⁾ overseas CAS units⁽ⁱ⁾ training⁽ⁱ⁾ or overhead management services⁽ⁱ⁾) ^{management services, including non-routine reporting} not required by the IA.

2,3. TDY costs not in direct support of the program management line. See exceptions in B,6 and 7 above.

3,4. Any costs incurred overseas by PCS personnel, including PCS costs. The^{se} costs are to be charged "above the line" in a separate technical assistance or services line.

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

70204 PROCEDURES:

A. In order to properly differentiate between the cost of articles and services sold to which the FMS administrative surcharge legally must be applied and program management services, which are a condition of sale, the following modifications to DD Forms 1513, 1513-1, and 1513-2 are required for all ~~cases~~ ^{LOAs} which include program management lines:

1. A narrative stub entry must be included in column 13 entitled "Subtotal cost of ordered articles and services" with the corresponding subtotal dollar value in column 17.

2. The program management line(s) and value(s) is to be entered in columns 13 and 17 following the above subtotal cost.

3. Line 21 will be the total of the entries required in 1 and 2 above.

B. The FMS administrative surcharge shall be applied by SAAC to the subtotal column 17 entry of ordered articles and services without exception. If the surcharge has been waived and not included in the LOA, the drafting IA is responsible for funding and paying the surcharge in accordance with paragraph 70505, ~~FMS Financial Management Manual~~, DoD 7290.3-M.

C. Program management lines will be identified as such and include the Generic Code R6B and appropriate MASL data in accordance with Chapter 7, Table 701-9, para^{graph} M. Note: ~~Case management lines~~, Generic Code L8A^s ^{are} no longer authorized for use by IAs in new LOAs. Existing case management lines, ^{which use Generic Code L8A} may continue in use until case closure.

D. Program management costs do not ~~commence~~ ^{start} until LOA implementation. FMS workload prior to LOA implementation is to

be charged to the FMS administrative budget. ~~Associated~~^C costs incurred for communications, utilities, ADP, office supplies and equipment, and rental charges may be charged to a program management line ~~but only~~ to the extent that they directly result from program management efforts.

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

F. For LOAs in which program management lines are justified by the non-standard nature of the program, the non-standard administrative fee should not be charged in accordance with paragraph 70502^b2 of DoD 7290.3-M, ~~FMS Financial Management Manual~~.

Prepared by: Ronald J. Malachowski, DSAA/COMPT-FMSCD,
x79303, dj, S702PML, 29 Mar 90

PROGRAM MANAGEMENT LINE

SECTION 702 - RESERVED FOR FUTURE USE

**

~~[Information previously in this section was moved to Chapter 13.]~~

70201 PURPOSE.

etc (attached)

made changes to be updated -

Chapter Six--Military Export Sales Policies and Considerations

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| 60106 Procedures for Processing Industry Requests for Direct Sale Preference Designation | 601-3 |
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Chapter Seven--Preparation and Processing of FMS Cases

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| 70002 Background/Definitions | 700-1 |
| 70003 Procedures | 700-5 |
| Section 701 - Preparation and Processing of FMS Agreements | 701-1 |
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| Section 703 - Congressional Section 36(b) Notifications and Reports and Section 118 Reports of FMS | 703-1 |
| 70301 Purpose | 703-1 |
| 70302 Statutory Provisions, Executive Requirements and Exceptions | 703-1 |
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| 70401 The Scope of Case Management | 704-1 |
| 70402 Case Management Authority, Responsibility, Accountability and Control | 704-1 |

**



12 March 1990

MEMORANDUM FOR DISAM

SUBJECT: SAMM Change, Amendments and Modifications

Page 700-3, para 70002.C.2.d. Replace with: "d. The ordering period of a BO LOA will normally be 12 to 36 months."

The following will replace Section 804, starting page 804-1, in DOD 5105.38-M:

"SECTION 804 - AMENDMENTS AND MODIFICATIONS"80401 GENERAL

"A. Use of DD Form 1513, 1513-1, or 1513-2. In general, DD Forms 1513-2 are faster and simpler to develop and process than DD Forms 1513-1 which are faster and simpler than DD Forms 1513. Conversely, use of DD Forms 1513-1 or 1513-2 makes long term accounting more difficult, makes program reconciliation more cumbersome, and delays LOA closeout. FMS programs are best served through use of the DD Form which best safeguards U.S. and non-U.S. interests while most efficiently accomplishing the needed program change within the constraints of paragraphs 80402 and 80403. This must include both short and long term considerations. If there is doubt as to whether to use the DD Form 1513, 1513-1, or 1513-2, the issue should be referred to DSAA Operations for resolution.

"B. Major Changes in Scope. Major changes in scope normally require the preparation of a new LOA, DD Form 1513. Examples include addition of SME, including MDE, or a substantial expansion after the program has matured.

"C. General Conditions. All DD Forms 1513-1 and 1513-2 will contain the following note:

'Except as expressly amended hereby, all terms and conditions of the subject LOA (including without limitation the General Conditions) continue in full force and effect.'

"D. Identification of Percentage Rate for Certain Costs. Percentage rates, such as those used for determining PC&H, general administrative, or other costs should not be shown on LOAs, amendments, or modifications.

"E. \$50,000 Break Point for Recording Amendments. The DSAA data base will record amendments reflecting net increases of more than \$50,000 in the fiscal year the DD Form 1513-1 is accepted. DD Forms 1513-1 which reflect net increases of \$50,000 or less will be recorded in the year of the basic FMS case.



"F. Pen and Ink Changes. Except for DSAA-issued changes to financing terms, pen and ink changes to DD Forms 1513-2 are not authorized. Pen and ink changes to DD Forms 1513-1 may only be accomplished prior to case acceptance. Pen and ink changes are authorized when the changes are minor, administrative, or corrective in nature, such as extension of the offer expiration date or adjustment to the initial deposit or payment date. If the change provides for an increase in scope or revision of the terms of sale or total costs, the IA must obtain the concurrence of DSAA FMS Control Division and the Operations Directorate regional division prior to IA authorization. The IA must authorize all pen and ink changes, prior to the expiration date, by message or letter to the purchaser with a copy to SAAC/FRS. The IA must submit appropriate changes to the 1200 System data base in the S3 transaction type format (Chapter 15) whenever a pen and ink change to the expiration date of LOAs is authorized. Extensive changes must be made by issuance of a restated DD Form 1513-1. Copies of LOAs and amendments, including revised TLWs if applicable, that have been modified by authorized pen and ink changes must be distributed by the IA to SAAC and other organizations following customer signature.

"80402 DD FORM 1513-1 - AMENDMENTS TO LOAs.

"A. General.

"1. Revision to an LOA which requires purchaser acceptance must be by an amendment (see Table 804-1).

"2. Initial deposits will be included (see paragraph 130401) when the existing LOA payment schedule does not include sufficient amounts to cover costs from the expiration date of the DD Form 1513-1 until the next billing cycle. Show the initial deposit requirement in the right-hand corner of Block 28 by typing "28(a) Initial Deposit (Amendment): \$." Also include the initial deposit in the financial annex payment schedule.

"3. For undercollected LOAs, unless prior approval is obtained from DSAA, IAs will inform the purchaser that the amendment cannot be implemented until sufficient payments have been received to cover current financial requirements, including termination liability.

"B. DSAA Countersignature Required. DSAA countersignature on the DD Form 1513-1 is required for the following:

"1. The LOA has been the subject of a Congressional notification [Sec 36(b), AECA] or qualifies for notification based on the amendment (see Section 70303A.4).



"2. The LOA value is increased (see exception in C.6 below).

"3. Amendments to LOAs which involve FMS credit, MAP, SDAF, or third country financing, including those that change the payment schedule or method of financing. All types/sources and amounts of financing should be shown.

"4. Amendment is outside parameters in C. below.

"C. DSAA Countersignature Not Required. Copies of the following amendments, which are exempt from countersignature, will be provided to SAAC (FRSC) by the IA at the time of release to the FMS purchaser:

"1. Changes in performance periods of services LOAs, such as training or technical assistance, and changes in requirements for training LOAs, provided that the period during which the service is to be performed is not extended to more than a total of 36 months.

"2. Extensions to the ordering period on BO LOAs, provided that the period during which items are to be ordered is not extended to more than a total of 36 months.

"3. Addition of supporting articles (non-SME) or services, or definitization of undefined support lines, provided that the addition does not extend the date of delivery more than 12 months past the longest projected availability on the original LOA.

"4. Minor increases in quantity of a defined line LOA for non-SME items, provided the time for ultimate delivery is not increased by more than 12 months past the longest projected availability on the original LOA.

"5. Changes in article or service configuration which do not substantially increase capability.

"6. A change in transportation delivery code(s), resulting in increased costs to the purchaser.

"7. Changes to FMSO cases which do not change fund levels or the range of items to be ordered.

"80403 DD FORM 1513-2 - NOTICE OF MODIFICATION OF LOA.

"A. General.

"1. DD Forms 1513-2 (see Table 804-2) are used for U.S. unilateral changes. They record modifications to existing LOAs which do not constitute an increase in scope when acceptance of



the change by the purchaser is not required.

"2. Acknowledgement of receipt of the DD Form 1513-2, while not required for implementation, serves to confirm that the Notice of Modification has been received by an authorized official of the FMS country.

"3. Costs charged under an LOA should not exceed the funds available on that LOA, and FMS countries do not normally want funds to sit in their FMS accounts unnecessarily. Balancing these factors is a key program management responsibility (Section 704) which requires analyses and careful monitorship to ensure LOA funding is adequate to avoid program disruption.

"a. If monitorship shows that early costs incurred on the implemented LOA are deviating from those estimated to the degree that later deviations are unlikely to bring overall costs into balance, or OA above case value will be required at some point in the program, a modification should normally be processed.

"b. The U.S. is committed to apply best efforts to provide the purchaser a modification when one of the following conditions exist:

"(1) Estimated total costs increase by ten percent,

"(2) The payment schedule changes, or

"(3) Significant delivery delays occur.

A modification should also be provided for cost adjustments, even when relatively minor, when all items are on order and prices are reasonably firm.

"c. For cost increases, Block 11 should include, as applicable, reasons for the increase, contract status, FMS purchaser options to avoid the increase and financial impact of selecting the options, time limits for notifying the USG of a desire to cancel or reduce quantities, and terms of financing."

"d. Price increase modifications will be provided by the IA before the actual accrued costs exceed those estimated on the LOA.

"4. Price increases or decreases discovered during case closure will be assessed during final billing if a closure certificate can be provided to SAAC within six months of the supply completion date. When case closure certification will take longer than six months from the supply completion date, a DD Form 1513-2 adjusting the case value is required.



"B. Modifications Requiring DSAA Countersignature. The following modifications require DSAA coordination and countersignature:

"1. Modifications to LOAs which have been the subject of Congressional [Sec. 36(b), AECA] notifications (see Section 70303.A.4).

"2. Modifications to LOAs which involve FMS credit, MAP, SDAF, or third country financing, including those that change the payment schedule or method of financing. This includes modifications that change the method of financing after purchaser signature on the LOA or amendment, but prior to implementation. All types/sources and amounts of financing should be shown.

"3. Shifts of case value between two or more FMS cases by concurrent modifications. The following conditions must be met:

"a. The FMS country official who requests the shift in value has the authority to accept LOAs.

"b. Total amount(s) increased are no more than the total amount(s) decreased. If addition(s) to the LOA(s) being increased will generate a requirement for an initial deposit, a DD Form 1513-1 must be used.

"c. LOA(s) decreased have adequate funds available to cover remaining obligations.

"d. All Forms 1513-2 are provided to DSAA as a package for countersignature and cross-reference each other in Block 11 as follows: (On decreased LOA) 'Value of \$_____ is hereby transferred to FMS ___-___ (reference notice ___)' and (on increased LOA) 'Value of \$_____ is hereby transferred from FMS ___-___ (reference notice ___)'.

"C. Modifications Not Requiring DSAA Countersignature. Copies of the following modifications, which are exempt from countersignature, will be provided to SAAC (FRSC) by the IA at the time of release to the FMS purchaser:

"1. Price increases.

"2. Price decreases resulting from price reductions or from article or service reductions or deletions.

"3. Changes, including extensions of 90 days or less, of the delivery commitment date.

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"4. Extensions of BO LOA periods of performance up to a total ordering period of 36 months.

"5. Changes to transportation codes due to the requirement to use the DTS (e.g., shipment of hazardous or sensitive cargo).

"6. Addition to or revision of clarifying notes.

"7. Changes in payment schedules where MAP, FMS credit, SDAF, or third country financing are not involved.

"8. Changes in Generic or MASL coding to correct an administrative error only. There should be no change to the configuration (or description) of articles or services to be sold."

pscfi

- (3) Transportation services,
 (4) Aircraft ferry,
 and
 (5) Cartridge Activated Devices/Propellant Activated Devices (CAD/ PAD),
 (6) TDPs.

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

a. Price and availability information for Blanket Order FMS cases is not required because the purchaser normally estimates requirements and requests an appropriate case value.

b. The customer's materiel requirements will normally be filled from procurement rather than from DOD stocks.

c. Blanket Order cases are established to facilitate and simplify procedures for foreign purchasers.

d. 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.

e. 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.

f. 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:

(1) **Spare and Repair Parts.** Consumable or repairable 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.

(2) **Publications.** 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.

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

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

Replac

80401.

SECTION 804 - AMENDMENTS AND MODIFICATIONS

80401 DD FORM 1513-1 - AMENDMENTS TO LOAs

A. **General.** Normally, any requirement to increase the scope of an existing LOA will be treated as a new FMS LOA. A change in scope is considered to be increased which adds to the articles and/or services which 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 C.3. below. While new LOAs are preferred, it is recognized that within the parameters outlined below, amendments 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 OA will be accepted, subject to the recommendations of the DOD Components 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 Form 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 (FRSC) by the Implementing Agency at time of release to the country.

B. **Minor Changes in Scope.** There are exceptional circumstances when U.S. interests are best served by processing amendments to cover minor changes in scope. Such changes are considered to be the addition of up to \$1.0 million or 10 percent of the case value, whichever is less, of non-SME articles or services directly required in support of the basic LOA. The Amendment to Offer and Acceptance (DD Form 1513-1) Table 804-1, 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 Form 1513-1s, all except para. 6 (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.

1. Changes of requirements within FMS training cases, provided that the period of performance is not extended over one year.
2. Minor changes in configuration of non-SME or non-MDE previously ordered on an original LOA.
3. 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.
4. 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.
5. Minor increases in quantity of a defined item case for non-SME items, provided the delivery period is not increased by more than 12 months.
6. Changes in terms and conditions (other than permissible unilateral changes on the part of the USG).

80401.B.7.

7. A change in transportation delivery codes which results in increased costs to the purchaser which were not previously accepted by the purchaser by previous correspondence.
8. Revisions to FMSO I cases, other than as provided in paragraph C.3 of this section. *

C. Major Changes in Scope. Major changes in the scope of an existing LOA require the preparation of a new FMS case (DD Form 1513). Major changes in scope occurs most frequently for:

1. Additions of non-SME items or services which increases the total value of an LOA \$1.0 million or 10 percent of the case, whichever is less.
2. The addition of SME or MDE items.
3. 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 FMSO I case).

D. Purchaser Acceptance. The DD Form 1513-1 will be used only if the revision requires purchaser acceptance before implementation. If the revision is a unilateral change on the part of the USG to the terms and conditions of the LOA, or provides for the addition of a previously omitted pricing element or surcharge, except as indicated in paragraph 80401.B.0 which does not require purchaser acceptance, the DD Form 1513-2, , should be provided to the purchaser (See Table 804-2).

E. Identification of Percentages Rates for Certain Costs. 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. This guidance also applies to "Other Estimated Costs" (Block 26) should a percentage rate be applicable.

F. Processing DD Form 1513-1 with Cost Increase in Excess of \$1.0 million or 10 percent of Case Value, Whichever is less. All 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 commitment for such amendments in advance of DSAA staffing is authorized. The cognizant DOD Component will determine the use of amendments up to the above threshold, subject to the criteria outlined in the above paragraphs. Normal DSAA staffing and counter-signature is required for all such amendments.

G. DSAA Recording of DD Form 1513s 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.

H. Detailed Instructions for Format. See detailed instruction on preparing the DD Form 1513-1 contained in Table 804-1.

I. Initial Deposits. When an amendment is prepared to add additional defense articles or services, the existing LOA payments 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 paragraph 70211.B to determine the period the initial deposit should cover. Show

80401.J.

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.

J. 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).

K. General Conditions. For overall purposes, all DD Form 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."

L. Shifts of Case Value Between Cases. In certain circumstances, purchaser requests to shift case value between two or more cases may be accomplished by processing concurrent modifications (DD Forms 1513-2) in lieu of amending the case(s) being increased (see Paragraph 80403.C.3.).

80402 PEN-AND-INK CHANGES - DD FORMS 1513 AND 1513-1. Pen-and-ink changes are modifications to a DD Form 1513 or DD Form 1513-1 authorized by the issuing DOD 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 changes 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/FRS and DSAA-Comptroller (FMS Control Division). Extensive changes must be made by issuance of a new or restated DD Form 1513 or DD Form 1513-1 (after acceptance of the basic case) rather than by a pen-and-ink change. Copies of all DD Form 1513s and DD Form 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).

80403 DD FORM 1513-2 - NOTICE OF MODIFICATION OF LOA.

A. Purpose. This form is utilized to record modifications to an existing LOA, which do not constitute a change in scope, except for decreases due to a deletion of an item. Modifications which do effect the scope of the LOA (other than decreases) require either a new DD Form 1513 or a formal Amendment (DD Form 1513-1, See Table 804-2). All DD Form 1513-2s, except as specifically exempted in this section, will be submitted to the DSAA Comptroller (FMS Control Division) for countersignature.

B. Acceptance of Foreign Country or International Organization. When the DD Form 1513-2 is used, acceptance by the foreign country or international organization is not required. Acknowledgement of receipt ensures that the Notice of Modification has been received by an authorized official. The DD Form 1513-2 should be used for changes in data which may be made unilaterally under an offer and acceptance (non-scope change).

C. DD Form 1513-2s Requiring DSAA Coordination and Countersignature.

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 must be submitted for countersignature. The following modifications to an LOA or Amendment must be accomplished by use of a DD Form 1513-2. These modifications also require DSAA coordination and countersignature prior to dispatch to the foreign country or international organization:

*

*

1. Price increases in excess of \$1.0 million and related changes in payment schedules to a previous DD Form 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:

a. The detailed reasons for the increase.

b. Status of contracting for this purchase--e.g., contract completed, contract still being negotiated, etc.

c. The options the country has if any, with respect to avoiding the price increase (e.g., contract termination or reduction of quantities).

d. The estimated financial consequences of selecting such options.

e. Any time limits for notifying the USG of purchaser desire to cancel or reduce quantities.

f. Extensions of the ordering period for BO cases beyond a total of 24 months.

g. Case(s) involving SDAF assets.

*

*

2. 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.

3. Shifts of case value between two or more FMS cases by concurrent modification (reference paragraph 80401.L.) provided the following are met:

a. 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.

*

b. The case increase 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.

c. The AECA Section 36(b) reporting thresholds outlined in Chapter 7, Section 703, must be observed.

80403.C.3.d.

d. The net change of the modification 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:

| <u>Case(s) reduced (Total Case Value)</u> | <u>Case(s) increased (Total Case Value)</u> | <u>Acceptable</u> |
|---|---|-------------------|
| -1,000 | +1,000 | Yes |
| -1,000 | + 800 | Yes |
| -1,000 | +1,200 | No |

e. The case being increased must currently have collections equal to or greater than expenditures (see paragraph 80401.J.).

f. If the addition of articles and/or services to the case being increased will generate a requirement for an initial deposit (reference paragraph 80402.I.), a DD Form 1513-1 must be used.

g. The case being decreased must have adequate funds available to cover outstanding requisitions and obligations.

h. The modifications shifting case value between cases must be submitted as a package to DSAA for countersignature and must cross reference each other in Block (11), Description and Reason for Modification. For example:

(1) Case(s) being decreased: "Case value of \$1,000 is hereby transferred to FMS BA-B-BAA (ref Notice No. 1)."

(2) Case(s) being increased: "Case value of \$1,000 is hereby transferred from FMS BA-B-BBB (ref Notice No. 7)."

D. DD Form 1513-2s Requiring No DSAA Coordination or Counter Signature.

1. Decreases to the value of DD Forms 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 Form 1513-2s which, with exception of cases involving SDAF assets, do not require countersignature. Copies of all exempted modifications will be provided to SAAC (FMSCR) by the Implementing Agency at the time of release to the country. *

2. The following additional modifications to a Letter of Offer or Amendment must be made on a DD Form 1513-2, but do not require DSAA coordination or countersignature provided there is no change in the "terms of sale" or increase in the "total estimated costs":

- a. Changes or extensions exceeding 90 days of the delivery commitment date.
- b. Extensions of the ordering period for a BO case up to a total of 24 months. *
- c. Changes to transportation codes due to the requirement to use the DTS (e.g., shipment of hazardous or sensitive cargo).
- d. Clarifying notes.

80403.D.2.e.

e. Changes in payment schedules to LOAs or Amendments.

f. 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.

E. Price Changes During Case Closure. 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.

F. General Terms and Conditions. For record purposes, all DD Forms 1513-2 will have appended to them a copy of Annex A, General Conditions, which are part of the original case. Alternatively, at the discretion of the originating office, the DD Form 1513-2 may contain the following note:

"Except as expressly amended hereby, all terms and conditions of the subject case (including without limitation the General Conditions) continue in full force and effect."

G. Identification of Percentage Rate for Certain Costs. 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. This guidance also applies to "Other Estimated Costs" (Block 26) should a percentage rate be applicable.

H. Use of DD Form 1513-2 versus 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 could be promptly referred to DSAA Operations for determination. [Note: When a DD Form 1513-2 is signed for dispatch, appropriate change cards(s) should be submitted to the SAAC by the DSAA for inclusion in the 1200 System.]

I. Detailed Instructions and Format. See detailed instruction on the filling in of the block on the DD Form 1513-2 at Table 804-2.

| | | |
|---|-------------------------|------------|
| USD/P INTEROFFICE COORDINATION SHEET | DATE (YYMMDD) 891212 | 1-64273/89 |
|---|-------------------------|------------|

| | |
|--|--|
| SUBJECT SAMM Change - Amendments and Modifications | CURRENT SUSPENSE DATE (YYMMDD) 900104 |
|--|--|

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

Background. In Jul 89, Mr. Rudd asked that we look at relaxing controls on use of amendments/modifications versus new LOAs. With support from DSAA Comptroller, proposed SAMM change at Tab D was developed to replace the extract at Tab E. Primary changes are: Removal of 10%/\$1M amendment restrictions, changes to parameters for DSAA countersignature, and rewrite to improve clarity/consistency.

*Air Force Second Under
Army Provided informally
NAVY - no reply*

Recommendation. Approve changes by initialing below.

| SEQ NO. | DIR / OFC | INITIAL | DATE (Mo, Day) | SEQ NO. | DIR / OFC | INITIAL | DATE (Mo, Day) | SEQ NO. | DIR / OFC | INITIAL | DATE (Mo, Day) |
|---------|----------------|---------|----------------|---------|-----------------|---------|----------------|---------|-------------------------------------|---------|----------------|
| | OUUSD/P | | | | ISP (Continued) | | | | PDUSD/S&R (Cont'd) | | |
| | USD/P | | | | EUR POL | | | | ADUSD(R&P) | | |
| | AT USDP | | | | | | | | DCS | | |
| | MA | | | | DASD/NF&ACP | | | | ODUSD/SP | | |
| | SA LEGIS | | | | MA | | | | DUSD/SP | | |
| | ADMIN | | | | TNF | | | | MA | | |
| | COMM MGT | | | | STRAT FORCES | | | | ADUSD/CI&S | | |
| | ISA | | | | SACP | | | | DIS | | |
| | ASD/ISA | | | | | | | | POL SUPPORT | | |
| | MA | | | | DASD/SDS&VP | | | | EMERG PLAN | | |
| | SA | | | | MA | | | | CCC | | |
| | PDASD/ISA | | | | VERIF POL | | | | SPEC ADV STF | | |
| | MA | | | | SD & SPACE | | | | PSYOP | | |
| | RA | | | | SPACE POLICY | | | | ODUSD/TSP | | |
| | | | | | | | | | DUSD/TSP | | |
| | DASD/AFR | | | | DASD/CF&ACP | | | | MA | | |
| | AFR | | | | MA | | | | ADUSD/TSP | | |
| | | | | | EUR SEC NEGOT | | | | DTSA | | |
| | DASD/EAP | | | | MULTI-NEGOT | | | | DIR | | |
| | EAP | | | | SO-LIC | | | | DEP DIR | | |
| | PW/MIA | | | | ASD/SO-LIC | | | | RESOURCE MGT | | |
| | | | | | MA | | | | IGA | | |
| | DASD/I-A | | | | PDASD/SO-LIC | | | | MUNITIONS | | |
| | I-A | | | | MA | | | | MUN TECH | | |
| | | | | | | | | | WPNS SEC PLAN | | |
| | DASD/NESA | | | | DASD/A | | | | STRAT TRADE | | |
| | NESA | | | | | | | | TECH COOP & SEC | | |
| | | | | | DASD/SO | | | | TECH SEC OPS | | |
| | DASD/GA | | | | CONT PLAN | | | | DSAA | | |
| | HUMAN ASSIST | | | | SPEC OPS | | | X | DIR | | |
| | NON-PROLIF | | | | | | | X | DEP DIR | | |
| | Secod 2 ISP | | | | DASD/LIC | | | | EXEC OFFICER | | |
| | ASD/ISP | | | | | | | | COUNSEL | | |
| | MA | | | | DASD/RES | | | | PLANS | | |
| | SEC DEF REPS | | | | PROG | | | | CONG REL | | |
| | PDASD/ISP | | | | BUDGET | | | X | COMPT | | |
| | MA | | | | PDUSD/S&R | | | X | OPS | | |
| | | | | | PDUSD/S&R | | | | NET ASSESSMENT | | |
| | SD/EUR-NATO | | | | AT PDUSD/S&R | | | | NA | | |
| | SEC OFFICER | | | | MA | | | | OTHER | | |
| | PD EUR-NATO | | | | ADUSD(PP) | | | X | OPS-E | | |
| | ADV NATO AFFRS | | | | ADUSD(SEE) | | | X | OPS-E / COMPT | | |

*OK WWS H
1/16 3/4/90*

*next under
3/1/90 3/14/90*

WWS 1/3/90

| | | | |
|---|---|---------------------------|---------------------------------|
| LAST NAME OF ORIGINATOR <i>Wells</i> | DIRECTORATE / OFFICE <i>DSAA/OPS-E</i> | EXTENSION <i>78108</i> | SIGNATURE <i>Wayne Wells</i> |
|---|---|---------------------------|---------------------------------|

DEFENSE SECURITY ASSISTANCE AGENCY
General Counsel

I-060413/90
June 13, 1990

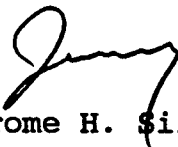
MEMO FOR Mr. Rudd

SUBJECT: Reply to Chrm. Dingell

Attached is a draft reply to Chairman Dingell's letter of June 7th for your review and correction.

Since the Congressman requested an answer by Friday, June 15th, I have not coordinated this draft with the B-Ring.

I would appreciate any input from B-Ring recipients; I will pass them on to the Acting Director.


Jerome H. Silber

Atchs
Incoming
Response

cc: Mr. McKalip
Mrs. Blundell
Mr. Wray ←
Mr. Rowe
Ms. Certain
Mr. Woods
Mr. Tyler

JOHN D. DINGELL, MICHIGAN, CHAIRMAN

RON WYDEN, OREGON
GERRY SIKORSKI, MINNESOTA
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NORMAN F. LENT, NEW YORK
MICHAEL G. OXLEY, OHIO
MICHAEL BILIRAKIS, FLORIDA
ALEX McMILLAN, NORTH CAROLINA

MICHAEL F. BARRETT, JR.
CHIEF COUNSEL/STAFF DIRECTOR

U.S. House of Representatives
Subcommittee on Oversight and Investigations
of the
Committee on Energy and Commerce
Washington, DC 20515

June 7, 1990

Jerome H. Silber, Esquire
General Counsel
Defense Security Assistance Agency
The Pentagon
Washington, D.C. 20301-1900

Dear Mr. Silber:

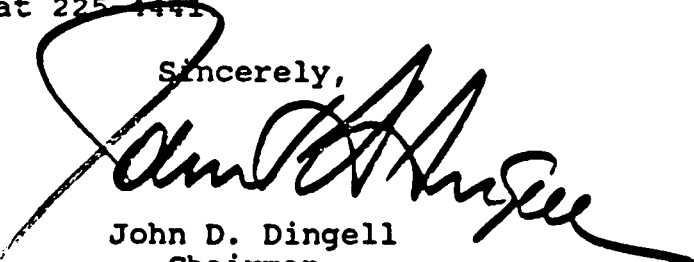
As you may be aware, the Subcommittee on Oversight and Investigations has held hearings in the past on issues regarding Foreign Military Sales (FMS), offsets, and related issues.

On behalf of the Subcommittee, you are requested to answer the attached set of questions regarding FMS involving commercial contracts to foreign governments. In your response to the questions, please address your answers to both the legal and policy implications.

Because this information is part of an ongoing investigation by the Subcommittee, we would appreciate having your response to these questions by Friday, June 15, 1990.

Thank you for your timely cooperation in this matter. If you have any questions, please contact Bruce Chafin of the Subcommittee staff at 225-4441.

Sincerely,



John D. Dingell
Chairman
Subcommittee on
Oversight and Investigations

Enclosure

A T T A C H M E N T

1. Is a U.S. manufacturer permitted to hire a foreign subcontractor to construct testing facilities with FMS funds?
2. If the U.S. manufacturer is permitted to hire foreign contractors under the FMS program, is there a limit to the amount or type of work this contractor can do using FMS funds?
3. Is a U.S. manufacturer permitted to apply FMS funds allocated to one item in a contract to another project not authorized by the contract?
4. Is a U.S. manufacturer permitted to establish a firm fixed price for an item that grossly exceeds the manufacturer's cost plus a reasonable profit?
5. What are the pricing limits on a direct contract under the FMS program?
6. If a U.S. manufacturer establishes an inflated firm fixed price for an item, can it collect FMS funds for that inflated price and use the excess profits to provide a good or service to a foreign country?
7. Is it true that an expenditure of more than \$500,000 under the FMS program (as part of a previously approved FMS contract) must be approved by DSAA or DCAA?
8. Can a U.S. manufacturer use FMS funds to do research and development for an item contained in a FMS contract?
9. Can a U.S. manufacturer use FMS funds to pay employees of a foreign contracting company to supervise construction of facilities in that same foreign country?



DEFENSE SECURITY ASSISTANCE AGENCY

WASHINGTON, DC 20301-2800

In reply refer to:
I-060413/90

Honorable John D. Dingell
Chairman, Subcommittee on Oversight
and Investigations
Committee on Energy and Commerce
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

This responds to your letter, dated June 7, 1990, to the General Counsel of this Agency concerning the legal and policy aspects of the attached set of questions pertaining to Foreign Military Financing (FMF) of direct commercial contracts between private firms and foreign governments.

Inasmuch as the questions do not deal with government-to-government transactions, i.e., foreign military sales (FMS), whether financed with United States FMF funds or paid with national funds of the purchaser, we have employed the acronym "FMF" in restating the questions for the sake of clarity.

Insofar as the answers are of a legal nature, the DSAA General Counsel, Mr. Silber, concurs with them. If further information concerning FMF funds is desired, we will be pleased to be of assistance to you in obtaining and supplying it.

Sincerely,

Attachment

1. Is a U.S. manufacturer permitted to hire a foreign subcontractor to construct testing facilities with FMF funds?

FMF funds are legally available for financing design and construction services to be performed in foreign countries by foreign subcontractors. As a matter of policy, DSAA seeks to minimize the use of such funds to cover costs of foreign-source materials and labor.

2. If the U.S. manufacturer is permitted to hire foreign contractors under the FMF program, is there a limit to the amount or type of work this contractor can do using FMF funds?

In the event that a predominant portion of the contract value is to be spent by a U.S. prime contractor at the first-tier level for foreign items (material, labor, overhead, profit, etc.), section 42(c) of the Arms Export Control Act requires signature of a Presidential determination. In absence of such a determination, DSAA policy guidelines provide:

"The items purchased must be manufactured in the U.S. and be composed of U.S. manufactured and assembled items, components, and services. In the event that the purchase of a U.S. end item consists of both U.S. and non-U.S. components and services, only the value of the U.S. components and services normally will be financed. Non-U.S. content which is an integral part of end products manufactured in the U.S. may be eligible for financing under certain limited circumstances. Such financing will be considered when DOD has procured or is procuring (under provisions of the FAR) the same item from the same non-U.S. sources under existing multi or bilateral agreements, DIC agreements, or because the item is not available from a U.S. source. Contracts should specify any non-U.S. origin items, components, or services. If not identified in the contract, the contractor is required to identify to DSAA any non-U.S. content and the corresponding value contained in the contract. Assembly is required to be performed in the U.S."



3. **Is a U.S. manufacturer permitted to apply FMF funds allocated to one item in a contract to another project not authorized by the contract?**

No. FMF funds are approved for financing only the purchase price, in whole or in part, of specific contracts for items and services described in those contracts for sale to the country that is allocated the FMF funds. Substitution of unauthorized items and services in the event of either nondelivery of authorized items or nonperformance of authorized services is not permissible without DSAA approval. See answer to question #6 below.

4. **Is a U.S. manufacturer permitted to establish a firm fixed price for an item that grossly exceeds the manufacturer's cost plus a reasonable profit?**

There is no legal limitation on the discretion of the parties to a contract financed with FMF funds to set a mutually agreeable price in that contract. As a matter of policy, DSAA guidelines provide:

"Pricing comparisons are being performed on a selective basis as part of the contract review process. Current DOD procurement prices will be used as a source of comparison prices to assure a valid comparison. However, if DOD has excess stocks available at a lower price, or if the purchaser has invested in early procurement through a FMS CLSSA case for the same type of item, we will notify the contractor and the purchaser. When prices are discovered which appear to be excessive in comparison with new acquisition of comparable items for DOD or domestic purchase, the contractor will be advised. The DOD objective is to maximize the benefits of limited funds; however, it's recognized that certain circumstances, especially delivery schedules, may justify paying higher prices. Unjustified excessive prices may be cause for disapproval of financing."

5. **What are the pricing limits on a direct contract under the FMF program?**

See answer to question #4 above.

6. If a U.S. manufacturer establishes an inflated firm fixed price for an item, can it collect FMF funds for that inflated price and use the excess profits to provide a good or service to a foreign country?

See answer to question #3 above. Such conduct could constitute fraud against the United States and could also conceivably contravene the provisions of the Foreign Corrupt Practices Act of 1977, as amended, or title 22 United States Code, section 2394a.

7. Is it true that an expenditure of more than \$500,000 under the FMF program (as part of a previously approved FMF contract) must be approved by DSAA or DCAA?

All expenditures of FMF funds to finance direct commercial contracts, regardless of country or dollar amount, must be approved by DSAA. In addition, all contracts that a foreign country proposes to be financed with FMF funds must be reviewed and approved for financing on a case-by-case basis by DSAA as a separate step prior to the expenditure of FMF funds therefor. However, Israeli contracts of a value less than \$500,000 are not required, due to their large number, to be individually reviewed and approved for financing by DSAA as a separate step; such contracts are identified by the Israeli Government to DSAA at the time DSAA is requested by the Israeli Government to reimburse it out of FMF funds allocated to that country for contract payments made with the use of Israeli national funds. In the event any such contracts are not eligible for financing for legal or policy reasons, no reimbursement of contract payments is made.

8. Can a U.S. manufacturer use FMF funds to do research and development for an item contained in a FMF contract?

Yes. The deliverable results of a research and development effort are defense services, as defined in section 47(4) of the Arms Export Control Act and section 644(e) of the Foreign Assistance Act of 1961, and legally may be financed if described in a direct commercial contract.

9. Can a U.S. manufacturer use FMF funds to pay employees of a foreign contracting company to supervise construction of facilities in that same foreign country?

See answers to questions #1 and #2 above.

Checked for change 2

97

SUBJECT: Proposed SAMP (DOD 5105.38-M) Change

✓

It is the intent of Congress that, except in carefully controlled circumstances, funds appropriated for Security Assistance will be used in the United States. This is expressed in the Arms Export Control Act, Section 42(c), which took effect 1 July 1968, and the Foreign Assistance Act of 1961, as amended, Section 604(a).

Based on the need to expand formal guidance in this area, the following will replace Paragraph 90210 in the next revision to the SAMP, DOD 5105.38-M:

90210 OFFSHORE PROCUREMENT

A. Statutory Requirement. Section 42(c) of the AECA provides that:

"Funds made available under this Act may be used for procurement outside the United States only if the President determines that such procurement will not result in adverse effects upon the economy of the United States or the industrial mobilization base, with special reference to any areas of labor surplus or to the net position of the United States in its balance of payments with the rest of the world, which outweigh the economic or other advantages to the United States of less costly procurement outside the United States."

B. Determination Authority. The President's functions under Section 42(c) have been delegated to the SECDEF by Executive Order 11958. The authority for issuance of OSP Determinations, following concurrence by the Departments of State and Treasury, has been redelegated to the Director, DSAA. Also see paragraph 110001.A.5 for further discussion of OSP using merged MAP funds.

C. Relevant Projects. An OSP Determination is an exceptional procedure and should be requested or recommended only when:

1. The project otherwise qualifies for financing from funds made available by the USG.

2. After subtracting from total costs the costs for sand, gravel, cement, cement products, or other items that the FAR or DFARS exclude from "buy American" considerations, one-half or more of the dollar value of the contract or the project is of foreign origin; or, if the vendor or prime contractor is a firm not incorporated in (or if a partnership, its principal place of doing business is not located in, or if an individual proprietor, the person is not a permanent resident of) the U.S., its possessions, the

D. OSP Project Considerations. While none is determinative by itself, the following should also be considered prior to recommending an OSP Determination:

1. Does the procurement fit within the context of mutual U.S. and country interests?

2. In order to meet the requirement, must the defense article or service be obtained from foreign sources?

3. Can a U.S. source item or service be modified to meet the requirement?

4. What percentage of the program cost would have to be purchased from foreign sources to meet the program requirement?

5. Is it cost prohibitive to procure the item or service in the United States (e.g., a special production run)?

6. Would there be any impact on the U.S. industrial mobilization base (e.g., dissolution of a company doing U.S. defense business) or on an area of U.S. labor surplus (e.g., increased unemployment) if the proposed procurement were from foreign sources?

7. Would there be any impact upon general U.S. trade patterns or trends if the proposed procurement were from foreign sources?

8. Would an OSP Determination in this particular instance establish a precedent which will weaken the USG ability to be even-handed in future requests from the same or other countries?

E. Legal Substance of the Determination. Section 42(c) permits the use of funds made available to carry out the AECA for procurement outside the U.S. where the procurement will not result in adverse effects outweighing the advantages. DSAA has consistently refused to make OSP Determinations except where there will be no adverse effects upon the economy of the U.S. or the industrial mobilization base. An even balance between adverse effects and advantages would legally permit offshore procurement. It is difficult to conceive of an OSP that would have a measurable adverse effect upon the five trillion dollar-plus U.S. gross national product or upon the entire U.S. defense industry (in contrast with a particular segment or individual company). DSAA exercises its judgement, as the delegate of the President, according to its perception of the overall national interests as OSP requests are made.

*ignoring
Don't
think
we need
this in
a procedure
book*

*Let's not buy it
think it's
let's see if
we can win
this one*

F. Determination Documents. The MILDEP should provide particulars concerning the proposed procurement, and justification for the OSP recommendation, to DSAA/OPS. DSAA will review and coordinate the recommendation and, if cleared, request concurrence from the Departments of State and Treasury. Following approvals by State and Treasury, a formal Determination will be signed as shown in Table 902-9.

G. LOA Completion. An FMF or MAP merger funded LOA may be issued, or financing of the FMF-funded direct commercial contract may be approved, following the formal Determination.

H. OSP Cost Increase Notifications. An information notification will be provided to Departments of State and Treasury when the value of an OSP project exceeds that originally anticipated by 50 percent or \$1,000,000, whichever is greater. The IA will provide details to the DSAA action officer for processing of the notification, which may be documented by an informal memorandum of phone conversation, to operational elements of State and Treasury.

DETERMINATION

Pursuant to section 42 (c) of the Arms Export Control Act and the authority thereunder delegated by Executive Order 11958 to the Secretary of Defense (and successively redelegated on February 12, 1972 and February 24, 1972 to the Director, DSAA or, in his absence, the Deputy Director, DSAA), I hereby determine that procurement outside the United States

[for the Government of (country) un-
der a Letter of Offer and Acceptance]

[by the Government of (country) pur-
suant to a direct commercial contract]

of (general description of defense articles or services)
will not result in adverse effects upon the economy of the United States or the industrial mobilization base, and I therefore authorize the use of Foreign Military Financing funds made available to the Government of (country) for such procurement.

DATE: _____

Director, DSAA

cc: Comptroller, DSAA

CONCURRENCES:

Department of the Treasury

Department of State

Backup - no change here



DEFENSE SECURITY ASSISTANCE AGENCY

WASHINGTON, DC 20301-2800

23 January 1990

Memorandum For LTG Brown *gld*
Through Mr. Rudd *mm*
Mrs. Blundell *B*
COL Fritz *23 Jan*
Mr. Wray *23/1/90*

recommend approval
7/2-8-90
WB 2-8

SUBJECT: SMM Change Concerning OSP Determinations

The proposed revision to the SMM at Tab A has been developed based on GAO report "El Salvador: Limited Use of U.S. Firms in Military Aid Construction", Jul 89, and DSAA responses stating that a SMM change would be processed (extract at Tab B).

If approved, the expanded Offshore Procurement guidance will be included in Change 2 to the SMM.

Recommend approval of the Tab A change.

Wayne Wells
Wayne Wells
OPS-E/78108

attachments
as

J. Sullivan *1/23/90*

DSAA GC

Glenn A. Rudd

Approve
GLENN A. RUDD
ACTING DIRECTOR
other

polwd3

an integral part of each recent foreign assistance and related programs appropriations act and continuing resolution. The Amendment states:

No part of any appropriation contained in this Act shall be used to furnish assistance to any country which is in default during a period in excess of one calendar year in payment to the United States of principal or interest on any loan made to such country by the United States pursuant to a program for which funds are appropriated under this Act.

Although the provision specifically states only USG foreign aid funds which are appropriated, are affected, Section 24(c) AECA has the practical effect of making the Brooke Amendment applicable to FMS guaranteed loans as well. Consequently, Brooke Amendment sanctions are activated by arrearages of more than a year on either aid-financed or FMS-financed loans (direct and guaranteed). Once invoked, the restrictions apply to most U.S.-funded foreign aid programs (economic and military).

1. Specific sanctions under the Brooke Amendment are as follows:

- a. New loan agreements or guaranties cannot be offered or issued.
- b. FMS LOAs financed with FMS Credit (FMSCR) or MAP funds that were or may be accepted by a country on or after the effective date of the sanction will not be implemented.
- c. New or pending FMSCR or MAP financed LOAs will not be countersigned or issued to the country for acceptance.
- d. Direct commercial contracts which require new FMSCR financing will not be approved.
- e. ^{when approved by DSAA on a case-by-case basis,} 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.~~ _{the maximum level is not increased.}
- f. New IMET students may not travel to the U.S. or other locations for initiation of training. IMET students outside their countries of origin whose course of study or training program began before the effective date of the sanctions may complete such courses, *including already funded sequential courses.* However, no additional sequential courses may be added on or after the effective date of the sanctions. IMET students outside their countries of origin whose course of study or training program did not begin before the effective date of the sanctions should normally be returned to their home country as soon as possible. For the purposes of the Brooke Amendment, an IMET-funded course is deemed to begin on the report date specified in the Standardized Training Listing (STL). (If sanctions are lifted, these students will be considered for late admittance or admittance to the next available course of study or training program.)
- g. IMET funded MTTs and LTDs may not be dispatched or extended beyond their scheduled termination date.
- h. IMET funded training aids may not be issued from supply nor placed on contract by the supplying agency.

19

TABLE 1001-1

TABLE OF DAILY SUPPLEMENTAL LIVING ALLOWANCES
FOR IMET INTERNATIONAL MILITARY STUDENTS

| | <u>Officer</u> [And Civilian Equivalents] | <u>Enlisted(1)</u> |
|---|--|--------------------|
| In Travel Status, Including Unscheduled Delays(2). | Various | Various |
| In Training Status: | | |
| Dependents Authorized (3)(4)(10) (12)..... | \$40 | N/A |
| Neither Quarters Nor Mess Available..... | 40 | \$40 |
| Orientation Tour Participants (5)..... | 27 | N/A |
| Mess Available, Quarters Not (6)..... | 27 | 22 |
| Quarters Available, Mess Not (6)..... | 24 | 20 |
| Both Quarters and Mess Available (6)(7)(11).(13)..... | 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 |
| On Leave (9)..... | Various | Various |

NOTES:

- (1) Not applicable to enlisted international military students (IMS) 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 IMS is \$3.50 per day.
- (2) When IMET pays travel and living allowance, travel allowance rate is authorized to include the day of departure from home country to the day of arrival at, and day of departure from, each training installation, and the day of arrival at home country. Rates on travel status, including unscheduled delays, are based on rates equal to those in the JTR for U.S. personnel.
- (3) An additional \$5 per day is authorized for accompanied IMS 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 IMS attending the following courses designated by the MILDEPs: Army Command and General Staff College, Army War College, and National Defense University; Air Force Squadron Officer School, Air Force Command and Staff College, Air War College, and Air Force Institute of Technology; Naval Staff College, Naval Command College, and Naval Postgraduate School; USMC Command and Staff College, USMC Amphibious Warfare School, 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 IMS lives on or off post.

(20)



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

FACSIMILE TRANSMISSION

TO: Mr. C. Luckenbill
(NAME)

AV 785 2994 DISAM/D&P
(PHONE NUMBER) (OFFICE SYMBOL)

9-1-513-255-4319
(TELECOPIER PHONE NUMBER)

TOTAL NUMBER OF PAGES INCLUDING COVER SHEET: 3

DATE/TIME SENT: 4/18/90 1600

REMARKS, INSTRUCTIONS, COMMENTS:

The attached change was overlooked when I sent SA mm change 2, can we still add?

Thanks,

FROM: Wayne Wells
(NAME)

AV 227-8108 DSAA/OPS-E
(PHONE NUMBER) (OFFICE SYMBOL)

TELECOPIER NUMBER -- (202) 697-1656 (COMMERCIAL ONLY)

VERIFICATION# AV 227-6221 COMMERCIAL (202) 697-6222/6221

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18 April 1990

MEMORANDUM FOR DISAM

SUBJECT: SMM Change, Financing Student TLA Under an LOA

The following should be added in Change 2 to the SMM:

"100213. Financing of Student TLA Under an LOA. Policy is shown in paragraph 60003.M. Exceptions should not be encouraged. When an exception is to be requested, the following guidance applies:

A. The recipient country must provide a written request to the SAO. Ideally, the request should be included in the LOR. In addition to normal distribution, a copy of the request should be provided to DSAA Plans.

B. As a minimum, requests for exception will include:

1. Ways in which the training program supports USG goals and objectives in the recipient country.

2. Factors which preclude host country payment of TLA directly to its students.

3. If the recipient country requests use of FMS financing, why its national funds cannot be used to defray TLA.

4. Military equipment and training already purchased using national funds.

5. Positive and negative impacts on recipient military capabilities and USG goals if an exception is not approved.

D. LOA period of performance extensions beyond six months and follow-on LOAs will require new justifications and determinations.

E. Regardless of the source of financing, if a TLA (including baggage weight) exception is approved by DSAA, IMET criteria (paragraphs 100106-100109) will apply."

pscfi

w²

20.A

103.b.

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*Backlog
No change here - PS*

JOINT STAFF
INFO SERVICE CENTER

PRIORITY ZYUW RUEKJCS3550 0340044
 P 030044Z FEB 90
 FM SECDEF WASHINGTON DC//USDP//
 TO DA WASHINGTON DC//DALO-SAA// HQ USAF WASHINGTON DC//PRIM//
 NAVOTSA WASHINGTON DC//O2T//
 USCINCSO QUARRY HEIGHTS PM//SCJ5//
 USCINCPAC HONOLULU HI//J45//
 USCINCENT MACDILL AFB FL//CCJ4/7-SPT//
 USCINCLANT NORFOLK VA//J5//
 USCINCEUR VAHINGEN GE//ECJ4-SA//
 INFO G MCCDC QUANTICO VA//TE32F//
 COMDT COGARD WASHINGTON DC//G-C1//
 USCINCLANTDET KEY WEST FL//J53-SAO//
 CDRSATFA FT MONROE VA//ATFA-R// NETSAFA PENSACOLA FL//N1//
 FMTAG RANDOLPH AFB TX//FAP// FMTAG WASHINGTON DC//OLA//
 DISAM WRIGHT PATTERSON AFB OH//DI//

LIVING ALLOWANCES AUTHORIZED AND COSTS. NO DEVIATIONS FROM THESE STANDARDS CAN BE AUTHORIZED. SPECIFICS WILL BE IAW OOO 5105.38W, 20 OCT 89, CHAP 10, SECTIONS 100106, 100107, 100108, AND 100109.
 5. AFTER DSAA HAS APPROVED THE EXCEPTION, MILOEPS ARE AUTHORIZED TO ESTABLISH APPROPRIATE R9Z "OTHER SERVICES" LINES TO FUND TLA ADMINISTRATION WHICH IS ABOVE AND BEYOND NORMAL FMS ADMINISTRATION AND IS DIRECTLY IDENTIFIED TO THE APPLICABLE FMS CASE.
 6. PENDING PUBLICATION OF THE ABOVE INFORMATION IN THE NEXT SAMM CHANGE, CINC ADDRESSEES ARE REQUESTED TO FORWARD THE ABOVE INFO TO SAO'S WITHIN THEIR AOR IMPACTED BY THIS POLICY.
 7. UNDER NO CIRCUMSTANCES MAY TLA BE PROVIDED LEGALLY UNDER FMS CASES FOR FOREIGN PERSONNEL WHO ARE NOT TRAINEES. TLA IS A RECOGNIZED COMPONENT OF TRAINING ONLY.
 8. DSAA POC: COL MEDLOCK, PLANS/TOR&D, AV 225-7976/7 OR COMMERCIAL (202) 695-7976/7. BT

UNCLAS

FROM DSAA/PLANS-TOMD

SUBJ: POLICY ON USE OF FOREIGN MILITARY SALES CASES TO FINANCE INTERNATIONAL MILITARY STUDENTS (IMS) TRAVEL AND LIVING ALLOWANCES (TLA)

1. THIS MSG PROVIDES DSAA POLICY REGARDING USE OF FMS CASES FOR FUNDING OF TLA FOR IMS.
2. IT IS SECURITY ASSISTANCE POLICY THAT FMS CASES WILL NOT BE USED TO FINANCE IMS TLA. THIS IS THE RESPONSIBILITY OF THE PURCHASING COUNTRY. SHOULD THIS POLICY BE ERODED, IT WILL PLACE UNNECESSARY ADDITIONAL RESPONSIBILITIES ON THE MILDEPS FOR ACCOUNTING AND DISPENSING SUCH SERVICES FOR WHICH THEY ARE NEITHER PREPARED NOR WILLING TO ASSUME AND WHICH RECIPIENT COUNTRIES SHOULD BE ABLE TO HANDLE IN THE FIRST INSTANCE.
3. AT THE SAME TIME, WE RECOGNIZE THAT FROM TIME TO TIME THERE MAY BE UNIQUE INSTANCES WHEN IT IS IN THE U.S., REPEAT U.S., INTEREST TO JUSTIFY AN EXCEPTION TO THIS POLICY. IN THOSE CASES THE FOLLOWING PROCEDURE WILL APPLY:
 - A. THE RECIPIENT COUNTRY MUST PROVIDE A WRITTEN REQUEST TO THE SAO IN-COUNTRY FOR AN EXCEPTION TO POLICY TO ALLOW PAYMENT OF TLA THROUGH FMS TRAINING CASES. IDEALLY, THE REQUEST SHOULD BE PART OF THE INITIAL DISCUSSIONS LEADING TO AND INCLUDED IN THE ORIGINAL LETTER OF REQUEST TO THE MILDEP FOR THE FMS TRAINING CASE.
 - B. THE MILDEP AGENCY RESPONSIBLE FOR LOA DEVELOPMENT WILL FORWARD THE REQUEST THRU ITS MIL CHANNELS TO DSAA MLT INITIATION OF THE CASE DEVELOPMENT PROCESS. TO SAVE TIME, REQUESTS FOR EXCEPTIONS SHOULD ALSO BE FORWARDED BY MSG TO SECDEF WASHINGTON DC//USDP/DSAA/PLANS/OPS/COMPT// WITH INFORMATION COPIES TO APPROPRIATE MILDEP OFFICES. DSAA PLANS-TOMD WILL BE THE ACTION OFFICE FOR SUCH REQUESTS AT THIS LEVEL.
 - C. REQUESTS FOR EXCEPTIONS WILL INCLUDE AS A MINIMUM THE FOLLOWING:
 - (1) SPECIFIC RATIONALE AND WAYS IN WHICH THE TRAINING PROGRAM SUPPORTS USG GOALS AND OBJECTIVES IN THE RECIPIENT COUNTRY;
 - (2) LIMITATIONS UPON THE HOST COUNTRY WHICH PRECLUDE ITS PAYMENT OF TLA DIRECTLY TO ITS STUDENTS;
 - (3) IF THE RECIPIENT COUNTRY FURTHER REQUESTS USE OF FMS FINANCING, WHY ITS NATIONAL FUNDS CANNOT BE USED TO DEFRAY TLA;
 - (4) MILITARY EQUIPMENT AND TRAINING ALREADY PURCHASED USING NATIONAL FUNDS;
 - (5) POSITIVE AND NEGATIVE IMPACTS ON RECIPIENT MILITARY CAPABILITIES AND USG GOALS IF AN EXCEPTION IS NOT APPROVED;
 - (6) CASE EXTENSIONS BEYOND SIX MONTHS IN DURATION AND/OR NEW OR FOLLOW-ON CASES WILL REQUIRE RENEWED POLICY JUSTIFICATION/ DETERMINATIONS; AND, FINALLY,
 - (7) ADDRESSEES SHOULD NOT ENCOURAGE COUNTRIES TO MAKE SUCH REQUESTS.
4. IF AN EXCEPTION IS APPROVED BY DSAA, IMET CRITERIA WILL APPLY, REGARDLESS OF THE SOURCE OF CASE FINANCING, IN USING FMS CASES TO PAY TRANSPORTATION (INCLUDING BAGGAGE WEIGHT) AND

JOINT STAFF

ACTION USDP:FILE(1)

(D,6,7,8,F)

INFO QUAL CONTROL(1) SECDEF-N(1) NMIC(1) DIC-2A(1) DIA(1)

DSAA(1) USDP-FILE(1)

+SAFE

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Atch 2

MCN=90034/00158

TOR=90034/0040Z

TAD=90034/0618Z

CDSN=MAK156

PAGE 1 OF 1
030044Z FEB 90

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B. Types of Tours. OTs for Distinguished Visitors (DV) 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 100406.A.(1), (2) and (3) above apply.

C.

2. OTs. OTs are authorized for selected officers who may become future leaders and policy makers, but do not presently qualify as a DV. Tours should be restricted in number to the extent possible and limited primarily to international 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 100406.A.(1), (2) and (3) above apply.

C.

C. Policy Guidance.

1. Country Team Evaluation (IMET). 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.

2. International 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 international military cadets to U.S. service academies are not authorized under IMET. Participation in OTs 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 international 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.

3. Student Selection. Selection of students for OTs and the design of itineraries should be made on the basis of maximum accomplishment of OT 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 OT objectives should be avoided. DSAA approval of the OT itinerary and areas of interest is required prior to commitment to the host country.

4. Approval of Exceptions. Requests for all OTs will be forwarded to DSAA (IMET) and the MILDEP 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.

(21)

5 February 1990

Memorandum for Record

Subject: Application of Administrative Charges for NAMSA FMS Programs

The following is to be included in Change 2 of the SAMP dated 1 October 1988. This guidance was coordinated and is now distributed as USDP/DSAA messages 212134Z Dec 88 and 300803Z Nov 89, subject as above.

Page 1307-3, Section 130705. Add "Also see Section 130104.B."

Page 1301-3, add subsection 130104.B.4:

"4. Waiver of Administrative Charges for NAMSA FMS Programs. Sec 21(E)(3) AECA provides-- "(a) The President may waive the charges for administrative services that would otherwise be required by paragraph (1)(a) [AECA] in connection with any sale to the Maintenance and Supply Agency of the NATO in support of (I) A weapon system partnership agreement; or (II) A NATO/SHAPE project. (b) The SECDEF may reimburse the fund established to carry out Sec 43(B) of this Act in the amount of the charges waived under subpara (a) of this paragraph. Any such reimbursement may be made from any funds available to the DoD. (c) As used in this paragraph - the term 'weapon system partnership agreement' means an agreement between two or more member countries of the Maintenance and Supply Agency of the NATO that (I) is entered into pursuant to the terms of the charter of that organization; and (II) is for the common logistic support of a specific weapon system common to the participating countries; and (III) the term 'NATO/SHAPE project' means a common funded project supported by allocated credits from NATO bodies or by host nations with NATO infrastructure funds." In implementing this legislation, the following procedural guidance applies:

"a. General -

"(1) This legislation is not retroactive; only LOAs implemented after 1 October 1988 are eligible for consideration of FMS administrative charge waivers.

"(2) Only NAMSA LOAs in support of weapon system partnership agreements or NATO/SHAPE projects (i.e., common-funded projects supported by allocated credits from NATO bodies or by host nations with NATO infrastructure funds) qualify for FMS administrative charge waivers.

"(3) Administrative charges waived under this program must be reimbursed to the FMS Administrative Account from Program 10 funds controlled by the U.S. Mission to NATO.

"b. DSAA responsibilities -

22

"(1) Implement the legislation and resolve procedural questions.

"(2) Determine applicability to specific requests and, where appropriate, approve waivers during final staffing of the LOA prior to countersignature.

"c. NAMSA responsibilities -

"(1) Include in each FMS LOA request a statement regarding whether the LOA qualifies for an administrative charge waiver under this legislation. If a waiver is being requested, identify the specific NATO/SHAPE project that will be supported by the LOA being requested and include the following statement: 'This is a joint coordinated request with the U.S. Mission to NATO. The U.S. Mission to NATO certifies intent to reserve and obligate MFP 10 funds for administrative charges waived over the life of the LOA. It further certifies that MFP 10 funds have been obligated in the amount of one-half of the administrative charges computed based on the dollar value of items or services estimated to be reported as delivered in the first year for all LOAs.'

"(2) Provide an information copy to the U.S. Mission to NATO of LOA requests where an administrative charge waiver is being requested.

"(3) For budgeting purposes, NAMSA and the U.S. Mission to NATO should develop an arrangement whereby NAMSA provides to the U.S. Mission a yearly estimate of the amount of administrative fee waivers.

"d. U.S. Mission to NATO responsibilities -

"(1) Budget for FMS administrative fee charges waived.

"(2) Advise DSAA of agreement to reimburse DoD for charges waived before the LOA is issued to NAMSA.

"(3) Develop understanding with NAMSA concerning programs for which waivers will be supported.

"(4) Reserve and obligate MFP 10 funds for administrative charges waived under this legislation over the life of the LOA. Administrative charges are computed at three percent of the FMS basic sale price. One and one-half percent of the computed charge will be recouped as part of the initial deposit. The remaining one and one-half percent will be recouped based on the dollar value of items or services estimated to be reported as delivered in each year. For example, on an LOA where deliveries will be evenly distributed over a three year period, with a basic sale price of \$5,000 and a computed administrative charge of \$150, obligations would be recorded as follows: Year one -- \$100 (one and one-half percent of \$5000 plus one and one-

157
half percent of \$1,667, the estimated delivered value for year one); year two -- \$25 (one and one-half percent of \$1,667, the estimated delivered value for year two); and year three -- \$25 (one and one-half percent of \$1,667, the estimated delivered value for year three).

"e. IA responsibilities -

"(1) Review NAMSA LOA waiver requests to assure they support projects cited in the legislation.

"(2) Assure DSAA/OPS has received a copy of LORS where a waiver has been requested by NAMSA.

"(3) Ensure that the U.S. Mission to NATO has agreed to reimburse DoD.

"(4) Include the following statement of waiver across the lower portion of Blocks 12-20, 13-21, or 12-18 on the DD Form 1513, 1513-1, or 1513-2 respectively: 'This LOA is in support of (insert title of the weapon system partnership agreement or NATO/SHAPE project). Administrative charges waived on this LOA will be reimbursed to the FMS Admin Account from Program 10 funds controlled by the U.S. Mission to NATO, (insert reference describing U.S. Mission to NATO documentation). Administrative charges are waived by the Director, DSAA under the provisions of Sec 21(E)(3)(a) of the AECA'.

"(5) Include pertinent correspondence when the LOA is sent to DSAA for countersignature to allow DSAA to process the waiver.

"f. SAAC responsibilities -

"(1) Maintain a record of NAMSA LOAs for which an administrative charge waiver is cited.

"(2) Maintain a procedure, coordinated with DSAA and the U.S. Mission to NATO, to bill and collect funds quarterly for waived charges.

"(3) Reimburse the FMS Administrative Account with funds collected from the U.S. Mission to NATO."

pscfil

Backlog



DEFENSE SECURITY ASSISTANCE AGENCY

WASHINGTON, DC 20301-2800

26 January 1990

Memorandum for LTG Brown
Through Mr. Rudd

Mr. McKalip
Mrs. Blundell *recommend publish*
COL Fritz
Mr. Wray *13/2/90*

W2-13

72-13-90

Subject: Proposed SAMP Change, NAMS Administrative Charges

In late 1988, we published the guidance at Tab 2 for implementation of an AECA change authorizing waiver of certain administrative charges for NAMS.

The MFR at Tab 1 is proposed to be included in the next change to the SAMP. It consolidates the two messages at Tab 2 and reformats Tab 2 so guidance can be inserted into the SAMP.

If approved, Tab 1 will be included in the package of SAMP changes which will be forwarded to DISAM under a Director, DSAA cover memo (now expected in March).

Recommend clearance of Tab 1.

W2
W. Wells
OPS-E, X78108

Attachments
as ~~STATED~~

W. Wells

Okay to Publish

Other

DSAA Compt *[Signature]*

pscwd3

Backlog

ROUTINE ZYUW RUEKJCS6471 3562134
R 212134Z DEC 88
FM SECDEF WASHINGTON DC//USDP//
TO HQDA WASHINGTON DC//DALO-SA// USAF WASHINGTON DC//PRI//
NAVOTTS A WASHINGTON DC NAMSA CAPLLAN LUX
USNATO BRUSSELS BE AFMFC LOWRY AFB CO//SAAC//
INFO USCINCEUR VAHINGEN GE//ECJ4/7-SA//
JCS WASHINGTON DC//J5//
CDRUSASAC ALEXANDRIA VA//AMSAC//

UNCLAS SECTION 01 OF 02
FROM DSAA/OPS-E
SUBJECT: APPLICATION OF FMS ADMINISTRATIVE CHARGES FOR NAMSA
FMS PROGRAMS

1. THE FY 1989 DOD AUTHORIZATION ACT INCLUDED A PROVISION AUTHORIZING THE WAIVER OF FOREIGN MILITARY SALES (FMS) ADMINISTRATIVE CHARGES IN CONNECTION WITH SALES TO NAMSA IN SUPPORT OF WEAPON SYSTEM PARTNERSHIP AGREEMENTS AND NATO/SHAPE PROJECTS. SECTION 1002 OF THIS LEGISLATION (102 STAT. 2037) AMENDS THE AECA BY ADDING AT THE END OF SEC.21(E) AECA THE FOLLOWING PARAGRAPH:
QUOTE.

"(3)(A) THE PRESIDENT MAY WAIVE THE CHARGES FOR ADMINISTRATIVE SERVICES THAT WOULD OTHERWISE BE REQUIRED BY PARAGRAPH (1)(A) IN CONNECTION WITH ANY SALE TO THE MAINTENANCE AND SUPPLY AGENCY OF THE NORTH ATLANTIC TREATY ORGANIZATION IN SUPPORT OF -

- "(I) A WEAPON SYSTEM PARTNERSHIP AGREEMENT; OR
- "(II) A NATO/SHAPE PROJECT

"(B) THE SECRETARY OF DEFENSE MAY REIMBURSE THE FUND ESTABLISHED TO CARRY OUT SECTION 43(B) OF THIS ACT IN THE AMOUNT OF THE CHARGES WAIVED UNDER SUBPARAGRAPH (A) OF THIS PARAGRAPH. ANY SUCH REIMBURSEMENT MAY BE MADE FROM ANY FUNDS AVAILABLE TO THE DEPARTMENT OF DEFENSE.

"(C) AS USED IN THIS PARAGRAPH -

"(I) THE TERM "WEAPON SYSTEM PARTNERSHIP AGREEMENT" MEANS AN AGREEMENT BETWEEN TWO OR MORE MEMBER COUNTRIES OF THE MAINTENANCE SUPPLY AGENCY OF THE NORTH ATLANTIC TREATY ORGANIZATION THAT

"(I) IS ENTERED INTO PURSUANT TO THE TERMS OF THE CHARTER OF THAT ORGANIZATION; AND

"(II) IS FOR THE COMMON LOGISTIC SUPPORT OF A SPECIFIC WEAPON SYSTEM COMMON TO THE PARTICIPATING COUNTRIES; AND

"(II) THE TERM NATO/SHAPE PROJECT" MEANS A COMMONFUNDED PROJECT SUPPORTED BY ALLOCATED CREDITS FROM NORTH ATLANTIC TREATY ORGANIZATION BODIES OR BY HOST NATIONS WITH NATO INFRASTRUCTURE FUNDS." END QUOTE.

2. IN THE IMPLEMENTATION OF THIS LEGISLATION THE FOLLOWING PROCEDURAL GUIDANCE APPLIES:

A. GENERAL -

(1). THIS LEGISLATION IS NOT RETROACTIVE; ONLY LOAS IMPLEMENTED AFTER 1 OCTOBER 1988 ARE ELIGIBLE FOR CONSIDERATION OF FMS ADMINISTRATIVE CHARGE WAIVERS.

(2). ONLY NAMSA LOAS IN SUPPORT OF WEAPON SYSTEM PARTNERSHIP AGREEMENTS OR NATO/SHAPE PROJECTS (I.E. COMMON FUNDED PROJECTS SUPPORTED BY ALLOCATED CREDITS FROM NATO BODIES OR BY HOST NATIONS WITH NATO INFRASTRUCTURE FUNDS) QUALIFY FOR FMS ADMINISTRATIVE CHARGE WAIVERS.

(3). ANY ADMINISTRATIVE CHARGES WAIVED UNDER THIS PROGRAM MUST BE REIMBURSED TO THE FMS ADMINISTRATIVE ACCOUNT FROM PROGRAM 10 FUNDS CONTROLLED BY THE US MISSION TO NATO.

B. NAMSA RESPONSIBILITIES -

(1). INCLUDE IN EACH FMS LOA REQUEST A STATEMENT REGARDING WHETHER THE LOA QUALIFIES FOR AN ADMINISTRATIVE CHARGE WAIVER UNDER THIS LEGISLATION. IF A WAIVER IS BEING REQUESTED, CITE THE SPECIFIC JUSTIFICATION FOR THE WAIVER, I.E. IDENTIFY THE SPECIFIC NATO/SHAPE PROJECT THAT WILL BE SUPPORTED BY THE LOA BEING REQUESTED.

(2). PROVIDE AN INFORMATION COPY TO THE US MISSION TO NATO OF THOSE LOA REQUESTS WHERE AN ADMINISTRATIVE CHARGE WAIVER IS BEING REQUESTED.

(3). IT IS SUGGESTED THAT NAMSA AND THE US MISSION TO NATO DEVELOP AN ARRANGEMENT WHEREBY NAMSA PROVIDES A YEARLY ESTIMATE TO THE MISSION TO NATO OF THE AMOUNT OF ADMINISTRATIVE FEE WAIVERS ESTIMATED TO BE REQUESTED FOR APPROPRIATE BUDGETING OF THESE COSTS.

C. US MISSION TO NATO RESPONSIBILITIES -

(1). BUDGET FOR THE AMOUNT REQUIRED TO REIMBURSE THE FMS ADMINISTRATIVE FEE ACCOUNT FOR ADMINISTRATIVE CHARGES WAIVED UNDER THIS LEGISLATION.

(2). ADVISE DSAA OF ITS AGREEMENT TO REIMBURSE THE DOD FOR THE FMS ADMINISTRATIVE FEE CHARGES WAIVED, PRIOR TO ISSUANCE OF THE LOA TO NAMSA.

(3). FINALIZE PROCEDURES WITH NAMSA TO ASSURE THAT THERE IS A CLEAR UNDERSTANDING IF THERE ARE ANY LIMITATIONS OF THE PROGRAMS FOR WHICH A WAIVER WILL BE SUPPORTED, I.E., ORIGINAL ESTIMATES SPECIFICALLY EXCLUDED SUPPORT OF THE NATO AWACS PROGRAM.

D. MILITARY DEPARTMENTS -

(1). RECEIVE NAMSA LOA REQUESTS AND REVIEW REQUESTS FOR FMS ADMINISTRATIVE CHARGE WAIVERS TO ASSURE THAT THEY ARE IN SUPPORT OF QUALIFYING PROJECT UNDER THE LEGISLATION.

(2). ASSURE THAT DSAA OPS HAS RECEIVED A COPY OF ALL LOA REQUESTS WHERE A WAIVER HAS BEEN REQUESTED BY NAMSA.

(3). ENSURE THAT US MISSION TO NATO HAS AGREED TO REIMBURSE DOD.

(4). WHEN THE LOA IS SUBMITTED TO DSAA FOR COUNTER-SIGNATURE INCLUDE A COPY OF PERTINENT CORRESPONDENCE WITH THE LOA TO ENABLE DSAA TO PROCESS THE REQUIRED WAIVER.

(5). FOR LOAS WHERE ADMINISTRATIVE CHARGES ARE WAIVED INCLUDE THE FOLLOWING IN BLOCK 27: ~~THIS LOA IS IN SUPPORT OF - INSERT THE TITLE OF THE WEAPON SYSTEM PARTNERSHIP AGREEMENT OR NATO/SHAPE PROJECT -~~ ADMINISTRATIVE CHARGES ARE WAIVED BY THE DIRECTOR, DSAA UNDER THE PROVISIONS OF SECTION 21(E)(3)(A) OF THE ARMS EXPORT CONTROL ACT.

E. SAAC -

(1): MAINTAIN A RECORD OF THOSE NAMSA LOAS FOR WHICH AN ADMINISTRATIVE CHARGE WAIVER IS CITED.

(2). FINALIZE A PROCEDURE (COORDINATED WITH DSAA) WITH THE US MISSION TO NATO TO BILL AND COLLECT THE APPLICABLE FUNDS AT LEAST QUARTERLY FOR THE WAIVED ADMINISTRATIVE CHARGES. (NOTE: WE WILL REQUEST THAT DOD 7290.3-M, PARA 70505 BE MODIFIED IN A FORTHCOMING CHANGE TO INCLUDE NAMSA)

(3). REIMBURSE THE ADMINISTRATIVE FEE ACCOUNT FROM FUNDS COLLECTED FROM THE US MISSION TO NATO.

F. DSAA -

(1): IMPLEMENT THE LEGISLATION AND RESOLVE ANY PROCEDURAL QUESTIONS.

(2). APPROVE ALL WAIVERS; THIS WILL BE ACCOMPLISHED DURING FINAL STAFFING OF THE LOA PRIOR TO COUNTERSIGNATURE.

(3). DETERMINE THE APPLICABILITY OF THIS LEGISLATIVE AUTHORITY TO SPECIFIC REQUESTS.

3. THE ABOVE PROCEDURES ARE EFFECTIVE IMMEDIATELY. THE DSAA POINT OF CONTACT IS MR. WAYNE LASKOFKI, DSAA/OPS-E,

UNCLAS FINAL SECTION OF 02
TELEPHONE (202) 697-8108. BT

E/ someone who goes into SAMM 12-23

ACTION USDP-FILE(1) (M)
INFO CJCS(5) SJS(1) WIDS(1) J4(9) J5(2) QUAL CONTROL(1)
J5-MILSEC-J(1) SECDEF-M(1) USDA:P&L(1) USDP:PDISP(1)
USDP:DSAA(4) USDP:CIS(1) USDP:TCS(1) USDP:OUTREAC(1)
USDP:MUN(1) USDP:DTSA(1) USDP:NATOPOL(1) USDP:WSP(1)
PT-SECDEF//CCG/(1)

Received 10/19/88

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11/30/89
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INFO SERVICE CENTER

ROUTINE ZYUW RUEKJCS5776 3340803
R 300803Z NOV 89
FM SECDEF WASHINGTON DC//USDP//
TO CDR NSSG CHIEVRES BE//80ASG/AERSH-MN//
NAMSA CAPELLEN LU//US/REP/PP-AF//
USMISSION NATO BRUSSELS BE //ILD//
USNATO BRUSSELS BE SAAC LOWRY AFB CO//FSX//
HQ DA WASHINGTON DC//DALO-SA//
CDRUSASAC ALEXANDRIA VA//AMSAC-ME-RB//
NAVOTTS WASHINGTON DC//TTSA-61B//
HQ USAF WASHINGTON DC//PRI//
INFO JCS WASHINGTON DC//J5//
USCINCEUR VAHINGEN GE//ECJ4-SA//
CINCUSAREUR HEIDELBERG GE//AEAGF-BA//

YEAR 3 \$ 25 (1.5 PERCENT OF \$1,667-ESTIMATED
DELIVERED VALUE FOR THE YEAR)
\$150 TOTAL ADMINISTRATIVE CHARGES OBLIGATED
3. QUESTIONS REGARDING THIS MESSAGE SHOULD BE ADDRESSED TO
DSAA/COMPT-FMD, BT

UNCLAS
FROM DSAA/COMPT-FMD
SUBJECT: APPLICATION OF ADMINISTRATIVE CHARGES FOR NAMSA FMS
PROGRAMS

REFERENCES: A. SECDEF/USDP MESSAGE 112152Z JUL 89, SUBJECT:
PAYMENT OF WAIVED ADMINISTRATIVE CHARGES FOR THE
NAMSA FMS PROGRAM
B. SECDEF/USDP MESSAGE 212134Z DEC 88, SUBJECT:
APPLICATION OF FMS ADMINISTRATIVE CHARGES FOR
NAMSA FMS PROGRAMS

1. THIS MESSAGE IS FOR REITERATION OF LEGISLATION AND
CLARIFICATION OF ACCOUNTING POLICY AND PROCEDURES ON
ADMINISTRATIVE CHARGES FOR NAMSA FMS PROGRAMS.

A. THE FY 1989 DOD AUTHORIZATION ACT IS NOT, REPEAT, IS NOT
RETROACTIVE. ONLY LOAS IMPLEMENTED ON AND SUBSEQUENT TO
1 OCTOBER 1988 ARE ELIGIBLE FOR CONSIDERATION OF FMS
ADMINISTRATIVE CHARGE WAIVERS. THE WAIVERS APPLY TO THE
MAINTENANCE AND SUPPLY AGENCY OF THE NORTH ATLANTIC TREATY
ORGANIZATION SALE IN SUPPORT OF:

- (1) A WEAPON SYSTEM PARTNERSHIP AGREEMENT: OR
- (2) A NATO/SHAPE PROJECT.

AGAIN. ONLY THESE TYPES OF SALES MAY QUALIFY FOR THE WAIVER OF
ADMINISTRATIVE CHARGES UNDER THE LAW. REFERENCE B. ABOVE
PROVIDES TERMS/DEFINITIONS FOR THESE SALES.

B. ADD THE FOLLOWING TO REFERENCE B. ABOVE:

(1) PARAGRAPH 2.B.(1)., AT THE END. ALSO INCLUDE THE
FOLLOWING STATEMENT IN THE WAIVER REQUEST: THIS IS A JOINT
COORDINATED REQUEST WITH THE US MISSION TO NATO. THE US
MISSION TO NATO CERTIFIES INTENT TO RESERVE AND OBLIGATE MFP 10
FUNDS FOR ADMINISTRATIVE CHARGES WAIVED OVER THE LIFE OF THE
LOA(S). IT FURTHER CERTIFIES THAT MFP 10 FUNDS HAVE BEEN
OBLIGATED IN THE AMOUNT OF ONE-HALF OF THE TOTAL ADMINISTRATIVE
CHARGES COMPUTED PLUS ONE-HALF OF THE ADMINISTRATIVE CHARGES
COMPUTED BASED ON THE DOLLAR VALUE OF ITEMS/SERVICES ESTIMATED
TO BE REPORTED AS DELIVERED IN THE FIRST YEAR FOR ALL LOAS.

(2) ADD NEW PARAGRAPH 2.C.(4).: INTENO TO RESERVE AND OBLIGATE
MFP 10 FUNDS FOR ADMINISTRATIVE CHARGES WAIVED UNDER THIS
LEGISLATION OVER THE LIFE OF THE LOA. ADMINISTRATIVE CHARGES
ARE COMPUTED AT THREE PERCENT OF THE FMS BASIC SALE PRICE. ONE-
HALF (1.5 PERCENT) OF THE COMPUTED ADMINISTRATIVE CHARGE WILL BE
RECOUPED AS PART OF THE INITIAL DEPOSIT. THE REMAINING ONE-HALF
WILL BE RECOUPED BASED ON THE DOLLAR VALUE OF ITEMS/SERVICES
ESTIMATED TO BE REPORTED AS DELIVERED IN EACH YEAR. FOR EXAMPLE
OK A THREE YEAR FMS CASE WITH A BASIC SALE PRICE OF \$5,000 AND A
COMPUTED ADMINISTRATIVE CHARGE OF \$150, OBLIGATIONS WILL BE
RECORDED AS FOLLOWS:

YEAR 1 \$ 75 (1.5 PERCENT OF \$5,000)
25 (1.5 PERCENT OF \$1,667-ESTIMATED
DELIVERED VALUE FOR THE YEAR)
\$100 TOTAL
YEAR 2 \$ 25 (1.5 PERCENT OF \$1,667-ESTIMATED
DELIVERED VALUE FOR THE YEAR)

JOINT STAFF
ACTION USDP-FILE(1) (D,U,6,7,8,F)
INFO CJCS(7) SJS(1) NIDS(1) J4(9) J5(2) QUAL CONTROL(1)
J5-MILSEC-J(1) J5-FLANKS-J(1) SECDEF-N(1)
USDA:P&L(1) USDP:PDISP(1) USDP:DSAA(4) USDP:CIS(1)
USDP:TCS(1) USDP:OUTREAC(1) USDP:MUN(1)
USDP:NATOPOL(1) USDP:WSP(1) USDP:DSAA:(1)
+NATS CJS WASHINGTON DC

UNCLASSIFIED

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JOINT STAFF
INFO SERVICE CENTER

ROUTINE

ZYUW RUEKJCS7830 2342328

R 222328Z AUG 89

FM SECDEF WASHINGTON DC//USDP//

TO CDR NSSG CHIEVRES AFB BE//8OASG/AERSH-MN//

SAAC LOWRY AFB CO//FSX//

CDRUSASAC ALEXANDRIA VA//AMSAC-ME-RB//

NAVOTTS A WASHINGTON DC//TTSA-61B//

HQ USAF WASHINGTON DC//PRIW//

US MISSION TO NATO BRUSSELS BE//ILD//

NAMSA CAPELLEN LU//US/REP/PP-AF//

INFO CINCUSAREUR HEIDELBERG GE//AEAGF-BA//

274. 7389

UNCLAS

FROM DSAA/COMPT-FMD

SUBJECT: PAYMENT OF WAIVED ADMINISTRATIVE CHARGES FOR THE NAMSA
FMS PROGRAMS

REFERENCES: (A) SECDEF USDP MSG 212134Z DEC 88, SUBJECT:
APPLICATION OF FMS ADMIN CHARGES FOR NAMSA FMS
PROGRAM

(B) SECDEF USDP MSG 112152Z JUL 89, SUBJECT:
PAYMENT OF WAIVED ADMIN CHARGES FOR NAMSA FMS
PROGRAM

1. REF A, PARA D.5. IS AMENDED TO REQUIRE THE FOLLOWING LANGUAGE
IN BLOCK 27 FOR LOAS WHERE ADMIN CHARGES ARE WAIVED: THIS LOA
IS IN SUPPORT OF (IDENTIFY THE WEAPON SYSTEM OR COOPERATIVE
NATO/SHAPE PROJECT). ADMIN CHARGES WAIVED ON THIS CASE WILL BE
REIMBURSED TO THE FMS ADMIN ACCOUNT FROM PROGRAM IO FUNDS
CONTROLLED BY THE US MISSION TO NATO, REFERENCE (INSERT US
MISSION REFERENCE NUMBER). ADMINISTRATIVE CHARGES ARE WAIVED BY
THE DIRECTOR, DSAA UNDER THE PROVISIONS OF SECTION 21
(E) (3) (A) OF THE ARMS EXPORT CONTROL ACT.

2. INFORMATION PROVIDED IN BLOCK 27 WILL BE CONSISTENT WITH REF
B, PARA 2 (A), SUPPORTING DOCUMENTATION FOR THE REQUEST OF
WAIVED ADMIN UNDER THE PROVISIONS OF SEC 21 (E) (3) (A),
ARMS EXPORT CONTROL ACT. BT

ACTION USDP-FILE (1)

(D,6,7,F)

INFO QUAL CONTROL (1) SECDEF-N (1) USDP:DSAA (4)

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Defense Acquisition Fund

| Card Column | Number of Columns | Data | Instruction |
|-------------|-------------------|--|--|
| 20-25 | 6 | LOR IA Receipt Date (Incomplete) | This field must be filled for add transactions using numeric YYMMDD format unless there is an entry in the LOR IA Receipt Date (Complete) field. Blanking out of this field is allowed provided there is an LOR IA Receipt Date (Complete) entry. To blank out, use an asterisk (*) in the rightmost column. May be left blank for change and delete transactions. |
| 26-31 | 6 | LOR IA Receipt Date (Complete) | This field must be filled for add transactions using numeric YYMMDD format unless there is an entry in the LOR IA Receipt Date (incomplete) field. Blanking out of this field is allowed provided there is an LOR IA Receipt Date (incomplete) entry. To blank out, use an asterisk (*) in the rightmost column. May be left blank for change and delete transactions. |
| 32-37 | 6 | IA Completion Date | If filled, the field must be numeric in YYMMDD format. To blank out, use an asterisk (*) in the rightmost column. |
| 38-77 | 40 | Case Description (includes quantity where appropriate) | Must be filled for all add transactions. Entries must contain at least fifteen (15) non-blank, meaningful, left justified characters followed where appropriate by the quantity (in parentheses) of the major defense equipment items in the case. Description should be as meaningful as possible. <input checked="" type="checkbox"/> Words should be abbreviated only when there is insufficient space to enter the entire description. Do not use a series of slashes, dashes, periods, etc. This field may be left blank for change or delete transactions. |
| 78 | 1 | Classification | Must be filled for all add transactions. Use either "C", "D", or "U". May be left blank for change or delete transactions. |
| 79 | 1 | Blank | Leave Blank. |
| 80 | 1 | Sub-Agency | The sub-agency field may be left blank or filled with any entry the IA desires. To delete, enter an asterisk (*) in the field. |

INSERT

TABLE 1500-1. (Continued)

See guidelines following this table for assistance in preparing case descriptions.

1500-5

23.A

NOTE: Any date entered on a Transaction Type S1 should be equal to or greater than any previously recorded date. Within the LOR cycle, a date sequence check is made on the Date of LOR, LOR IA Receipt Date (Complete), IA Completion Date, and State Department List Date (entered on Transaction Type S3). If the LOR IA Receipt Date (Incomplete) is present, it will be sequence checked. Any data base record with date fields to be blanked out will be subjected to a sequence check in the same manner as any other actual date entry.

GUIDELINES FOR ~~CASE~~ DESCRIPTIONS - FMS 1200 SYSTEM

LOA

The following guidelines are provided to assure that ~~LOR/DD 1513 case~~ descriptions are informative:
 DU Form 1513

1. The established format for describing ~~cases~~ ^{LOA} containing MDE items is unchanged [?] i.e., the quantity sold will appear in parentheses after each item listed in the description, (e.g., "F-16A (20) AND F-16B (15) A/C SYSTEM_x").

2. If ~~a case~~ ^{an LOA} is for services associated with an MDE item or a major defense system, the description should include specific reference to the type of service being provided and the MDE item or defense system it is supporting, whenever possible [?] e.g., "PILOT TRAINING, F-18" or "REDEYE MISSILE TECH ASST TEAM."

3. An amendment to a basic ~~case~~ ^{LOA} should not say "Amendment to ~~case~~ AAA" but should refer to the reason for amending the ~~case~~ ^{LOA}, specifically addressing key descriptive information ~~directly~~ ^{LOA} from the basic ~~case~~ ^{LOA} e.g., "ADDITIONAL SPARE PARTS - F-16 PROGRAM." Basic ~~case~~ ^{LOA} descriptions may not be in close proximity to the amendment, or included at all, on a particular ~~case~~ ^{LOA} listing.

4. ~~Cases for blanket open end arrangements (BOE's), cooperative logistics supply support agreements (CLSSA's), spare parts, technical assistance field teams (TAFT's), quality assurance teams (QAT's), etc., and training~~ ^{LOA BO, CLSSA, spare part TAFT, QAT, and training LOA} should contain, whenever possible, some reference to what is being supported [?] e.g., "BLANKET ORDER - F-18 SPARES" or "SPARE PARTS, M60A1 TANK, 105MM GUN."

5. In summary, the ~~case~~ ^{LOA item} description should be stated in simple, straightforward terminology that will be understood by ~~someone~~ ^{those} unfamiliar with the Foreign Military Sales Program. The ~~case~~ ^{LOA} description field is limited to 40 characters, including blanks and special characters. Attempt to be ~~expansive on descriptions, i.e., fully utilize the 40 characters available in order to make the descriptions meaningful.~~ ^{descriptions should be fully utilized} Abbreviate only when necessary to conserve space. ^{with abbreviations used}

TABLE 1500-1. (Continued)



APPENDIX A ABBREVIATIONS AND ACRONYMS

A

| | |
|-------------|---|
| AAA | Army Audit Agency |
| AAO | Authorized Acquisition Objective |
| ACDA | Arms Control and Disarmament Agency |
| ACO | Administrative Contracting Officer |
| ACOCS-FMS | Army Customer Order Control System for FMS |
| ADCSLOG(SA) | Assistant Deputy Chief of Staff of the Army for Logistics (Security Assistance) |
| ADG | Aircraft Delivery Group |
| ADP | Advise Shipping Data <i>Automatic Data Processing</i> |
| ADSHIPDA | Arms Export Control Act, as amended |
| AECA | Arms Export Control Board |
| AECB | Air Force Accounting and Finance Center |
| AF AFC | Air Force Audit Agency |
| AFAA | Approved Force Acquisition Objective |
| AFAO | Air Force Customer Order Control System |
| AFCOCS | Air Force Industrial Fund |
| AFIF | Air Force Logistics Command |
| AFLC | Air Force Manual |
| AFM | Air Force Plant Representatives Office |
| AFPRO | Air Force Regulation |
| AFR | Air Force Systems Command |
| AFSC | Air Force Stock Fund |
| AFSF | Aerospace Industries Association |
| AIA | Annual Integrated Assessment of Security Assistance |
| AIASA | Agency for International Development |
| AID | Army Industrial Fund |
| AIF | Assistance-in-Kind |
| AIK | Air Logistics Center (under AFLC) |
| ALC | American League for Exports and Security Assistance |
| ALESA | Army Materiel Command |
| AMC | Armaments, Munitions and Chemical Command (U.S. Army) |
| AMCCOM | Army Master Data File |
| AMDF | American Embassy |
| AMEMB | Advanced Medium Range Air-to-Air Missile |
| AMRAAM | Allied Military Training or Allied Military Trainee (in context) |
| AMT | Area of Responsibility |
| AOR | Allowance Parts List (U.S. Navy) |
| APL | Aerial Port of Debarkation (Delivery) |
| APOD | Army Regulation |
| AR | Army Plant Representatives Office |
| ARPRO | Armed Services Board of Contract Appeals |
| ASBCA | Aeronautical Systems Division (USAF/AFSC) or |
| ASD | Assistant Secretary of Defense (in context) |
| ASD(C) | Assistant Secretary of Defense (Comptroller) |
| ASD(ISA) | Assistant Secretary of Defense (International Security Affairs) |
| ASD(ISP) | Assistant Secretary of Defense (International Security Policy) |
| ASD(P&L) | Assistant Secretary of Defense (Production and Logistics) |
| ASF | Army Stock Fund |
| ASIP | Aircraft Structural Integrity Program |
| ASL | Authorized Supply Level (U.S. Army) |
| ASN | Assistant Secretary of the Navy |
| ASO | Aviation Supply Office (U.S. Navy) |
| ASRAAM | Advanced Short Range Air-to-Air Missile |

| | |
|---------|--|
| ATC | Air Training Command (U.S. Air Force) |
| ATGW | Anti Tank Guided Weapons |
| ATMG | Arms Transfer Management Group |
| ATO | Allied Training Office(r) (U.S. Navy) |
| AUTODIN | Automated Digital Network |
| AVCAL | Aviation Consolidated Allowance List (U.S. Navy) |
| AVSCOM | Aviation Systems Command (U.S. Army) |
| AWACS | Airborne Warning and Control System |

B

| | |
|-----|---|
| BA | Budget Authorization |
| B/L | Bill of Lading |
| BO | Back Order (Supply), Blanket Order (FMS Case) |
| BOE | Blanket Open End Case |

C

| | |
|---------------|--|
| CAD/PAD | Cartridge Actuated Devices/Propellant Actuated Devices |
| CAO | Case Administering Office, or Contract Administration Office |
| CAS | Contract Administrative Services, or Cost Accounting Standard (in context) |
| CASEUR | Contract Administration Service -Europe (Air Force) |
| CBL | Commercial Bill of Lading |
| CC | Customer-Within-Country (Transportation Code) |
| CCBL | Collect Commercial Bill of Lading |
| CDO | Country Desk Officer |
| CDR | Consolidated Data Report, or Cargo Delivery Receipt (in context) |
| CENTCOM | U.S. Central Command (MacDill AFB FL) |
| CECOM | Communications Electronics Command (U.S. Army) |
| CET | Civilian Engineering Team |
| CETS | Contractor Engineering Technical Services |
| CETSP | Contractor Engineering Technical Services Program |
| CFE | Contractor Furnished Equipment |
| CFS | Contract Field Services |
| CFSP | Contractor Field Services Personnel |
| CGSEL | Common Ground Support Equipment List |
| CIA | Central Intelligence Agency |
| CICA | Competition in Contracting Act |
| CIF | Cost, Insurance, Freight |
| CIP | Component Improvement Program (Engine) |
| CISIL | Centralized Integrated System International Logistics (U.S. Army) |
| CLO | Country Liaison Officer (Foreign Country Representative) |
| CLSSA | Cooperative Logistics Supply Support Arrangements |
| CMI → CMCR | Consolidated Master Cross Reference List |
| CMS | Contractor Maintenance Services |
| CNAD | Conference of National Armament Directors |
| CNET | Chief of Naval Education and Training |
| CNO | Chief of Naval Operations |
| CO | Contracting Officer |
| COBE | Command Operating Budget Estimate (U.S. Army) |
| COCOM | Coordinating Committee of the Consultative Group |
| COCP | Customer Order Control Point (U.S. Army) |
| COD | Cooperative Opportunities Document |
| CODSIA | Council of Defense and Space Industry Associations |
| COE | Corps of Engineers (U.S. Army) |
| COG | Navy Material Cognizance Symbol |
| COMSEC | Communications Security Equipment |
| COMUSFORCARIB | Commander, U.S. Forces Caribbean |

Classified military information

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| | |
|-----------------------------|--|
| DOS | Department of State |
| DO09 | Transportation Subsystem (U.S. Air Force) |
| DO32 | Item Management Stock Control and Distribution Subsystem (U.S. Air Force) |
| DO33 | Depot Supply Subsystem (U.S. Air Force) |
| DRMO | Defense Reutilization Marketing Office |
| DRMS | Defense Reutilization Marketing Service |
| DRP | Direct Requisitioning Procedure (U.S. Navy) |
| DS | Direct Support Level of Maintenance |
| DSAA | Defense Security Assistance Agency |
| DSARC | Defense Systems Acquisition Review Council |
| DSB | Defense Science Board |
| DSC | Defense Supply Center, Delivery Source Code |
| DT&E | Development, Test and Evaluation |
| DTC | Delivery Term Code |
| DTS | Defense Transportation System |
| DTSA | Defense Technology Security Administration |
| DU | Dependable Undertaking |
| DUO | Decision Unit Overview |
| DUSD (IS&DP) | Dynamic Under Secretary of Defense (Industrial and Industrial Programs) |

| | |
|-------|--------------------------------------|
| EA | Expenditure Authority |
| EAA | Export Administration Act |
| ECL | English Comprehension Level |
| ECP | Engineering Change Proposal |
| EDA | Excess Defense Articles |
| EDD | Estimated Delivery Date |
| ELT | English Language Training |
| EOQ | Economic Order Quantity |
| EPG | European Participating Government |
| ERP | Engineering Requirement Plan |
| ESF | Economic Support Fund |
| ETSS | Extended Training Service Specialist |
| EUCOM | U.S. European Command |
| EXA | Executing Agency |

F

| | |
|-------|---|
| FAA | Foreign Assistance Act of 1961, as amended or Federal Aviation Administration, (in context) |
| FAAS | Foreign Affairs Administrative Support |
| FABS | FMS Accounting and Billing System |
| FAD | Force Activity Designator |
| FAMIS | Foreign Affairs Management Information System |
| FAMJT | Familiarization Job Training |
| FAO | Foreign Area Officer (U.S. Army) or Finance and Accounting Officer |
| FAPSS | Foreign Affairs Planning and Scheduling System |
| FAR | Federal Acquisition Regulation |
| FAS | Free Alongside Ship |
| FEC | Federal Express Corporation <i>Financial Analysis Workshop (SDAF)</i> |
| FICS | FMS Integrated Control System |
| FFB | Federal Financing Bank |
| FFP | Firm Fixed Price |
| FIAP | Foreign Intelligence Assistance Program |
| FLO | Foreign Liaison Office (located within CONUS) |
| FMAC | Financial Management Advisory Committee (U.S. Army) |
| FMCS | Foreign Military Construction Sales <i>Foreign Military Financing/ FME Program</i> |
| FMS | Foreign Military Sales |

| | |
|---------|---|
| FMSMP | FMS Management Plan |
| FMSO | Fleet Material Support Office |
| FMSO I | Foreign Military Sales Order (stock level sales case) |
| FMSO II | Foreign Military Sales Order (requisition/consumption sales case) |
| FMT | Foreign Military Trainee |
| FMTAG | Foreign Military Training Affairs Group |
| FMTAS | Foreign Military Training Aviation Subsystem |
| FMTB | Foreign Military Training Board (U.S. Navy) |
| FMTFMS | Foreign Military Training Financial Management System (U.S. Navy) |
| FMTMIS | Foreign Military Training Management Information System (U.S. Navy) |
| FOB | Free On Board |
| FOIA | Freedom of Information Act |
| FORDTIS | Foreign Disclosure and Technical Information System |
| FORSCOM | Forces Command |
| FPIF | Fixed Price Incentive Fee |
| FRB | Federal Reserve Bank |
| FSC | Federal Supply Classification |
| FSG | Federal Supply Group |
| FSL | Foreign Service Local (embassy employee) |
| FSO | Foreign Service Officer (Department of State) |
| FST | Field Service Team |
| FTO | Foreign Training Officer (U.S.) |
| FTS | Field Training Service |
| FY | Fiscal Year |
| FYDP | Five Year Defense Program or Fiscal Year Defense Program |

*

G

| | |
|-------|---|
| G&A | General and Administrative (costs) |
| GA | Grant Aid |
| GAO | General Accounting Office |
| GATT | General Agreement of Tariffs and Trade |
| GBL | Government Bill of Lading |
| GFAE | Government Furnished Aeronautical Equipment |
| GFE | Government Furnished Equipment |
| GFM | Government Furnished Materiel |
| GRL | Gross Requirement List |
| GS | General Support Level of Maintenance |
| GSA | General Services Administration |
| GSE | Ground Support Equipment |
| GSOLA | General Security of Information Agreement |

*

H

| | |
|------------------|--|
| HNS | Host Nation Support |
| HO28 | Foreign Military Grant Aid and Sales Program System (U.S. Air Force) |
| HO58 | Integrated Appropriation Accounting and Program Status System (U.S. Air Force) |
| HO75B | FMS Delivery Reporting Subsystem (U.S. Air Force) |
| HPA | <i>Head of Promoting activity</i> |

I

| | |
|-------|-----------------------------------|
| IA | Implementing Agency |
| IAAFA | Inter-American Air Forces Academy |
| IAGS | Inter-American Geodetic School |
| ICP | Inventory Control Point |
| IFB | Invitation For Bid |
| IG | Inspector General |

IL International Logistics
 ILC International Logistics Center (U.S. Air Force)
 ILCO International Logistics Control Office
 ILCS International Logistics Communication System
 ILP International Logistics Program
 ILS Integrated Logistics Support or Instrument Landing System (in context)
 ILSP Integrated Logistics Support Plan
 IM Item/Inventory Manager
 IMET International Military Education and Training
 IMS International Military Student
 IMSO International Military Student Office(r)/Noncommissioned Officer
 IMT International Military Trainee or International Military Training
 IP Informational Program or Intellectual Property (in context)
~~ISA International Security Affairs~~
 ISM Industrial Security Manual
 ISR Industrial Security Regulation
 ISSL Initial Spares Support List (See CSP)
 ITAR International Traffic in Arms Regulations
 ITMO International Training Management Officer (USAF)
 ITO Invitational Travel Order

J

JCS Joint Chiefs of Staff
 JFM Joint Forces Memorandum
 JLC Joint Logistics Commanders
 JMP Joint Manpower Program
 JO41 Acquisition and Due-in Subsystem (U.S. Air Force)
 JSAM Joint Security Assistance Memorandum
 JSAT Joint Security Assistance Training
 JSPD Joint Strategic Planning Document
 JSPDSA Joint Strategic Planning Document Supporting Analysis (portion of the JSPD which will be submitted by the field)
 JSPS Joint Strategic Planning System
 JTD Joint Table of Distribution
 JTR Joint Travel Regulation

K

[None at this time.]

L

~~LANTCOM~~ LABCOM Laboratory Command (U.S. Army)
 LCC Life Cycle Cost
 LOA Letter of Offer and Acceptance (synonymous with DD Form 1513)
 LOI Letter of Intent
 LOR Letter of Request
 LSC Logistics Support Charge
 LTD Language Training Detachment

M

MAAG Military Assistance Advisory Group
 MAC Military Airlift Command (U.S. Air Force)
 MACOM Major Army Command
 MAG Military Assistance Group

| | |
|---------|---|
| NAVSEA | Naval Sea Systems Command |
| NAVSUP | Naval Supply Systems Command |
| NC | Nonrecurring Cost |
| NCAD | New Cumberland Army Depot (Pennsylvania) |
| NCB | National Codification Bureau |
| NDP-1 | National Disclosure Policy |
| NDPC | National Disclosure Policy Committee |
| NETSAFA | Naval Education and Training Security Assistance Field Activity |
| NICP | National Inventory Control Point (U.S. Army) |
| NIIN | National Item Identification Number |
| NMDL | Navy Management Data List |
| NPFC | Naval Publications and Forms Center |
| NRC | Nonrecurring Cost |
| NRFI | Not Ready For Issue |
| NSA | National Security Agency |
| NSC | Naval Supply Center, or National Security Council (in context) |
| NSD | Naval Supply Depot |
| NSIA | National Security Industrial Association |
| NSN | National Stock Number (replaces FSN) |
| NSY | Naval Shipyard |
| NTSC | Naval Training Systems Center |

O

| | |
|--------------------|--|
| OA | Obligation Authority |
| OASDISA | Office of Assistant Secretary of Defense/International Security Affairs |
| OBT | Observer Training |
| OC-ALC | Oklahoma City Air Logistics Center (U.S. Air Force - AFLC) |
| ODC | Office of Defense Cooperation |
| OJCS | Office of the Joint Chiefs of Staff |
| OJT | On-the-Job Training |
| O&M | Operation and Maintenance |
| OMA | Operations and Maintenance, Army |
| OMB | Office of Management and Budget |
| OMC | Office of Military Cooperation, Office of Munitions Control (Dept. of State) |
| OO-ALC | Ogden Air Logistics Center (U.S. Air Force-AFLC) |
| OPNAV | Office of the Chief of Naval Operations |
| OSD | Office of the Secretary of Defense |
| OSP | Offshore Procurement |
| OT | Orientation Tour |
| OVHL | Overhaul |
| OPR | Office of Primary Responsibility |

P

| | |
|------------------------------|--|
| PA | Program Authorization |
| PACAMS | Panama Canal Area Military Schools |
| PACOM | U.S. Pacific Command |
| P&A (P&R) | Price and Availability Data |
| P&R | Planning and Review Data |
| PAPS | Phased Armaments Programming System |
| PARS | Procurement Accounting and Reporting System |
| PAT | Port Assistance Team |
| PA&E | Program Analysis & Evaluation |
| PCH&T | Packaging, Crating, Handling, and Transportation |
| PCO | Procurement Contracting Officer |
| PCS | Permanent Change of Station |
| PD | Presidential Determination |

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| | |
|----------|--|
| SATMO | Security Assistance Training Management Office (U.S. Army) |
| SATP | Security Assistance Training Program |
| SBA | Small Business Administration |
| SCIATTS | Small Craft Instruction and Technical Training School |
| SDAF | Special Defense Acquisition Fund |
| SECDEF | Secretary of Defense |
| SECNAV | Secretary of the Navy |
| SET | Specialized English Training |
| SII | Special Instructions Indicator |
| SIPRI | Stockholm International Peace Research Institute |
| SM | System Manager |
| SM-ALC | Sacramento Air Logistics Center (U.S. Air Force - AFLC) |
| SME | Significant Military Equipment |
| SNSP | Saudi Naval Support Program |
| SOFA | Status of Forces Agreement |
| SOUTHCOM | U.S. Southern Command |
| SPAWAR | Space, Warfare Systems Command (U.S. Navy) |
| SPC | Strategy and Planning Committee |
| SPCC | Ships Parts Control Center (U.S. Navy) |
| SPD | System Program Director (U.S. Air Force) |
| SPO | System Program Office (U.S. Air Force) |
| SPT | System Planning Team (U.S. Air Force) |
| SSA | Security Supporting Assistance |
| SST | Site Survey Team |
| STANAG | Standardization Agreement |
| STL | Standardized Training Listing |
| SUPO | Supply Officer (U.S. Navy) |
| SVI | Single Vendor Integrity |

T

| | |
|-----------|--|
| TAC | Type of Address Code |
| TACOM | Tank Automotive Command (U.S. Army) |
| TAFT | Technical Assistance Field Team |
| TAPR | Training Activity Program/Report |
| TAT | Technical Assistance Team |
| TBC | Transportation Bill Code |
| TCN | Transportation Control Number |
| TDP | Technical Data Package |
| TDY | Temporary Duty |
| TECOM | Test and Evaluation Command (U.S. Army) |
| TLA | Travel and Living Allowance |
| → TL/ TLW | Termination Liability Worksheet |
| TO | Technical Order |
| TOA | Total Obligational Authority or Transportation Operating Agency (in context) |
| TOR | Terms of Reference |
| TPA | Total Package Approach |
| TPC | Total Program Concept |
| TRACS | Training Control System |
| TRADOC | Training and Doctrine Command (U.S. Army) |
| TROSCOM | Troop Support Command (U.S. Army) |
| TSASS | TRADOC Security Assistance Supporting System |

U

| | |
|--------|---|
| UCOM | Unified Command |
| U/I | Unit of Issue |
| UMMIPS | Uniform Materiel Movement and Issue Priority System |
| UN | United Nations |

| | |
|------------|---|
| UND | Urgency of Need Designator |
| U/P | Unit Price |
| USA | U.S. Army |
| USAF | U.S. Air Force |
| USAFAC | U.S. Army Finance and Accounting Center |
| USAF AFC | U.S. Air Force Accounting and Finance Center |
| USAFE | U.S. Air Forces, Europe |
| USAFSO | U.S. Air Force, Southern Air Division |
| USAMC | U.S. Army Materiel Command |
| USARSA | U.S. Army School of the Americas |
| USASAALA | U.S. Army Security Assistance Agency - Latin America |
| USASAC | U.S. Army Security Affairs Command |
| USC | U.S. Code (as in law) |
| USCENTCOM | U.S. Central Command |
| USD(A) | Under Secretary of Defense for Acquisition |
| USD(P) | U.S. Disclosure Policy, Under Secretary of Defense for Policy |
| USEUCOM | U.S. European Command |
| USFORCARIB | U.S. Forces Caribbean |
| USG | U.S. Government |
| USICA | U.S. International Communications Agency |
| USMC | U.S. Marine Corps |
| USN | U.S. Navy |
| USPACOM | U.S. Pacific Command |
| USSOCOM | U.S. Special Operations Command |
| USSOUTHCOM | U.S. Southern Command |
| USTRANSCOM | U.S. Transportation Command |

USML *u.s. marine corps*

V

VMR Volume Movement Reports

W

| | |
|--------|--|
| WCN | Worksheet Control Number |
| WIMMS | Weapons Integrated Material Management System |
| WPOD | Water Port of Discharge |
| WRA | Weapons Replacement Assembly |
| WR-ALC | Warner-Robins Air Logistics Center (U.S. Air Force - AFLC) |
| WSD | Weapon System Designator |
| WSLO | Weapon System Logistics Office |
| WSP | Weapon System Package |

X Y Z

[None at this time.]

Letter of Request (LOR) - Term used to identify a request from eligible FMS participants for the purchase of defense articles and services. The request may be in message or letter format.

Licensed Production - Licensed production involves agreements made by U.S. commercial firms with international organizations, foreign governments, or foreign commercial firms. USG involvement is limited to the case license process. [International Relations Dictionary, Department of State Library, 1978]

Living Allowance - An authorized allowance paid to a foreign student while in training under the IMET program.

Loan - An agreement for temporary transfer of the right of possession and use of a defense article or articles not acquired with military assistance funds to a foreign government or international organization, at no rental charge to the transferee, with the transferor U.S. Military Department being reimbursed from MAP funds, subject to and under authority of the Foreign Assistance Act, Section 503.

Logistics Support Charge (LSC). A charge based on the AECA requirement for full cost recovery. The LSC is intended to recover the cost of support involved in providing the spares and other items required to maintain a weapon system,. It is applied by the Security Assistance Accounting Center to delivery costs for those lines in FMS cases which have been identified as support lines based on the generic code included in the DD 1513.

| |
|---|
| M |
|---|

Major Defense Equipment - Any item of significant military equipment on the United States Munitions List having a nonrecurring research and development cost of more than \$50 million or a total production cost of more than \$200 million. [See SAMM, Chapter 7, page 7-2, paragraph B.2.(a)(2).]

Major Item (Line) - A program line for which the requirement is expressed quantitatively as well as in dollars. These lines are identified in the MASL by a unit of issue other than dollars (XX).

Major Item Material Excess (MIMEX) Offers - Offers of major items of MAP equipment declared excess by the original recipient, made to eligible MAP materiel recipients for application against funded current year and prior year undelivered MAP program balances. [See SAMM, Chapter 8, ~~page 8-11, paragraph A.3.b.~~
page 802-2, paragraph c. 2.]

MAP Assets - Materiel for which title has been transferred to MAP ownership, but not to a recipient country or organization.

MAP Order - Document issued by DSAA to authorize and direct the delivery of defense articles or the furnishing of defense services to designated recipients. MAP orders are issued for all approved and funded MAP and IMETP articles and services (materiel, training, construction, supply operations, administrative expenses, etc.).

Memorandum of Understanding - A written arrangement or understanding between governments and/or international agencies, setting forth the terms under which they will cooperate in the performance of certain work such as research, development, production or utilization. The MOU usually sets down, in broad terms, the objectives of the program, the work to be performed by each participant and its financing, the rights to technical data and patents to be acquired and other necessary elements concerned with the administration and performance of the program.

Reciprocal Defense Procurement - Procurement actions which are implemented under memoranda of understanding/memoranda of agreement (MOU/MOA) between the U.S. and various participating nations whereby the participants agree to effect complementary acquisitions of defense articles from each other's country.

Record Serial Number - A code which identifies a detail line item on the DD Form 1513. This code is perpetuated in the DD Form 645 billing document.

Recoupments - Adjustments or cancellations of outstanding MAP orders in prior year program accounts which generate additional funds for the current year operations.

Redistributable MAP Property - All MAP personal property which has been declared by the recipient government to the United States as no longer needed for the purposes for which furnished. ~~[See SAMM, Section 1101.]~~

Reimbursements - Funds realized from the sale of MAP-owned property, such funds being deposited to MAP accounts and available for programming.

Repair and Return - Programs by which eligible foreign countries return unserviceable repairable items for entry into the U.S. Military Department repair cycle. Upon completion of repairs, the same item is returned to the country and the actual cost of the repair is billed to the country.

Repair and Replace - Programs by which eligible CLSSA customers return repairable carcasses to the U.S. and receive a serviceable item without awaiting the normal repair cycle timeframe. The concept is that the replacement involves an exchange of CLSSA customer-owned stocks in the customer's hands and the CLSSA customer-owned stocks in the USG inventory in the U.S. Countries are initially charged the estimated repair cost, with adjustment to the actual repair cost upon completion of repair of the carcass.

Research Objective - A result to be obtained by a research activity, stated in operational and scientific or technological terms.

Research Requirement - A research rationale to justify the decision to start the relevant research activity.

S

Security Assistance Organization/Office - The generic term SAO encompasses all DOD elements, regardless of actual title, located in a foreign country with assigned responsibilities for carrying out security assistance management functions.

Security Assistance - Group of programs authorized by the Foreign Assistance Act of 1961, as amended, and the Arms Export Control Act, as amended, or other related statutes by which the United States provides defense articles, military training, and other defense related services, by grant, credit or cash sales, in furtherance of national policies and objectives. [JCS Pub 1]

Security Assistance Management Manual (SAMM) - A manual published by the Defense Security Assistance Agency under authority of DOD Directive 5105.38. It sets forth the responsibilities, policies, and procedures governing the administration of security assistance within the Department of Defense.

(25)

changed for Change 2

DOD 5105.38-M ✓

(Deleting references that a document/recorded as of original intent to SA.)

05

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 of International Organizations~~

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

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DOD Directive 2010.9 - Mutual Logistics Support Between the United States and Other NATO Forces

DOD Instruction 2010.10 - Mutual Logistics Support Between the United States and Other NATO Forces - Financial Policy

~~DOD Instruction 2015.4 - Mutual Weapons Development Data Exchange Program (MWDDEP) and Defense Development Exchange Program (DDEP)~~

DOD Instruction 2045.2 - Agreements with Australia and Canada for Qualification of Products of Non-Resident Manufacturers

~~DOD Instruction 2050.1 - Delegated Approval Authority to Negotiate and Conclude International Agreements~~

DOD Directive 2055.3 - Manning of Security Assistance Organizations and Selection and Training of Security Assistance Personnel *

~~DOD Directive 2100.3 - United States Policy Relative to Commitments to Foreign Governments Under Foreign Assistance Programs~~

~~DOD Instruction 2110.8 - Transfer of Releasable Assets of the DOD to Eligible Foreign Countries and International Organizations on a Foreign Military Sales Basis~~

~~DOD Instruction 2110.31 - Contributions by Foreign Governments for Administrative and Operating Expenses of Military Assistance Programs~~

DOD Instruction 2110.32 - Foreign Military Sales Between the United States and the Federal Republic of Germany

~~DOD Instruction 2110.33 - Preparation of U.S. Inventory Material for Transfer Under the Grant Aid Military Assistance Program~~

~~DOD Directive 2125.1 - Military Assistance Program Offshore Procurement~~

DOD Directive 2140.2 - Recoupment of Nonrecurring Costs on Sales of USG Products and Technology

~~DOD Instruction 2140.4 - Collecting and Reporting of Foreign Indebtedness Within the Department of Defense~~

www in -> ~~DOD Directive 2140.5 - Defense Institute of Security Assistance Management~~

OK Leave this one in

~~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 4000.25-8-M - Military Assistance Program Address Directory

DOD Directive 4100.37 - Retention and Transfer of Materiel Assets

~~DOD Directive 4140.2 - Management of War Reserves~~

DOD Directive 4140.17-M - Military Standard Requisitioning and Issue Procedures (MILSTRIP)

DOD Instruction 4140.42 - Determination of Initial Requirements for Secondary Item Spare and Repair Parts

DOD Instruction 4155.19 - NATO Quality Assurance

DOD Directive 4160.21 - DOD Personal Property Utilization Disposal Program

DOD Directive 4165.6 - Real Property Acquisition, Management, and Disposal

~~DOD Directive 4165.20 - Utilization and Retention of Real Property~~

~~DOD Instruction 4165.40 - Form for Transfer and Acceptance of Military Real Property (DD Form 1354)~~

DOD Directive 4175.1 - Sale of Government-Furnished Equipment or Materiel and Services to U.S. Companies for Commercial Export

~~DOD Directive 4215.18 - Management of Defense-Owned Industrial Plant Equipment (IPE)~~

DOD Directive 4410.6 - Uniform Material Movement and Issue Priority System (UMMIPS)

~~DOD Directive 4500.2 - Land Transportation Outside the Continental United States~~

DOD Directive 4500.9 - Transportation and Traffic Management

~~DOD Directive 4515.13 - Transportation of DOD-Owned and Controlled Aircraft~~

DOD Directive 5000.1 - Major System Acquisitions ^{and Non-major Defense Programs}

DOD Directive 5000.2 - ^{Defense} Major System Acquisition ^{Program} Procedures

DOD Directive 5000.7 - Official Temporary Duty Travel Abroad

DOD Instruction 5000.33 - Uniform Budget/Cost Terms and Definitions

DOD Directive 5000.35 - Defense Acquisition Regulatory System

DOD Instruction 5010.12 - ^{Defense Technical Data} Management of ~~Technical Data~~ Program

DOD Directive 5030.14 - Disclosure of Atomic Information to Foreign Governments and Regional Defense Organizations

~~DOD Directive 5100.2 - Support of Headquarters of Unified, Specified, or Subordinate Joint Command~~

~~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 Logistics 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 5105.38-M - Security Assistance Management Manual~~

DOD Directive 5105.40 - Defense Mapping Agency (DMA)

DOD Directive 5123.3 DOD Policy and Responsibilities Related to International Security Assistance (ISA)

~~DOD Directive 5129.1 - Under Secretary of Defense for Research and Engineering~~

DOD Directive 5128.1 - Assistant Secretary of Defense (Production and Logistics)

DOD Directive 5132.2 - Assistant Secretary of Defense (International Security Affairs)

DOD Directive 5132.3 - Department of Defense Policies and Responsibilities Relating to Security Assistance

~~DOD Directive 5132.10 - Security Assistance Technical Assistance Field Teams~~

DOD Directive 5132.11 - Security Assistance Accounting Center

~~DOD Directive 5160.41 - Defense Language Program~~

Conduct of Classified Meetings
~~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~~ *Classified* for Disclosure of Military Information to Foreign Governments and *International Organizations*

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 7350.13 - 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~~

| <u>Code</u> | <u>Meaning</u> |
|-------------|--|
| A | Department of the Army |
| C | Department of the Navy (CNO) |
| F | Department of the Air Force |
| J | Department of the Air Force (Hdqtrs) |
| * M | Department of the Navy (Naval Materiel) |
| N | Naval International Logistics Control Office (NAVILCO) |
| R | Defense Logistics Agency (DLA) |
| S | Defense Security Assistance Agency (DSAA) |
| U | Defense Mapping Agency (DMA) |
| V | Defense Contract Audit Agency (DCAA) |
| W | Defense Advanced Research Projects Agency (DARPA) |
| Z | Defense Nuclear Agency (DNA) |
| * K | Defense Communications Agency |

15. Classification Code. An alphabetic code assigned by the cognizant MILDEP or Agency which designates the Security classification of that particular line item.

| <u>Code</u> | <u>Classification</u> |
|-------------|---|
| C | Confidential |
| D | Confidential - classified for national defense purposes |
| U | Unclassified |

16. Closure Date - 1200 System. A six position numeric code, reported by SAAC, expressed in a YYMMDD format, which reflects the calendar date a case was officially closed by SAAC.

17. Commercial Item - 1000 System. The use of a numeric "1" in column 53 of the Materiel Card 3 indicates DSAA prior approval of a commercial type item. (See Chapter 11 for detailed instructions on the programming of commercial type items.)

18. Commitment Code - 1000 System. A single position numeric code used to describe the U.S. commitment, by type (see definition), for each defense article and defense service programmed. (For a list of commitment codes with an explanation of each, see Table D-2 of the appendix.)

19. Communications/Ancillary Item/Concurrent Spare Parts Code -- 1000 System. A single position alpha code used in column 54 of the Program Materiel Card 3 to alert supply agencies that specific items of communications or other ancillary equipment are not to be shipped directly to the recipient country/activity, but are to be mounted on or installed in a major piece of equipment also programmed for the recipient. In addition the code identifies the major items of equipment which are to have separately programmed CSP and/or communications or ancillary equipment installed prior to delivery.

| <u>Code</u> | <u>Explanation</u> |
|-------------|---|
| A | Communications or other ancillary equipment to be mounted on or installed in a major piece of equipment prior to shipment of the latter. |
| M | This piece of equipment should have separately programmed communications or other ancillary equipment installed prior to shipment. |
| N | This piece of equipment should have CSP separately programmed. |
| P | This piece of equipment should have separately programmed CSP, and communications or other ancillary equipment installed prior to shipment. |

20. Completed Line Item Code - 1200 System. An optional alpha code "C" entered in the item detail data by the implementing agency through the SAAC to indicate that all defense articles have been delivered and/or all defense services have been performed against the line.

47. Generic Code - All Systems. A three digit code assigned to each item in the MASL and perpetuated throughout program data to classify defense articles, services, and training according to the budget activity/project account classification and to aggregate articles, services, and training into generic groupings for reporting and management purposes. The first digit of the generic code is an alpha character identifying one of the following budget activities. The second digit is a numeric assigned each Budget Project (BP). The BP is classified at the second level of aggregation in the generic code. The third digit is an alpha character assigned each generic grouping of defense articles, services, and training with similar characteristics. The generic grouping is classified at the third level aggregation in the generic structure. A complete list of generic codes is shown in Table D-7 of this appendix.

| <u>Code</u> | <u>Meaning</u> |
|-------------|-------------------------------------|
| A | Aircraft |
| B | Missiles |
| C | Ships |
| D | Combat Vehicles |
| E | Tactical and Support Vehicles |
| F | Weapons |
| G | Ammunition |
| H | Communications Equipment |
| J | Other Support Equipment |
| K | Supplies |
| L | Supply Operations |
| M | Maintenance of Equipment |
| N | Training |
| P | Research and Development |
| Q | Construction |
| R | Special Activities |
| T | Administration |
| U | Foreign Military Sales Order (FMSO) |

48. IA Completion Date - 1200 System. A six position numeric code expressed in a YYMMDD format, which reflects the date on which the implementing agency completed preparation of the LOA documentation.

49. IMET Order - 1000 System. The document issued by DSAA which authorizes and directs the furnishing of military training to the designated IMET recipient. The IMET order identifies the fund source for each program line (FY 1984 funding is indicated by a "4" in the fiscal code -- column 71).

50. IMET Order Adjustment - 1000 System. This data element contains the last two positions of the latest IMET order number that either funds, unfunds, or modifies an IMET record.

51. Implementing Agency (IA) Code.

a. 1000 System. A single digit alpha code assigned by the DSAA and identifying the Military Department or agency to be the recipient of the MPA/IMET Order.

| <u>Code</u> | <u>Meaning</u> |
|-------------|---------------------------------|
| * B | Department of the Army |
| D | Department of the Air Force |
| P | Department of the Navy |
| S | Office of Secretary of Defense. |

* C Defense Communications Agency

Backward
Mr Wells

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DEFENSE SECURITY ASSISTANCE AGENCY

WASHINGTON, DC 20301-2800

20 SEP 1989

In reply refer to:
I-054433/89



MEMORANDUM FOR DIRECTOR OF FINANCE AND ACCOUNTING
DEPARTMENT OF THE ARMY

SUBJECT: Support For FMS Financial/Logistical Reporting By Minor
IA

The Defense Communications Agency (DCA) is a new Implementing Agency (IA) for managing FMS cases and requires support for reporting and requesting financial and logistical information to and from the Security Assistance Accounting Center (SAAC). Under current DIFS procedures Army, Navy or Air Force provide such support for the minor IAs. The purpose of this memorandum is to request your support for the DCA in managing their Foreign Military Sales (FMS) program.

The management of FMS cases for DCA is divided between their Washington Headquarters office and Fort Huachuca, Arizona, their field activity which accomplishes most of the detail work. The points of contact for DCA are:

Headquarters:

Defense Communications Agency
Attn: CFB (Ms. Sallie Morse)
Washington, DC 20305-2000
(A) 222-2983
(C) (202) 692-2983

Fort Huachuca:

Defense Communications Agency
JITC/JTC3A
Attn: C3A-RMR-B-FH (Ms. Jean Webb)
Fort Huachuca, AZ 85613-7220

An Implementing Agency (IA) Code of "C", Monitor Code of "C" and Change Originator (CO) Code of "K" have been established for DCA. Two Routing Identifier Codes (RICs) for DCA have also been established:

HC1 Defense Communications Agency
Attn: CFB
Washington, DC 20305-2000

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HC2 Joint Interoperability Test Center
JTC3A/DCA
Attn: Code C3A-RMR-B-FH
Fort Huachuca, AZ 85613-7220

For additional information, contact Carl Miller, DSAA/COMPT-
FMD, (A) 224-1173, or (C) (202) 694-1173; or Ms. Sallie Morse.

Billy C. Murrell
Billy C. Murrell
Acting Comptroller

cc: DCA/H656
Defense Communications Agency (H656)
JITC/JTC3A (C3A-RMR-B-FH, Ms. Jean Webb)
SAAC/FSX
AFAFC/PMO-PMF
OPS-E
COMPTROLLER, DOD MS(AP)

b. 1200 System. A single digit alpha code identifying the Military Department or agency which has made the sale on behalf of the U.S. Government.

| <u>Code</u> | <u>Meaning</u> |
|-------------|--|
| B | Department of the Army |
| D | Department of the Air Force |
| 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 Advance Research Projects Agency (DARPA) |
| X | Security Assistance Accounting Center (SAAC) |
| Z | Defense Nuclear Agency (DNA) |

Handwritten notes:
 C: Defense Communications Agency
 E: U.S. Army Corps of Engineers
 K: U.S. Marine Corps
 L: Defense Audiovisual Agency (DAV) (Transactions prior to 1 October 1985)

52. Item Detail Data Flags - 1200 System. A one position alpha code created during item detail processing indicating that an error or possible error condition exists in the data provided by SAAC. These codes, contained in a listing of data for which they apply, are furnished to the SAAC on a monthly basis after the 1200 updating cycle has been completed. The following codes may appear in these listings:

| <u>Code</u> | <u>Explanation</u> |
|-------------|---|
| B | Purchased quantity or delivered quantity is inconsistent with the unit of issue code in MASL. |
| E | Completed line code is inconsistent with data reported in the purchase/delivery fields. |
| J | No master file case record exists for the corresponding item detail data as provided. |
| L | The item detail submission contains duplicates (multiple) records for the same control fields. |
| M | The item detail record is unmatched to the materiel MASL or generic code and NSN. |
| P | The item detail line contains a delivered value but no quantity delivered for a non-dollar (XX) line. |
| V | The delivered value for a specific line exceeds the purchase value. |

53. Item Identification Number (IIN) - 1000 System. A seven digit number used to identify each specific training item available for IMET or FMS training programming. The first digit represents the Military Department supplying the training (see Implementing Agency Code - 1000 System above).

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.)

27.A

Wayne Wells
S. Kemp

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DEFENSE SECURITY ASSISTANCE AGENCY

WASHINGTON, DC 20301-2800

09 JAN 1990

In reply refer to:
I-00214/90

MEMORANDUM FOR DIRECTOR FOR FINANCE AND ACCOUNTING (SAFM-FA)
ASSISTANT SECRETARY OF THE ARMY (FINANCIAL MANAGEMENT)
DEPARTMENT OF THE ARMY

ASSISTANT COMPTROLLER FINANCIAL MANAGEMENT SYSTEMS
(NCF)
DEPARTMENT OF THE NAVY

DEPUTY FOR FINANCIAL POLICY (SAF/FMAB)
DEPARTMENT OF THE AIR FORCE

DIRECTOR, SECURITY ASSISTANCE ACCOUNTING CENTER

DIRECTOR, DEFENSE LOGISTICS AGENCY

SUBJECT: International Narcotics Act - P.L. 101-231

Reference: USDP message 012142Z Dec 89, Subject: Fair Pricing
Legislation

The recently enacted subject legislation provided funding for the counter narcotics effort restricting its use to provide for support equipment and services through the Arms Export Control Act and the Foreign Assistance Act of 1961.

To implement the funding controls required, we have established three separate country codes for this program: (1) D1 for Bolivia, (2) D2 for Colombia, and (3) D3 for Peru. You should update your financial and logistical systems with these new country codes as soon as possible.

Funds made available for this program cannot be transferred to support other FMS cases for these countries. FMS cases established in support of this program are not subject to Brooke sanctions and are to be priced in accordance with fair pricing legislation (reference). There can be no exceptions to the following without the expressed authority of DSAA/COMPT-FMD:

1. Expenditure Authority (EA) will be requested and issued by case.
2. EA cannot be issued in excess of collections.
3. Obligation Authority (OA) will not be approved in excess of case value to include all amendments and modifications.

Table D-5
Stats pg D-24
Table 600-2
Page 600-16

B. W. Wood

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Policy and procedure questions should be addressed to Carl Miller or Jerry Friesz, DSAA/COMPT-FMD, (AV) 224-1173. Questions relating to country financial matters should be addressed to Ms. Joan Brubaker, same office and telephone number.

SIGNED

James R. Woods
Comptroller

Prepared by: Carl Miller, DSAA/COMPT-FMD
3 Jan 90, X41173, br, M-E59

COORD: Gen Counsel
OPS-D *1/4* *SK*
OPS *7-1-8-90*

- DISTRIBUTION:
- CMD
 - COMPT RF
 - COMPT FMD
 - COMPT FMSCD
 - COMPT CMMD
 - COMPT AFD
 - PLANS/SDAF
 - OPS
 - OPS-D
 - OPS-E
 - PLANS
 - DA/DALO-SAC
 - USASAC/AMSAC
 - NAVOT TSA/T TSA-00
 - AF/PRI
 - AFLC/ILC

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Change 2

Peru (International Narcotics Control)

SDAF

Tokelau (New Zealand)

| Country | Code | Unified Command Cognizance | Area/Congressional Grouping |
|-----------------------------|------|----------------------------|-----------------------------|
| Oman | MU | CE | NESA |
| Pakistan | PK | CE | NESA |
| Panama | PN | SO | AR |
| Papua-New Guinea | PP | PA | EAP |
| Paraguay | PA | SO | AR |
| Peru | PE | SO | AR |
| Philippines | PI | PA | EAP |
| Pitcairn (UK) | PC | PA | EAP |
| Portugal | PT | EU | EUR |
| Qatar | QA | CE | NESA |
| Reunion (FR) | RE | EU | AFR |
| Romania | RO | EU | AFR |
| Rwanda | RW | EU | AFR |
| San Marino | SM | EU | EUR |
| Sao Tome and Principe | TP | AT | AFR |
| Saudi Arabia | SR | CE | NESA |
| Senegal | SK | EU | AFR |
| Seychelles | SE | PA | AFR |
| Sierra Leone | SL | EU | AFR |
| Singapore | SN | PA | EAP |
| Solomon Islands | BP | PA | EAP |
| Somalia | SO | CE | AFR |
| South Africa | UA | EU | AFR |
| Spain | SP | EU | EUR |
| Sri Lanka | CE | PA | NESA |
| St Christopher-Nevis | SC | AT | 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 | PA | EAP |
| Tanzania | TZ | EU | AFR |
| Thailand | TH | PA | EAP |
| Togo | TO | EU | AFR |
| Tonga | TN | PA | EAP |
| Trinidad-Tobago | TD | AT | AR |

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

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TABLE D-5

COUNTRY/ACTIVITY CODE - ALPHABETIC

| Country | Code | Unified Command Cognizance | Area/Congressional Grouping |
|--|-------|----------------------------|-----------------------------|
| Afghanistan | AF | CE | NESA |
| <i>Albania</i> Algeria | AL AG | EU EG | NESA |
| Andorra | AN | EU | EUR |
| Angola | AO | EU | AFR |
| Anguilla | AV | AT | AR |
| Antigua and Barbuda (UK) | AC | AT | AR * |
| Argentina | AR | SO | AR |
| Australia | AT | PA | EAP |
| Austria | AU | EU | EUR |
| Bahamas | BF | AT | AR * |
| Bahrain | BA | CE | NESA |
| Bangladesh | BG | PA | NESA |
| Barbados | BB | AT | AR |
| Belgium | BE | EU | EUR |
| Belize (UK) | BH | SO | AR |
| Benin | DA | EU | AFR |
| Bermuda (UK) | BD | AT | AR * |
| Bhutan | BT | PA | NESA |
| Bolivia | BL | SO | AR |
| <i>Bolivia International Narcotics Control</i> Botswana | D1 BC | SO EU | AR AFR |
| <i>British Indian Ocean Territory (UK)</i> Brazil | EO BR | PA SO | AR |
| British Virgin Islands (UK) | VI | AT | NESA AR * |
| Brunei | BX | PA | EAP |
| Bulgaria | BU | EU | EUR |
| <i>Burkina Faso</i> Burma | UV BM | EU PA | AFR EAP |
| Burundi | BY | EU | AFR |
| Cameroon | CM | EU | AFR |
| Canada | CN | NR | EUR |
| Cape Verde, Republic of | CV | AT EU | AFR |
| Cayman Islands (UK) | CJ | AT | AR * |
| Central African Republic | CT | EU | AFR |
| Chad | CD | EU | AFR |
| Chile | CI | SO | AR |
| China | CH | PA | EAP |
| <i>Colombia International Narcotics Control</i> Colombia | D5 CO | SO SO | AR |
| Comoros | CR | PA | AR AFR |
| Congo | CF | EU | AFR |
| Costa Rica | CS | SO | AR |
| Cuba | CU | AT | AR * |
| Cyprus | CY | EU | EUR |

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

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

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

| Country | Code | Unified Command Cognizance | Area/Congres- sional Grouping |
|--|------|-------------------------------|----------------------------------|
| Tunisia | TU | EU | NESA |
| Turkey | TK | EU | EUR |
| Turks and Caicos (UK) | TS | AT | AR |
| Tuvalu | TV | PA | EAP |
| Uganda | UG | EU | AFR |
| Union of Soviet Socialist Republics | UR | EU | EUR |
| United Arab Emirates | TC | CE | NESA |
| United Kingdom | UK | EU | EUR |
| Burkina Faso ^{Upper Volta} | UV | EU | AFR |
| Uruguay | UY | SO | AR |
| ^u Vanuatu | NH | PA | EAP |
| Venezuela | VE | SO | AR |
| Vietnam | VS | PA | EAP |
| Western Samoa | WS | PA | EAP |
| Yemen (Aden) | YS | CE | NESA |
| Yemen (Sanaa) | YE | CE | NESA |
| Yugoslavia | YU | EU | EUR |
| Zaire | CX | EU | AFR |
| Zambia | ZA | EU | AFR |
| Zimbabwe | ZI | EU | AFR |
| Africa Region | R6 | EU | AFR |
| American Republic Region | R5 | SO | AR |
| Central Treaty Organization (CENTO) | T3 | NR | NR |
| Department of Defense | 00 | NR | NR |
| General Cost - MAP (GC-MAP) | 22 | NR | NR |
| East Asia/Pacific Region | R4 | PA | EAP |
| European Participating Group F-16 Contract Administration Services (EPG F-16 CASEUR) | EP | NR | NR |
| European Region | R2 | EU | EUR |
| International Civil Aviation Organization (ICAO HQ) | T7 | NR | NR |
| International Civil Defense Organization (ICDO HQ) | T8 | NR | NR |
| MAP ICP-U.S. Army Logistics Depot, Japan (USALDJ) | D4 | PA | NR |
| MAP Owned Materiel (MAPOM) | M3 | NR | NR |
| MAP Property Sales and Disposal (MAPSAD) | M2 | NR | NR |

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

(28.A)

| Country | Code | Unified Command Cognizance | Area/Congressional Grouping |
|--|------|----------------------------|-----------------------------|
| North Atlantic Treaty Organization (NATO) | N2 | NR | NR |
| NATO Airborne Early Warning and Control Program Management Office (NAPMO) | N1 | NR | NR |
| NATO Aircraft Early Warning and Control (Component Command) (NATO AEW+C (COMP)) | K9 | NR | NR |
| NATO Aircraft Early Warning and Control (Component Command) (NATO AEW+C (COMP)) | K8 | NR | NR |
| <i>Ground Environment Interface</i> NATO Aircraft Early Warning and Control (Operations and Support Budget) (NATO AEW+C (O+S)) | K7 | NR | NR |
| NATO Headquarters | N6 | NR | NR |
| NATO Infrastructure | N5 | NR | NR |
| NATO Communications and Information Systems Agency (NACISA) | K4 | NR | NR |
| NATO Maintenance and Supply Agency-General (NAMSA-General) | N4 | NR | NR |
| NATO Maintenance and Supply Agency-Nike Training Center (NAMSA-NNTC) | K6 | NR | NR |
| NATO Maintenance and Supply Agency-F104 (NAMSA-F104) | K2 | NR | NR |
| NATO Maintenance and Supply Agency-HAWK and NATO HAWK Production & Logistics Office (NAMSA-HAWK & NHPLO) | N7 | NR | NR |
| NATO Maintenance and Supply Agency-Weapons (NAMSA-Weapons) | M5 | NR | NR |
| NATO Missile Fire Installation (NAMFI) | N9 | NR | NR |
| NATO Multi-Role Combat Aircraft (MRCA) Development & Prod. Agency (NAMMA) | K3 | NR | NR |
| NATO Mutual Weapons Development Program (MWDP) | N8 | NR | NR |
| NATO Seasparrow | N3* | NR | NR |
| NATO-Weapons Production Program (NATO-WPP) | K1 | NR | NR |
| Near East & South Asia Region (NESA) | R3 | EU | NESA |
| Organization of American States (OAS HQ) | A1 | NR | NR |

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

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



TABLE D-13

MILDEP EXECUTION AGENCY IDENTIFIER CODES

A. ARMY EXECUTION AGENCY (EXA) CODES.

The EXA code used by the Army is a three digit alpha numeric wherein the first alpha represents the Army (B), the second alpha the funding agency and the the third alpha or numeric the training agency. The following codes are to be used for Department of the Army IMET programming.

B. Department of the Army.

A. U.S. Army Material Development and Readiness Command (DARCOM)

- A. Army Logistics Management Center, Ft Lee, VA
- B. Army Management Engineer Training Activity, Rock Island, IL
- C. Army Defense Ammunition School, Savanna, IL
- D. Joint Military Package Training Center, Aberdeen Proving Ground, MD
- E. Army Tank-Automotive Command, Warren, MI
- G. Army Depot Systems Command, Chambersburg, PA
- H. Letterkenny Army Depot, Chambersburg, PA
- K. Lone Star Ammunition Plant, Texarkana, TX
- L. Army Test and Evaluation Command, Aberdeen Proving Ground, MD
- M. New Cumberland Army Depot, New Cumberland, PA
- N. Army Troop Support and Aviation Material Readiness Command, St. Louis, MO
- P. Army Mobility Equipment Research and Development Command, Ft. Belvoir, VA
- Q. Pueblo Army Depot, Pueblo, CO
- R. Army Natick Research and Development Laboratories, Natick, MA
- S. Army Electronics Research and Development Command, Adelphi, MD
- T. Army Communications Electronics Command, Ft. Monmouth, NJ
- U. Red River Army Depot, Texarkana, TX
- V. Army Aviation Research and Development Command, St. Louis, MO
- W. Tobyhanna Army Depot, Tobyhanna, PA
- X. Tooele Army Depot, Tooele, UT
- Y. Yuma Proving Ground, Yuma, AZ
- 2. US Army Security Assistance Center (USASAC), Alexandria, VA
- 3. Anniston Army Depot, Anniston, AL
- 4. Dugway Proving Ground, Dugway, UT
- 6. Corpus Christi Army Depot, Corpus Christi, TX
- 7. Army Armament Research and Development Command, Dover, NJ
- 8. Army Armament Material Readiness Command, Rock Island, IL
- 9. Army Missile Command (MICOM), Redstone Arsenal, AL
- 0. Unidentified DARCOM Location

C. U.S. Army Training and Doctrine Command (TRADOC)

- A. Army Aviation School, Ft Rucker, AL
- B. Army Training Support Center (Correspondence Courses), Ft Eustis, VA
- C. U.S. Army War College, Carlisle, PA

J. School of Engineering and Logistics, Red River Army Depot, Texarkana, TX

- 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~~ *John F. Kennedy Special Warfare Center and School,
 Ft Bragg, NC*
 1. Ft Dix, NJ
 2. Ft Leonard Wood, MO
 3. Ft Jackson, SC
 7. TRADOC Security Assistance Training Field Activity (SATFA),
 Ft. Monroe, VA
 8. TRADOC Combined Arms Test Activity (TCATA), Ft Hood, TX
 9. HQ, TRADOC, Ft Monroe, VA
 0. (Unidentified TRADOC Location)
- E. Office, Chief of Engineers
 0. (Unidentified Chief of Engineers Location)
- F. U.S. Army Finance and Accounting Center (USAFAC)
 A. USAID Training All Areas
 B. Defense Intelligence Agency (DIA), Washington, DC
 C. U.S. Coast Guard Training
 D. Defense Logistics Agency (DLA), Washington, DC
 E. Defense Systems Management College, Ft Belvoir, VA
 F. National Defense College (Correspondence Course), Ft. McNair,
 Washington, DC
 M. U.S. Marine Corps Training
 N. U.S. Navy Training
 S. Defense Mapping Agency (DMA), Washington, DC
 T. Defense Mapping School, Ft Belvoir, VA
 X. U.S. Air Force Training
 0. Training U.S. Map Personnel (N5B)
- G. U.S. Army Health Services Command (USAHSC)
 A. Armed Forces Institute of Pathology, Washington, DC

TABLE D-13. (Continued) [Page 2 of 5]

6 Apr 90 Sample
I-01828190

TABLE D-7, GENERIC CODES - ALL SYSTEMS

| Generic Code | Description | Federal Supply Classification | Program as: | | Remarks |
|--------------|---|-------------------------------|-------------|-------------|---|
| | | | Major Item | Dollar Line | |
| A | AIRCRAFT | | | | |
| 1 | Combat Aircraft: | | | | |
| A | Attack. | FSC 1510 | X | | |
| B | Bomber. | FSC 1510 | X | | |
| F | Fighter | FSC 1510 | X | | |
| S | Anti-Submarine. | FSC 1510 | X | | |
| V | VTOL & VSTOL. | FSC 1510 | X | | |
| 2 | Airlift Aircraft: | | | | |
| C | Cargo Transport | FSC 1510 | X | | |
| 3 | Trainer Aircraft: | | | | |
| T | Trainer | FSC 1510 | X | | |
| 4 | Helicopters: | | | | |
| A | Attack. | FSC 1520 | X | | |
| C | Cargo Transport | FSC 1520 | X | | |
| H | General Purpose | FSC 1520 | X | | |
| L | Observation | FSC 1520 | X | | |
| S | Anti-Submarine. | FSC 1520 | X | | |
| T | Trainer | FSC 1520 | X | | |
| U | Utility | FSC 1520 | X | | |
| 5 | Other Aircraft: | | | | |
| E | Special Electronic Installation | FSC 1500, 1510 | X | | |
| G | Glider. | FSC 1540 | X | | |
| K | Tanker. | FSC 1510 | X | | |
| L | Observation | FSC 1510 | X | | |
| P | Patrol. | FSC 1510 | X | | |
| U | Utility | FSC 1510 | X | | |
| X | Research. | FSC 1510 | X | | |
| Z | Airship | FSC 155Z | X | | |
| 6 | Modification of Aircraft: | | | | |
| A | Class IV. | | | X | |
| B | Class V | | X | | |
| 7 | Aircraft Support Equipment: | | | | |
| A* | Ground Handling Equipment | FSC 1730, 4920 | X | | *One dollar line provided for initial stockage and for follow-on. |
| B* | Arresting Barrier & Barricade Equipment | FSC 1710 | X | | |

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| Generic Code | Description | Federal Supply Classification | Program as: | | Remarks |
|--------------|---|--|-------------|-------------|---|
| | | | Major Item | Dollar Line | |
| A 7 C* | Launching Equipment | FSC 1720 | | X | |
| D* | Specialized Trucks & Trailers (Including Modifications) | FSC 1740 | | X | |
| A 9 | Aircraft Spares & Spare Parts: | | | | |
| A | Gasoline Reciprocating Engines, Complete. . . | FSC 2810 | X | | |
| B | Gas Turbines & Jet Engines, Complete. | FSC 2840 | X | | |
| C | Aircraft Components, Parts & Accessories. . . | FSG 16XX (except 1670), FSC 1270, 1280, 1290, 1377, 1560, 2620, 2810 (Components), 2840 (Components), 2915, 2925, 2935, 2945, 2950, 2995, 6340, 6605, 6610, 6615, 6620 | | X | May include other FSG when supplied for aircraft. |
| B | MISSILES | | | | |
| 1 | Ground Launched Missiles: | | | | |
| | Missiles, Major Components, Class V Mods. | | X | | |
| | Missile Shop Sets, Test Equipment, Trailers, Vans, Mod Kits, Other Components & Support Equipment | | | X | |
| 2 | Air Launched Missiles: | | | | |
| | Missiles, Major Components, Class V Mods. | | X | | |
| | Missile Shop Sets, Test Equipment, Trailers, Vans, Mod Kits, Other Components & Support Equipment | | | X | |
| 3 | Sea Launched Missiles: | | | | |
| | Missiles, Major Components, Class V Mods. | | X | | |
| | Missile Shop Sets, Test Equipment, Trailers, Vans, Mod Kits, Other Components & Support Equipment | | | X | |

The alpha codes indicated will be used by the Military Departments when submitting MASL data for ground launched missiles or associated dollar lines:

- | | | | |
|-------------|-------------|---------------|------------|
| A. Nike | G. Pershing | N. Lance | X. Patriot |
| B. Redeye | H. Entac | P. Stinger | |
| C. Hawk | J. Tow | R. Chaparral | |
| D. Mauler | K. Dragon | S. Shillelagh | |
| E. Jupiter | L. Lacrosse | V. Viper | |
| F. Sergeant | M. Thor | W. Roland | |

| Generic Code | Description | Federal Supply Classification | Program as: | | Remarks |
|--------------|-------------|-------------------------------|-------------|-------------|---------|
| | | | Major Item | Dollar Line | |

The alpha codes indicated will be used by the Military Departments when submitting MASL data for air launched missiles or associated dollar lines:

- | | | | |
|-----------------|--------------------------|-------------|-----------|
| A. Shrike | F. Aerial Target Missile | S. Bullpup | Z. AMRAAM |
| B. Harm | G. Maverick | T. Phoenix | |
| C. Standard Arm | H. Hellfire | V. Corporal | |
| D. Standard | N. Falcon | W. Sparrow | |
| E. Walleye | R. Sidewinder | Y. Matador | |

The alpha codes indicated will be used by the Military Departments when submitting MASL data for sea launched missiles or associated dollar lines:

- K. Polaris
- L. Trident
- M. UK Fleet Ballistic Missile
- P. Terrier
- Q. Tartar
- R. Harpoon
- W. Seasparrow

| | | | |
|-------|---|--|---|
| B 4 Q | Drones. | FSC 1520, 1550 | X |
| 6 A | Modification of Missiles. | | X |
| 8 | Multipurpose Missile Equipment: | | |
| A | Multipurpose Missile Equipment (includes FAAR) | FSC 1410, 1425, 1430, 1440, 4935 | X |
| B | Multipurpose Missile Equipment Parts (includes FAAR). | | X |
| 9 | Missile Spares & Spare Parts: | | |
| A | Guided Missile Parts. | FSG 14XX, FSC 1190, 1195, 4935 | X |
| B | Guided Missile Warhead. | FSC 1336, 1337, 1338 | X |
| C | Free Missile Parts. | FSC 1055, 1190, 1195, 1340 | X |
| C | SHIPS | | |
| 1 | Warships: | | |
| A | Destroyer (DD). | FSC 1905 | X |
| B | Submarine (SS). | FSC 1905 | X |
| C | Ocean Escort (DE) | FSC 1905 | X |
| D | Light Aircraft Carrier (CVL). | FSC 1905 | X |
| E | Light Cruiser (CL). | FSC 1905 | X |
| F | Guided Missile Frigate. | FSC 1905 | X |

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| Generic Code | Description | Federal Supply Classification | Program as: | | Remarks |
|--------------|---|-------------------------------|-------------|-------------|---------|
| | | | Major Item | Dollar Line | |
| C 2 | Amphibious Ships: | | | | |
| A | Tank Landing Ship | FSC 1905 | X | | |
| B | Medium Landing Ship (LSM/LSSL). | FSC 1905 | X | | |
| C | Medium Landing Ship, Rocket (LSMR). | FSC 1905 | X | | |
| D | Utility Landing Craft (LCU) | FSC 1905 | X | | |
| E | Transport (AKA/AP/APA/APC/APD). | FSC 1910 | X | | |
| 3 | Mine Warfare Ships: | | | | |
| A | Coastal Minelayer (MMC) | FSC 1905 | X | | |
| B | Ocean Minesweeper (MSO) | FSC 1905 | X | | |
| C | Coastal Minesweeper (MCS) | FSC 1905 | X | | |
| D | Inshore Minesweeper (MSI/MSB) | FSC 1905 | X | | |
| E | Fleet Minesweeper (MSF) | FSC 1905 | X | | |
| G | Mine Countermeasure Support (MCS) | FSC 1905 | X | | |
| H | Auxiliary Mineplanter (YMP) | FSC 1905 | X | | |
| 4 | Patrol Ships: | | | | |
| A | Patrol Frigate (PF) | FSC 1905 | X | | |
| B | Patrol Craft (PC) | FSC 1905 | X | | |
| C | Patrol Craft Escort (PCE) | FSC 1905 | X | | |
| D | Patrol Gunboat (PGM). | FSC 1905 | X | | |
| E | Seaward Defense Craft (SDC) | FSC 1905 | X | | |
| F | Fast Patrol Boat. | FSC 1905 | X | | |
| G | Patrol Torpedo Boat (PT). | FSC 1905 | X | | |
| 5 | Auxiliaries and Craft: | | | | |
| A | Net Laying Ship (AN). | FSC 1925 | X | | |
| B | Oiler (AO). | FSC 1915 | X | | |
| C | Gasoline Tanker (AOG) | FSC 1915 | X | | |
| D | Fuel Oil Barge (YO/YSR) | FSC 1915 | X | | |
| E | Gasoline Barge (YOG). | FSC 1915 | X | | |
| F | Water Barge (YW). | FSC 1915, 1935 | X | | |
| G | Light Cargo Ship (AKL). | FSC 1925 | X | | |
| H | Auxiliary Ocean Tug (ATA/ATR) | FSC 1925 | X | | |
| K | Submarine Rescue Ship (ASR) | FSC 1925 | X | | |
| L | Seaplane Tender (AVP) | FSC 1925 | X | | |
| M | Small Harbor Tug (YTL). | FSC 1925 | X | | |
| N | Rescue Boat (AVR) | FSC 1940 | X | | |
| P | Medium Landing Craft (LCM). | FSC 1905 | X | | |
| Q | Vehicle/Personnel Landing Craft (LCVP). | FSC 1905 | X | | |

| Generic Code | Description | Federal Supply Classification | Program as: | | Remarks |
|--------------|--|---|-------------|-------------|--|
| | | | Major Item | Dollar Line | |
| C 5 R | Surveying Ship (AGS) | FSC 1990 | X | | |
| S | Landing Craft Repair Ship (ARL) | FSC 1925 | X | | |
| T | Large Harbor Tug (YTB) | FSC 1925 | X | | |
| V | Repair Ship (ARB) | FSC 1925 | X | | |
| W | Submarine Tender (AS) | FSC 1925 | X | | |
| X | Floating Drydock (AFDL/SRD) | FSC 1950 | X | | |
| Z | Miscellaneous Boats & Craft | FSG 19XX | X | | |
| 6 | Ships Support Equipment: | | | | |
| A | Ship Overhaul/Modernization/Construction (In Country) | | X | | |
| B | Shipbuilding Cost Sharing | | X | | |
| 9 | Ships Spares & Spare Parts: | | | | |
| A | Ship Spare Parts, Components, & Accessories . | FSG 20XX (except 2050), 30XX, FSC 6320 | X | | May include other FSG when supplied for ships and craft |
| B | Gas Turbine Engines, Complete | FSC 2835 | X | | |
| D | COMBAT VEHICLES | | | | |
| 1 | Armored Carriers: | | | | |
| A | Personnel Carriers, Full Track. | FSC 2350 | X | | |
| B | Personnel Carriers, Half Track. | FSC 2350 | X | | |
| C | Armored Cars. | FSC 2320, 2350 | X | | |
| D | Cargo Carriers. | FSC 2320, 2350 | X | | |
| E | Weapons Carriers. | FSC 2320, 2350 | X | | |
| 2 | Self-Propelled Artillery: | | | | |
| A | Anti-Aircraft | FSC 2350 | X | | |
| B | Anti-Tank | FSC 2350 | X | | |
| C | 105mm Howitzer. | FSC 2350 | X | | |
| D | 155mm Howitzer. | FSC 2350 | X | | |
| E | 4.2 Inch Mortar | FSC 2350 | X | | |
| F | 8 Inch Howitzer | FSC 2350 | X | | |
| G | 175mm Gun | FSC 2350 | X | | |
| Z | Other Self-Propelled Artillery. | FSC 2350 | X | | |
| 3 | Tanks: | | | | |
| A | Light Tank. | FSC 2350 | X | | |
| B | Medium Tank | FSC 2350 | X | | |
| 4 | Tank Recovery Vehicles: | | | | |
| A | Tank Recovery Vehicles. | FSC 2350 | X | | |

All spare parts for Combat Vehicles should be programmed under Generic Code K8A.

| Generic Code | Description | Federal Supply Classification | Program as: | | Remarks |
|--------------|-------------------------------------|-------------------------------|-------------|-------------|--|
| | | | Major Item | Dollar Line | |
| D 5 | Other Combat Vehicles: | | | | |
| A | High Speed Tractors | FSC 2430 | X | | |
| B | Amphibious Land Vehicles. | FSC 2320, 2350 | X | | |
| C | Tank Mounted Bulldozers | FSC 2590 | X | | |
| E | TACTICAL AND SUPPORT VEHICLES | | | | All spare parts for Tactical & Support Vehicles should be programmed under Generic Code K8A. |
| 1 | Semi-Trailers: | | | | |
| A | Tank. | FSC 2330 | X | | |
| B | Stake | FSC 2330 | X | | |
| C | Van | FSC 2330 | X | | |
| D | Low Bed | FSC 2330 | X | | |
| E | Transporter | FSC 2330 | X | | |
| Z | Other Semi-Trailers | FSC 2330 | X | | |
| 2 | Trailers: | | | | |
| A | Cargo | FSC 2330 | X | | |
| B | Tank. | FSC 2330 | X | | |
| C | Ammunition. | FSC 2330 | X | | |
| D | Fuel Service. | FSC 2330 | X | | |
| E | Low Bed | FSC 2330 | X | | |
| F | Flat Bed. | FSC 2330 | X | | |
| G | Bolster | FSC 2330 | X | | |
| H | Dolly | FSC 2330 | X | | |
| Z | Other Trailers. | FSC 2330 | X | | |
| 3 | Trucks: | | | | |
| A | 1/4 Ton Cargo | FSC 2320 | X | | |
| B | 1/4 Ton Ambulance | FSC 2310 | X | | |
| D | 3/4 Ton Cargo | FSC 2320 | X | | |
| E | 3/4 Ton Ambulance | FSC 2310 | X | | |
| G | 1 Ton Cargo | FSC 2320 | X | | |
| K | 2 1/2 Ton Cargo | FSC 2320 | X | | |
| L | 2 1/2 Ton Dump. | FSC 2320 | X | | |
| M | 2 1/2 Ton Special Purpose | FSC 2320 | X | | |
| N | 2 1/2 Ton Tank. | FSC 2320 | X | | |
| Q | 2 1/2 Ton Truck-Tractor | FSC 2320 | X | | |
| R | 2 1/2 Ton Wrecker | FSC 2320 | X | | |
| T | 5 Ton Cargo | FSC 2320 | X | | |
| U | 5 Ton Dump. | FSC 2320 | X | | |
| W | 5 Ton Truck-Tractor | FSC 2320 | X | | |
| X | 5 Ton Wrecker | FSC 2320 | X | | |
| Z | Other Trucks. | FSC 2320 | X | | |

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| Generic Code | Description | Federal Supply Classification | Program as: | | Remarks |
|--------------|---------------------------------------|--------------------------------|-------------|-------------|---------|
| | | | Major Item | Dollar Line | |
| 4 | Support Vehicles: | | | | |
| A | Station Wagons. | FSC 2310 | X | | |
| B | Sedans. | FSC 2310 | X | | |
| C | Buses | FSC 2310 | X | | |
| D | Motorcycles & Motor Scooters. | FSC 2340 | X | | |
| E | Ambulances. | FSC 2310 | X | | |
| F | Commercial Trucks | FSC 2320 | X | | |
| Z | Other Support Vehicles. | FSC 2310, 2320 | X | | |
| F | WEAPONS | | | | |
| 1 | Weapons, up to 75mm: | | | | |
| A | Pistols | FSC 1005 | X | | |
| B | Carbines. | FSC 1005 | X | | |
| C | Rifles. | FSC 1005 | X | | |
| E | Sub-Machine Guns. | FSC 1005 | X | | |
| F | Machine Guns. | FSC 1005 | X | | |
| G | Mounts. | FSC 1005, 1015, 1090 | X | | |
| H | Shotguns. | FSC 1005 | X | | |
| J | Sub-Caliber Weapons | FSC 1005, 1010 | X | | |
| K | Anti-Aircraft Guns. | FSC 1005, 1010 | X | | |
| L | Launchers | FSC 1005, 1010, 1055 | X | | |
| M | Mortars | FSC 1010 | X | | |
| Z | Other Weapons (up to 75mm). | FSC 1005, 1010, 1090 | X | | |
| 2 | Artillery, 75mm & over: | | | | |
| A | 75mm Guns | FSC 1015 | X | | |
| B | 76mm Guns | FSC 1015 | X | | |
| C | 90mm Guns | FSC 1015 | X | | |
| D | 105mm Guns. | FSC 1015 | X | | |
| E | 155mm Guns. | FSC 1025 | X | | |
| F | 175mm Guns. | FSC 1025 | X | | |
| G | 75mm Howitzer | FSC 1015 | X | | |
| H | 105mm Howitzer. | FSC 1015 | X | | |
| J | 155mm Howitzer. | FSC 1025 | X | | |
| K | 8 Inch Howitzer | FSC 1030 | X | | |
| L | 75mm Recoilless Rifles. | FSC 1015 | X | | |
| M | 90mm Recoilless Rifles. | FSC 1015 | X | | |
| N | 105mm Recoilless Rifles | FSC 1015 | X | | |

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| Generic Code | Description | Federal Supply Classification | Program as: | | Remarks |
|--------------|--|--|-------------|-------------|---------|
| | | | Major Item | Dollar Line | |
| F 2 S | 81mm Mortar | FSC 1015 | X | | |
| T | 107mm/4.2 Inch Mortar | FSC 1015 | X | | |
| U | 120mm Mortar. | FSC 1015 | X | | |
| Z | Other Weapons (75mm & over) | FSC 1015, 1020, 1025, 1030, 1035 . . | X | | |
| 3 | Naval Ordnance Weapons: | | | | |
| A | 20mm Mounts | FSC 1005 | X | | |
| B | 40mm Mounts | FSC 1010 | X | | |
| C | 3 Inch/50 Mounts. | FSC 1015 | X | | |
| D | 5 Inch/25 Mounts. | FSC 1020 | X | | |
| E | 5 Inch/38 Mounts. | FSC 1020 | X | | |
| F | 5 Inch/54 Mounts. | FSC 1020 | X | | |
| G | Loading Machines (all calibers) | FSC 1010, 1015, 1020 | X | | |
| H | Torpedo Launchers | FSC 1045 | X | | |
| J | Depth Charge Launchers. | FSC 1045 | X | | |
| K | ASW Rocket Launchers. | FSC 1055 | X | | |
| L | Harbor Nets, Booms, & Buoys | FSC 1070, 2050 | | X | |
| M | Degaussing & Minesweeping Equipment | FSC 1075 | | X | |
| N | Naval Fire Control Directors. | FSC 1210 | X | | |
| P | Naval Fire Control Computing Sights | FSC 1220 | X | | |
| Q | ASW Fire Control Systems. | FSC 1230 | X | | |
| R | Gunfire Control Systems | FSC 1230 | X | | |
| S | Torpedo Fire Control Systems. | FSC 1210, 1220, 1230 | X | | |
| T | Submarine Fire Control Systems. | FSC 1230 | X | | |
| U | Target Designating Systems. | FSC 1260, 1265 | X | | |
| V | Fire Control Radar. | FSC 1285 | X | | |
| W | Close-in Weapon Systems | FSC 1230 | X | | |
| X | Multi-Weapon Defense Systems. | FSC 1230 | X | | |
| Y | Missile Fire Control Systems. | FSC 1230 | X | | |
| Z | Other Naval Ordnance Weapons. | FSG 10 (except 1070, 1075), FSC 1240, 1250, 1260, 1265, 1270, 1280, 1287, 1290 | X | X (1) | |
| 4 | Other Weapons: | | | | |
| A | Chemical Weapons & Equipment. | FSC 1040 | X | X (1) | |
| B | Camouflage & Deception Equipment. | FSC 1080 | X | X (1) | |
| D | Fire Control Equipment (other than naval ordnance). | FSG 12 | X | X (1) | |
| Y | Non-Standard Weapons. | | X | X (1) | |
| Z | Miscellaneous Other Weapons & Interchangeable Assemblies | FSC 1020, 1055, 1090, 1095 | X | X (1) | |

| Generic Code | Description | Federal Supply Classification | Program as: | | Remarks |
|--------------|---|---|-------------|-------------|---------|
| | | | Major Item | Dollar Line | |
| F 9 | Weapon Spare Parts, Components, & Accessories: | | | | |
| A | Weapons | FSG 11XX, 12XX, FSC 1005, 1010, 1015, 1020, 1025, 1030, 1035, 1055, 1090, 1095, 2845 (other than Naval Ordnance). | | X | |
| B | Naval Ordnance Weapons. | FSG 10XX, 12XX, FSC 2845 | | X | |
| C | Non-Standard Weapon Spare Parts, Components, & Accessories. | | | X | |
| G | AMMUNITION | | | | |
| 1 | Ammunition (up to 75mm) & Grenades: | | | | |
| A | 22 caliber. | FSC 1305 | | X | |
| B | 30 caliber. | FSC 1305 | | X | |
| C | 7.62mm. | FSC 1305 | | X | |
| D | 38 caliber. | FSC 1305 | | X | |
| E | 45 caliber. | FSC 1305 | | X | |
| F | 50 caliber. | FSC 1305 | | X | |
| G | 60 caliber. | FSC 1305 | | X | |
| H | 20mm. | FSC 1305 | | X | |
| I | 22mm. | FSC 1305 | | X | |
| J | 37mm. | FSC 1310 | | X | |
| K | 40mm. | FSC 1310 | | X | |
| L | 57mm. | FSC 1310 | | X | |
| M | 60mm Mortar | FSC 1310 | | X | |
| N | Shotguns. | FSC 1305 | | X | |
| P | Grenades. | FSC 1330 | | X | |
| Z | Other Ammunition. | FSC 1305, 1310, 1330 | | X | X (1) |
| 2 | Ammunition, 75mm & Over: | | | | |
| A | 75mm. | FSC 1315 | | X | |
| B | 76mm. | FSC 1315 | | X | |
| C | 81mm Mortar | FSC 1315 | | X | |
| D | 90mm. | FSC 1315 | | X | |
| E | 105mm | FSC 1315 | | X | |
| F | 106mm | FSC 1315 | | X | |
| G | 4.2 Inch Mortar | FSC 1315 | | X | |
| H | 3 Inch/50 | FSC 1315 | | X | |
| J | 5 Inch/25 | FSC 1320 | | X | |
| K | 5 Inch/38 | FSC 1320 | | X | |
| L | 5 Inch/54 | FSC 1320 | | X | |

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| Generic Code | Description | Federal Supply Classification | Program as: | | Remarks |
|--------------|---|--------------------------------------|-------------|-------------|---------|
| | | | Major Item | Dollar Line | |
| G 2 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 & Explosives: | | | | |
| A | Anti-personnel Mines. | FSC 1345 | X | | |
| B | Anti-tank Mines | FSC 1345 | X | | |
| C | Demolition Kits | FSC 1375 | X | | |
| D | Charges | FSC 1375 | X | | |
| Z | Other Explosives & Land Mine Components | FSC 1345, 1375, 1376, 1377 | X | X (1) | |
| 4 | Naval Ordnance Ammunition: | | | | |
| A | Service Mines, complete | FSC 1361 | X | | |
| B | Drill Mines, complete | FSC 1350, 1351 | X | | |
| C | Mine Components | FSC 1350, 1351 | X | | |
| D | Torpedo Exercise Heads. | FSC 1355, 1356 | X | | |
| E | Anti-surface Torpedoes. | FSC 1356 | X | | |
| F | ASW Torpedoes | FSC 1356 | X | | |
| G | Torpedo Components. | FSC 1355, 1356 | X | | |
| H | Depth Charges | FSC 1361 | X | | |
| J | Depth Charge Components | FSC 1360, 1361 | X | | |
| 5 | Bombs & Rockets: | | | | |
| A | Practice Bombs & Shapes | FSC 1105, 1325 | X | | |
| B | Armor Piercing Bombs. | FSC 1325 | X | | |
| C | Depth Bombs | FSC 1325 | X | | |
| D | Fire & Incendiary Bombs | FSC 1325 | X | | |
| E | Fragmentation Bombs | FSC 1325 | X | | |
| F | General Purpose Bombs | FSC 1325 | X | | |
| G | Electronic Operated Guided Bombs. | FSG 13 | X | | |
| M | Bomb Components | FSC 1325 | X | X | |
| N | Other Bombs | FSC 1325 | X | | |
| P | 2.25 Inch Rockets | FSC 1340 | X | | |
| Q | 2.36 Inch Rockets | FSC 1340 | X | | |
| R | 2.75 Inch Rockets | FSC 1340 | X | | |
| S | 3.5 Inch Rockets. | FSC 1340 | X | | |
| T | 5 Inch Rockets. | FSC 1340 | X | | |
| U | 7.2 Inch Rockets. | FSC 1340 | X | | |
| V | Asroc Rockets | FSC 1356 | X | | |
| W | Honest John Rockets | FSG 10, 11 & 13. | X | X | |

| Generic Code | Description | Federal Supply Classification | Program as: | | Remarks |
|--------------|---|--|-------------|-------------|---|
| | | | Major Item | Dollar Line | |
| G 5 Y | Rocket Components | FSC 1340 | X | X (1) | |
| Z | Other Rockets | FSC 1340 | X | | |
| 6 | Pyrotechnic & Chemical Munitions: | | | | |
| A | Chemical Munitions. | FSC 1365 | X | X | Agents - Articles other than agents in FSC 1365. |
| B | Pyrotechnics. | FSC 1370 | X | X (1) | |
| 7 | Other Ammunition: | | | | |
| A | Ammunition Raw Materials. | FSC 9999 | | X | |
| B | Fuzes and Primers | FSC 1390 | X | X (1) | |
| C | Ammunition Containers | FSC 8140 | | X | |
| D | Miscellaneous Ammunition, Tools, & Specialized Equipment. | FSC 1385, 1386, 1395, 1398, 4927 | | X | |
| E | Non-Standard Ammunition | | | X | |
| H | COMMUNICATIONS EQUIPMENT | | | | |
| 1* | Telephone & Telegraph Equipment | FSC 5805 | X | X (1) | |
| 2* | Radio & Television Communications Equipment | FSC 5820, 5821, 5895, 5985 | X | X (1) | Installation units will be programmed under dollar lines provided by DSAA. |
| 3* | Radio Navigation Equipment. | FSC 5825, 5826, 5827 | X | X (1) | |
| 4* | Radar Equipment | FSC 5840, 5841, 5895 | X | X (1) | |
| 5* | Underwater Sound Equipment. | FSC 5845 | X | X (1) | |
| 6* | Other Communications Equipment (Including Modifications) | FSG 58XX, 59XX, 60XX | X | X (1) | Installation units for equipment in FSG 58XX (other than 5820, 5821) will be programmed under appropriate dollar line provided by DSAA. |
| 9 | Communications Equipment Spare Parts & Electronic Supplies: | | | | |
| A | Communications Equipment, Spare Parts, & Electronic Supplies. | FSG 58XX, 59XX | | X | |
| B | Non-Standard Communications Equipment, Spare Parts and Electronic Supplies. | | | X | |

*The following alphabetic will be used by the Military Departments as the third character of the Generic Code to identify the type of installation:

- | | |
|------------------------------|--|
| A Airborne | P Pack or Portable |
| B Fixed | V Ground, Vehicular |
| G Ground, General Ground Use | W Water, Surface, and Underwater |
| K Amphibious | Z Other Communications Equipment (Including Modifications) |

01
02

| Generic Code | Description | Federal Supply Classification | Program as: | | Remarks |
|--------------|---|---|-------------|-------------|---------|
| | | | Major Item | Dollar Line | |
| J | SUPPORT EQUIPMENT | | | | |
| 1 | Chemical Equipment: | | | | |
| A | Decontaminating & Impregnating Equipment. . . | FSC 4230 | | X | |
| 2 | Construction Equipment: | | | | |
| A | Full Track Tractors | FSC 2410 | | X | |
| B | Wheeled Tractors. | FSC 2420 | | X | |
| C | Earthmoving & Excavating Equipment. | FSC 3805 | | X | |
| D | Cranes & Crane Shovels. | FSC 3810 | | X | |
| E | Road Clearing Equipment | FSC 3825 | | X | |
| F | Military Bridging | FSC 5420 | | X | |
| Z | Miscellaneous Construction Equipment. | FSC 3815, 3830, 3895 | | X | |
| 3 | Materials Handling Equipment: | | | | |
| A | Conveyors, Cranes & Derricks. | FSC 3910, 3950 | | X | |
| Z | Other Materials Handling Equipment. | FSG 39XX (except 3910, 3950) | | X | |
| 4 | Photographic Equipment: | | | | |
| A | Cameras | FSC 6720 | | X | |
| B | Projection Equipment. | FSC 6730 | | X | |
| C | Developing & Finishing Equipment. | FSC 6740 | | X | |
| Z | Other Photographic Equipment, Supplies, & Spare Parts. | FSG 67XX (except 6720, 6730, 6740) | | X | |
| 6 | Other Equipment: | | | | |
| A | Parachutes & Aerial Delivery Equipment. | FSC 1670 | | X | |
| D | Other Power Transmission Equipment. | FSG 30XX | | X | |
| E | Woodworking Machinery & Equipment | FSG 32XX | | X | |
| F | Metal Working Machinery | FSG 34XX | | X | |
| G | Special Industrial Machines | FSG 36XX | | X | |
| N | Safety & Rescue Equipment | FSG 42XX | | X | |
| P | Steam Plant & Drying Equipment. | FSG 44XX | | X | |
| Q | Maintenance & Repair Shop Equipment | FSC 4910, 4925, 4930, 4931, 4933, 4940 | | X | |
| R | Power & Distribution Equipment. | FSG 61XX, 62XX | | X | |
| T | Instruments & Laboratory Equipment. | FSG 66XX (except 6610, 6630, 6640) | | X | |
| Z | Other Support Equipment | FSG 22XX, FSC 3835, 6310, 6330, 6350, 6650, 6665 | | X | |

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| Generic Code | Description | Federal Supply Classification | Program as: | | Remarks |
|--------------|---|--|-------------|-------------|---------|
| | | | Major Item | Dollar Line | |
| J 7 | Other Support Equipment: | | | | |
| A | Medical/Surgical Equipment. | FSC 6515 | | X | |
| B | Dental Equipment. | FSC 6520 | | X | |
| C | X-Ray Equipment | FSC 6525 | | X | |
| D | Hospital Equipment. | FSC 6530 | | X | |
| E | Chemistry/Laboratory Equipment. | FSC 6630, 6640 | | X | |
| F | Laundry & Dry Cleaning Equipment. | FSC 3510 | | X | |
| G | Shoe Repair Equipment | FSC 3520 | | X | |
| H | Service & Trade Equipment | FSG 35XX (except 3510, 3520) | | X | |
| J | General Purpose ADP Equipment | FSG 70XX | | X | |
| K | Office Machines | FSG 74XX | | X | |
| L | Pumps & Compressors | FSG 43XX | | X | |
| M | Plumbing & Heating Equipment. | FSG 45XX | | X | |
| N | Engines | FSG 28XX (except 2810, 2840, 2845) | | X | |
| P | Prefab & Portable Structures. | FSG 54XX (except 5420) | | X | |
| Q | Mine Drilling Equipment | FSC 3820 | | X | |
| R | Refrigeration & Air Conditioning Equipment. | FSG 41XX | | X | |
| S | Firefighting Equipment. | FSC 4210 | | X | |
| Z | Other Support Equipment | FSG 37XX, 46XX, 47XX, 48XX, 71XX, 72XX, 73XX | | X | |
| 8 | Books, Maps, & Publications: | | | | |
| A | Technical, Non-Technical Books & Publications | FSG 76XX | | X | |
| B | Maps and Charts | FSG 76XX | | X | |
| K | SUPPLIES | | | | |
| 1 | Clothing & Textile Supplies: | | | | |
| A | Clothing/Textiles & Individual Equipment. | FSG 83XX, 84XX | | X | |
| 2 | Medical Supplies: | | | | |
| A | Drugs, Biologicals & Surgical Dressings | FSC 6505, 6510 | | X | |
| Z | Other Dental & Medical Supplies | FSG 65XX (except 6505, 6510) | | X | |
| 3 | Subsistence: | | | | |
| A | Human Subsistence | FSG 89XX | | X | |
| 4 | General Supplies: | | | | |
| A | Hand & Measuring Tools. | FSG 51XX, 52XX | | X | |

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| Generic Code | Description | Federal Supply Classification | Program as: | | Remarks |
|--------------|---|--|-------------|-------------|--|
| | | | Major Item | Dollar Line | |
| K 4 Z | Other General Supplies. | FSG 40XX, 75XX, 77XX, 78XX, 79XX, 80XX, 81XX (except 8140), 85XX, 93XX, FSC 8710, 8820, 9905, 9920, 9925, 9930, 9999 | | X | |
| 5 | Industrial Supplies: | | | | |
| A | Industrial Supplies | FSG 31XX, 53XX, 94XX, 95XX, 96XX | | X | |
| 6 | Fuels, Oils, & Chemicals: | | | | |
| A | Jet Fuel. | FSC 9130 | | X | |
| B | Aviation Gasoline | FSC 9130 | | X | |
| C | Automotive Gasoline | FSC 9130 | | X | |
| D | Diesel Fuel | FSC 9140 | | X | |
| E | Navy Special Fuel Oil | FSC 9140 | | X | |
| F | Chemicals | FSG 68XX | | X | |
| G | Solid Fuel. | FSC 9110 | | X | |
| Z | Other Petroleum, Oil & Lubricants | FSG 91XX (except 9110, 9130, 9140) | | X | |
| 7 | Construction Supplies: | | | | |
| Z | Construction Supplies | FSG 55XX, 56XX | | X | |
| 8 | Automotive Supplies: | | | | |
| A | Automotive Supplies & Spare Parts. | FSG 23XX, 24XX, 25XX, 26XX, (except 2620), 28XX (except 2810, 2840, 2845), FSC 2910, 2920, 2930, 2940, 2990, & other spare parts | | X | Automotive supplies and spare parts for equipment in Generics D, E, J, & K |

FOOTNOTES: (1) In those generics where both major item and dollar lines may be added to the MASL, the Military Departments must limit major item lines to those pieces of equipment for which visibility is considered absolutely essential to good program control and supply management.

L SUPPLY OPERATIONS

| | | | | | |
|---|---|--------------|--|---|--|
| 1 | Transportation Costs: | | | | |
| A | Inland Transportation - CONUS | 01 | | X | |
| B | Ocean Transportation. | 01 | | X | |
| C | Air Transportation. | 01 | | X | |
| D | Parcel Post | 01 | | X | |
| E | Commercial Carrier. | 01 | | X | |
| F | Inland Transportation Overseas. | 01 | | X | |

1
02
00

| Generic Code | Description | Federal Supply Classification | Program as: | | Remarks |
|--------------|--|-------------------------------|-------------|-------------|---------|
| | | | Major Item | Dollar Line | |
| L 2 | Packing, Crating, Handling, Port Loading & Port Unloading Costs: | | | | |
| A | Packing, Crating & Handling | 01 | | X | |
| B | Port Loading. | 01 | | X | |
| C | Port Unloading. | 01 | | X | |
| 3 | Operation & Maintenance of MAP Installations: | | | | |
| A | Operation & Maintenance Costs | 01 | | X | |
| F | MAAG Housing. | 01 | | X | |
| G | Maintenance & Repair of Real Property - MAP Installations. | 01 | | X | |
| 4 | Storage & Maintenance of Stockpiles: | | | | |
| A | Storage & Maintenance of Stockpiles | 01 | | X | |
| 5 | Offshore Procurement Expenses: | | | | |
| A | Offshore Procurement Expenses | 01 | | X | |
| 6 | Logistics Management Expense: | | | | |
| A | Logistics Management Expense (Not for MILDEP Use). | 01 | | X | |
| 7 | Travel Expenses: | | | | |
| A | Travel Expenses | 01 | | X | |
| 8 | Case Management: | | | | |
| A | Case Management Including Travel. | 01 | | X | |
| 9 | Special Activities: | | | | |
| A | Special Activities Including Incidental Travel | 01 | | X | |
| M | MAINTENANCE OF EQUIPMENT | | | | |
| 1 | Technicians & Allied Services: | | | | |
| A | Aircraft Technical Assistance | 02 | | X | |
| B | Missile Technical Assistance. | 02 | | X | |
| C | Communications Technical Assistance | 02 | | X | |
| D | EAM Services. | 02 | | X | |
| E | Other Technical Assistance. | 02 | | X | |
| F | Technical Data Package (TDP). | 02 | | X | |
| G | Engineering Technical Assistance. | 02 | | X | |

| Generic Code | Description | Federal Supply Classification | Program as: | | Remarks |
|--------------|---|-------------------------------|-------------|-------------|---------|
| | | | Major Item | Dollar Line | |
| M 1 H | Technical Coordination Program (TCP). | 02 | | X | |
| J | Aircraft Structural Integrity Program (ASIP). | 02 | | X | |
| K | Non-Standard Item Support | 02 | | X | |
| L | PMEL Calibration. | 02 | | X | |
| M | Engine CIP. | 02 | | X | |
| Q | Ship Maintenance Technical Assistance | 02 | | X | |
| R | Logistics Technical Assistance. | 02 | | X | |
| 2 | Repair/Rehabilitation/Replacement of Equipment: | | | | |
| A | Repair/Rehab/Replacement of Aircraft & Aircraft Engine Overhauls (Including Air- craft IRAN). | 02 | X | X | |
| B | Overhaul of Ships | 02 | X | X | |
| C | Repair/Rehab/Replacement, Other | 02 | X | X | |
| D | Combat Vehicles | 02 | X | X | |
| E | Tactical/Support Vehicles | 02 | X | X | |
| F | Weapons | 02 | X | X | |
| G | Ammunition. | 02 | | X | |
| H | Communications/Electronics, & Meteorolo- gical Equipment. | 02 | | X | |
| J | Support Equipment | 02 | | X | |
| K | Missiles. | 02 | X | X | |
| 3 | Repair & Rehabilitation (R&R) of Excess Material (FY 63 and Prior Year Only): | | | | |
| A | Repair & Rehab of Aircraft & Aircraft Engine Overhauls (Including IRAN). | 01 | | X | |
| B | Overhaul of Ships | 01 | | X | |
| C | Repair & Rehabilitation, Other. | 01 | | X | |
| 4 A | Contractor-Provided Overhaul/Repair & Rehabili- tation of Non-Standard Equipment | | | X | |
| N | TRAINING (FMS 1200 SYSTEM ONLY) | | | | |
| 0 | Training: | | | | |
| 0 | Training. | 00 | | X | |
| 7 | Training - Medical Services: | | | | |
| E | Medical Services. | 00 | | X | |
| 9 | Training: | | | | |
| A | Aids, Devices, Spare Parts. | 00 | | X | |
| B | Books, Publications, Other. | 00 | | X | |
| X | PCH&T Costs | 00 | | X | |

02
06

| Generic Code | Item Ident. No. | Description/Category | Program as: | | Remarks |
|--------------|-----------------|--|-------------|-------------|---------|
| | | | Major Item | Dollar Line | |
| N | | TRAINING (FMS 1000 SYSTEM ONLY) | | | |
| 1 | | FORMAL TRAINING - UNITED STATES | | | |
| A | 0110000 | Flying Training, U.S.: | | | |
| | 0111000 | Pilot, Jet, Fixed Wing | X | | |
| | 0112000 | Pilot, Conventional, Fixed Wing. | X | | |
| | 0113000 | Pilot, Helicopter. | X | | |
| | 0114000 | Non-Pilot. | X | | |
| | 0115000 | Instructor | X | | |
| | 0116000 | Special Techniques | X | | |
| | 0117000 | Crew/Transition. | X | | |
| | 0118000 | Flight Test. | X | | |
| | 0119000 | Other. | X | | |
| B | 0120000 | Operations Training, U.S.: | | | |
| | 0121000 | Combat Operations. | X | | |
| | 0122000 | Weapons/Tactics/FAM. | X | | |
| | 0123000 | Mine Warfare/ASW | X | | |
| | 0124000 | Amphibious Operations. | X | | |
| | 0125000 | Reconnaissance, Mapping/Photo. | X | | |
| | 0126000 | Counterinsurgency/Psychological Warfare. | X | | |
| | 0127000 | CBR. | X | | |
| | 0128000 | Training Devices/Simulators. | X | | |
| | 0129000 | Other. | X | | |
| C | 0130000 | Communications/Electronics Training, U.S.: | | | |
| | 0131000 | Electronic Fundamentals. | X | | |
| | 0132000 | Ground Comm/Signal | X | | |
| | 0133000 | Air Comm/Signal. | X | | |
| | 0134000 | Fire Control Sys/Surface-to Air. | X | | |
| | 0135000 | ASW Systems/Surface-to-Air | X | | |
| | 0136000 | ECM Systems/Surface-to-Air | X | | |
| | 0137000 | Other Radar Systems/Surface-to-Air | X | | |
| | 0138000 | (Unassigned) | X | | |
| | 0139000 | Other. | X | | |
| D | 0140000 | Maintenance Training, U.S.: | | | |
| | 0141000 | Aviation | X | | |
| | 0142000 | Armament/Ammunition. | X | | |
| | 0143000 | Auto/Ground Support. | X | | |
| | 0144000 | Combat/Special Vehicle | X | | |

| Generic Code | Item Ident. No. | Description/Category | Program as: | | Remarks |
|--------------|-----------------|---|-------------|-------------|---------|
| | | | Major Item | Dollar Line | |
| N 1 D | 0145000 | Ships/Boats | X | | |
| | 0146000 | Weather/Meteorology | X | | |
| | 0147000 | Training Equipment/Devices | X | | |
| | 0148000 | Support Technical Skills | X | | |
| | 0149000 | Other | X | | |
| E | 0150000 | Logistics Training, U.S.: | X | | |
| | 0151000 | Logistics Management | X | | |
| | 0152000 | Supply/Warehousing | X | | |
| | 0153000 | Transport/Distribution | X | | |
| | 0154000 | Procurement | X | | |
| | 0155000 | Comptroller/Stat/ADPS | X | | |
| | 0156000 | Finance | X | | |
| | 0157000 | (Unassigned) | X | | |
| | 0158000 | (Unassigned) | X | | |
| 0159000 | Other | X | | | |
| F | 0160000 | Administrative Training, U.S.: | | | |
| | 0161000 | Personnel | X | | |
| | 0162000 | Manpower/Management | X | | |
| | 0163000 | Food Handling/Admin. | X | | |
| | 0164000 | Info/Education | X | | |
| | 0165000 | Clerical | X | | |
| | 0166000 | Instructor/Supervisor | X | | |
| | 0167000 | (Unassigned) | X | | |
| | 0168000 | Women's Military | X | | |
| 0169000 | Other | X | | | |
| G | 0170000 | Professional/Special Training, U.S.: | | | |
| | 0171000 | Command/Staff | X | | |
| | 0172000 | Intelligence | X | | |
| | 0173000 | Military Police/Civil Affairs | X | | |
| | 0174000 | Engineering/Construction | X | | |
| | 0175000 | Medical/Health Hygiene | X | | |
| | 0176000 | Legal | X | | |
| | 0177000 | English Language | X | | |
| | 0178000 | Civilian Institution | X | | |
| 0179000 | Other | X | | | |
| H | 0180000 | Orientation Training, U.S.: | | | |
| | 0181000 | Orientation Tours/DV | X | | |
| | 0182000 | Orientation Tours/Non-DV | X | | |

| Generic Code | Item Ident. No. | Description/Category | Program as: | | Remarks |
|----------------------------|-----------------|--|-------------|-------------|---------|
| | | | Major Item | Dollar Line | |
| N 1 H | 0183000 | Observer | X | | |
| | 0184000 | Exchange Student | X | | |
| | 0185000 | Informational Program. | X | | |
| | 0186000 | (Unassigned) | X | | |
| | 0187000 | (Unassigned) | X | | |
| | 0188000 | (Unassigned) | X | | |
| | 0189000 | Other. | X | | |
| J | 0190000 | Missile Training, U.S.: | | | |
| | 0191000 | IRBM | X | | |
| | 0192000 | NIKE | X | | |
| | 0193000 | HAWK | X | | |
| | 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 | | |
| FORMAL TRAINING - OVERSEAS | | | | | |
| N | 0210000 | Flying Training, O/S: | | | |
| | 0211000 | Pilot, Jet, Fixed Wing | X | | |
| | 0212000 | Pilot, Conventional, Fixed Wing. | X | | |
| | 0213000 | Pilot, Helicopter. | X | | |
| | 0214000 | Non-Pilot. | X | | |
| | 0215000 | Instructor | X | | |
| | 0216000 | Special Techniques | X | | |
| | 0217000 | Crew/Transition. | X | | |
| | 0218000 | (Unassigned) | X | | |
| | 0219000 | Other. | X | | |
| P | 0220000 | Operations Training, O/S: | | | |
| | 0221000 | Combat Operations. | X | | |
| | 0222000 | Weapons/Tactics/FAM. | X | | |
| | 0223000 | Mine Warfare/ASW | X | | |
| | 0224000 | Survival/Jungle/Arctic | X | | |
| | 0225000 | Reconnaissance, Mapping/Photo. | X | | |
| | 0226000 | Counterinsurgency/Psychological Warfare. | X | | |
| | 0227000 | CBR. | X | | |
| | 0228000 | Training Devices/Simulators. | X | | |
| | 0229000 | Other. | X | | |

| Generic Code | Item Ident. No. | Description/Category | Program as: | | Remarks |
|--------------|-----------------|--|-------------|-------------|---------|
| | | | Major Item | Dollar Line | |
| N 1 Q | 0230000 | Communications/Electronics Training, O/S: | X | | |
| | 0231000 | Electronic Fundamentals. | X | | |
| | 0232000 | Ground Comm/Signal | X | | |
| | 0233000 | Air Comm/Signal. | X | | |
| | 0234000 | Fire Control Sys/Surface-to Air. | X | | |
| | 0235000 | ASW Systems/Surface-to-Air | X | | |
| | 0236000 | ECM Systems/Surface-to-Air | X | | |
| | 0237000 | Other Radar Systems/Surface-to-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 Vehicle | X | | |
| | 0245000 | Ships/Boats. | X | | |
| | 0246000 | Other Support Equipment. | X | | |
| | 0247000 | Training Aids/Devices. | X | | |
| | 0248000 | Support Technical Skills | X | | |
| 0249000 | Other. | X | | | |
| S | 0250000 | Logistics Training, O/S: | | | |
| | 0251000 | Logistics Management | X | | |
| | 0252000 | Supply/Warehousing | X | | |
| | 0253000 | Transport/Distribution | X | | |
| | 0254000 | Procurement. | X | | |
| | 0255000 | Comptroller/Stat/ADPS. | X | | |
| | 0256000 | Finance. | X | | |
| | 0257000 | (Unassigned) | X | | |
| | 0258000 | (Unassigned) | X | | |
| 0259000 | Other. | X | | | |
| T | 0260000 | Administrative Training, O/S: | | | |
| | 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 | | | |

| Generic Code | Item Ident. No. | Description/Category | Program as: | | Remarks |
|--------------|-----------------|--|-------------|-------------|--|
| | | | Major Item | Dollar Line | |
| N 1 U | 0270000 | Professional/Special Training, O/S: | | | |
| | 0271000 | Command/Staff. | X | | |
| | 0272000 | Intelligence/Counterintelligence | X | | |
| | 0273000 | Military 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, U.S.: | | | |
| | 0281000 | Orientation Tours/DV | X | | |
| | 0282000 | Orientation Tours/Non-DV | X | | |
| | 0283000 | Observer | X | | |
| | 0284000 | Exchange Student | X | | |
| | 0285000 | (Unassigned) | X | | |
| | 0286000 | (Unassigned) | X | | |
| | 0287000 | (Unassigned) | X | | |
| | 0288000 | (Unassigned) | X | | |
| | 0289000 | Other. | X | | |
| W | 0290000 | Missile Training, O/S: | | | |
| | 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 | Other. | X | | |
| Z | | PANAMA CANAL SCHOOL TRAINING | | | Not included in Unified Command ceiling. Programmed under Non-Regional Command. |
| | BUSARSA | Training at USARSA | X | | |
| | DO1AAFA | Training at IAFFA. | X | | |
| | PSCIATT | Training at SCIATT | X | | |
| | PO1ANTN | Training at IANTN. | X | | |

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| Generic Code | Item Ident. No. | Description/Category | Program as: | | Remarks |
|--------------|-----------------|---|-------------|-------------|---|
| | | | Major Item | Dollar Line | |
| 2 | | MOBILE TRAINING TEAMS/DETACHMENTS | | | |
| | 0300000 | Mobile Training Teams/Detachments - CONUS: | | | |
| A | 0301000 | Aviation | X | | |
| B | 0302000 | Combat Operation/Intel | X | | |
| C | 0303000 | Communications/Electronic. | X | | |
| D | 0304000 | Supply/Maintenance | X | | |
| E | 0305000 | Personnel/Maintenance. | X | | |
| F | 0306000 | Counterinsurgency. | X | | |
| G | 0307000 | English Language | X | | |
| H | 0308000 | Missiles | X | | |
| J | 0309000 | Other. | X | | |
| | 0310000 | Mobile Training Teams/Detachments - Overseas: | | | |
| M | 0311000 | Aviation | X | | |
| N | 0312000 | Combat Operation/Intel | X | | |
| P | 0313000 | Communications/Electronic. | X | | |
| Q | 0314000 | Supply/Maintenance | X | | |
| R | 0315000 | Personnel/Maintenance. | X | | |
| S | 0316000 | Counterinsurgency. | X | | |
| T | 0317000 | English Language | X | | |
| U | 0318000 | Missiles | X | | |
| V | 0319000 | Other. | X | | |
| 3 | | FIELD TRAINING SERVICES | | | |
| A | 0321000 | Aircraft Engine/Airframe | X | | |
| B | 0322000 | Communications/Electronics | X | | |
| C | 0323000 | Radar Systems. | X | | |
| D | 0324000 | Armament | X | | |
| E | 0325000 | Maintenance. | X | | |
| F | 0326000 | Training/Aids/Devices. | X | | |
| G | 0327000 | English Language | X | | |
| H | 0328000 | Missiles | X | | |
| J | 0329000 | Other. | X | | |
| 5 | | TRAINING OF U.S. MAP PERSONNEL | | | |
| A | 0381000 | Contract Cost. | | X | |
| B | 0382000 | Training of U.S. MAP Personnel | | X | |
| | | | | | Phase I and Phase II. Not included as part of Unified Command ceiling but programmed worldwide by Military Departments. |

| Generic Code | Item Ident. No. | Description/Category | Program as: | | Remarks |
|--------------|-----------------|--|-------------|-------------|--|
| | | | Major Item | Dollar Line | |
| N 5 C | 0383000 | Language | | X | Not included in Unified Command ceiling. Worldwide program prepared by DSAA. |
| E | 0385000 | Other Training Costs | | X | Not included in Unified Command ceiling. Worldwide program budgeted for by Military Departments for training of U.S. personnel in skill peculiar to MAP assignments. |
| 6 | | EXTRAORDINARY EXPENSES | | | |
| A | 0390000 | Extraordinary Expenses | | X | Not included in Unified Command ceiling. Worldwide program budgeted for by Military Departments. |
| 7 | | OTHER TRAINING SUPPORT | | | |
| A | 0361000 | Training Exercises | | X | |
| B | 0362000 | Escort Officers. | X | | |
| C | 0363000 | Supplies & Materials | | X | |
| D | 0364000 | Facilities/Rehabilitation. | | X | |
| E | 0365000 | Services | X | X | |
| F | 0366000 | Other. | X | X | |
| G | 0367000 | Shipment of Instructional Material | | X | Not required for FY 84 and future programs. |
| Z | 0399000 | Abbreviated Training Plan Requirement. | | X | To be used only when training items are unknown at time of programming. |
| 9 | | TRAINING AIDS | | | |
| A | OTNGDEV | Training Aids & Devices. | | X | |
|) | BBKPUBO | Army Books/Publications/Other. | | X | |
| B) | DBKPUBO | Air Force Books/Publications/Other | | X | |
|) | PBKPUBO | Navy Books/Publications/Other. | | X | |
|) | B00PCHT | Army PCH&T | | X | |
| X) | D00PCHT | Air Force PCH&T. | | X | |
|) | P00PCHT | Navy PCH&T | | X | |

| Generic Code | Description | Federal Supply Classification | Program as: | | Remarks |
|--------------|---|-------------------------------|-------------|-------------|---------|
| | | | Major Item | Dollar Line | |
| P | RESEARCH & DEVELOPMENT | | | | |
| 1 | Development of Advance Design Weapons: | | | | |
| A | Development of Advance Design Weapons | 00 | | X | |
| 2 | Other Development Costs: | | | | |
| A | Non-Recurring R&D Costs | 00 | | X | |
| B | First Article Testing | 00 | | X | |
| Q | CONSTRUCTION | | | | |
| 1 | Infrastructure (MAP 1000 System Only): | | | | |
| A | Infrastructure. | 06 | | X | |
| 2 | Other Construction: | | | | |
| A | Contract Construction | 06 | | X | |
| B | A&E Services. | 06 | | X | |
| C | U.S. Government Costs | 06 | | X | |
| D | Construction, A&E Services & Administrative Costs - SAO Facilities | 06 | | | |
| E | Other Construction. | 06 | | X | |
| R | SPECIAL ACTIVITIES | | | | |
| 1 | International Military Headquarters: | | | | |
| A | International Military Headquarters | 07 | | X | |
| 2 | International Forces Support: | | | | |
| A | U.N. Forces Support in Korea. | 07 | | X | |
| B | IAF Support in Dominican Republic | 07 | | X | |
| D | OAS Peacekeeping Forces | 07 | | X | |
| 3 | Expenses, Inspector General Foreign Assistance, State (MAP 1000 System Only): | | | | |
| A | Expenses, Inspector General Foreign Assistance, State. | 07 | | X | |
| 4 | Studies & Surveys: | | | | |
| A | Studies & Surveys | 07 | | X | |
| B | Audit Services. | 07 | | X | |
| C | Quality Assurance Services. | 07 | | X | |
| 5 | Weapons Production Projects (MAP 1000 System Only): | | | | |
| A | Weapons Production. | 07 | | X | |

| Generic Code | Description | Federal Supply Classification | Program as: | | Remarks |
|--------------|--|-------------------------------|-------------|-------------|---------|
| | | | Major Item | Dollar Line | |
| 6 | Extraordinary Expenses: | | | | |
| A | Extraordinary Expenses | 07 | | X | |
| B | Program Management | 07 | | X | |
| 7 | Ship Transfer Costs: | | | | |
| A | Ship Transfer Costs | 07 | | X | |
| 8 | Special Insurance: | | | | |
| A | Special Insurance | 07 | | X | |
| 9 | Other Special Activities: | | | | |
| A | Special Activities | 07 | | X | |
| B | Non-Specific Requirements | 07 | | X | |
| C | Foreign Currency SAO Support | 07 | | X | |
| D | Royalty Payments | 07 | | X | |
| E | Loan Fees | 07 | | X | |
| F | Contract Termination Costs | 07 | | X | |
| G | Technical Assistance Field Team (TAFT) | 07 | | X | |
| H | Asset Use Charge | 07 | | X | |
| Z | Other Services | 07 | | X | |
| T | ADMINISTRATIVE EXPENSES | | | | |
| 1 | Administrative Expenses, Departmental & Headquarters: | | | | |
| A | Administrative Expenses, Departmental & Headquarters | 09 | | X | |
| 2 | SAO Administrative Expenses: | | | | |
| A | SAO Administrative Expenses | 09 | | X | |
| B | Security Assistance Support Expenses | 09 | | X | |
| 3 | Contractor Expenses: | | | | |
| A | Contractor Expenses | 09 | | X | |
| 4 | Administrative Surcharges: | | | | |
| A | Administrative Surcharges | 09 | | X | |
| U | FOREIGN MILITARY SALES ORDER (FMSO) (FMS 1200 SYSTEM ONLY) | | | | |
| 0 0 | Foreign Military Sales Order (FMSO 1) | 00 | | X | |
| 1 0 | Inventory Loss (FMSO 2) | 00 | | X | |



(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.

Replace with addition on page 4

~~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)~~

- (1) ~~(2)~~ An oral request;
- (2) ~~(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
- (3) ~~(4)~~ A request for price/delivery data required to facilitate country decision-making 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 Table E-2 for sample reporting format.

3. Foreign Military Construction Sales (RCS: DSAA(Q)1145). The AECA, Section 36(a) requires quarterly reporting of each Foreign Military Construction sale made under Section 29 during the quarter for which such report is made. The report should cover all sales of design and construction services to any eligible foreign country or international organization specifying (1) the purchaser; (2) the U.S. Government department or agency responsible for implementing the sale; (3) an estimate of the dollar amount of the sale; and (4) a general description of the real property facilities to be constructed pursuant to such sale. These reports must be submitted to the DSAA Comptroller, Data Management Division, not later than 20 days after the reporting period. See Table E-3 for a sample reporting format.

~~a. Upper Volta - Change name to Burkina, Code UV remains unchanged.~~

~~b. St. Christopher-Nevis - Change name to St. Kitts and Nevis, code SC remains unchanged.~~

~~c. Vanuata - Change spelling to Vanuatu.~~

~~d. Code K8, NATO Aircraft Early Warning and Control (Component Command) (NATO AEW+C(COMP)) should be changed to NATO Aircraft Early Warning and Control (Ground Environment Interface) (NATO AEW+C(GEI))~~

6. Appendix E, page E-2, paragraph D.1.c.(2) - Delete sentence "To facilitate the development of Part II..." and replace with the following:

"(3) Part III A. should list each ^{P&A} ~~price and~~ availability estimate provided during the quarter to a foreign country for air-to-ground and ground-to-air missiles or associated launchers, without regard to the ^{value} ~~amount~~ of the possible sale. Each entry should specify the following:

- (a) The name of the country to which the estimate was provided;
- (b) A description of the missile including its designation and mission;
- (c) The quantity involved; and
- (d) The price estimate provided.

(4) Part III B. should list each ^{LOR} ~~request~~ received from a foreign country during the quarter being reported for the issuance of a letter of offer for air-to-ground and ground-to-air missiles or associated launchers, without regard to the amount of the possible sale. Each entry should specify 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 Parts II and III, ^{IAO} ~~Military Department Desk Officers~~ should informally coordinate the information with their counterparts in the DSAA Operations Directorate." ~~Paragraph D.1.c.(2) remains unchanged.~~

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price table E-1

TABLE E-1

PRICE AND AVAILABILITY REPORT (RCS: DSAA(Q)1138)

| PRICE AND AVAILABILITY REPORT (RCS: DSAA(Q)1138) | | | | | |
|--|----------------------------------|----------------------------------|----------------------------------|--|------------------------------|
| QUARTER ENDING _____ | | | (Date) | (Agency) | |
| PART I - PRICE AND AVAILABILITY ESTIMATES PROVIDED | | | | | |
| COUNTRY | DESCRIPTION OF ARTICLES/SERVICES | QUANTITY | PRICE ESTIMATE | DATE INFORMATION PROVIDED LETTERS /MSG. REF. | |
| | | | | | |
| PART II - REQUESTS RECEIVED FOR ISSUANCE OF LETTERS OF OFFER | | | | | |
| COUNTRY | DATE OF REQUEST | DATE REQUEST RECEIVED | DESCRIPTION OF ARTICLES/SERVICES | QUANTITY | P&A TERMS REQUESTED (IF ANY) |
| | | | | | |
| PART III. A. - PRICE AND AVAILABILITY ESTIMATES PROVIDED FOR AIR-TO-GROUND AND GROUND-TO-AIR MISSILES AND LAUNCHERS | | | | | |
| COUNTRY | DESCRIPTION OF ARTICLES/SERVICES | QUANTITY | PRICE ESTIMATE | | |
| | | | | | |
| PART III. B. - REQUESTS RECEIVED FOR ISSUANCE OF LETTERS OF OFFER FOR AIR-TO-GROUND AND GROUND-TO-AIR-MISSILES AND LAUNCHERS | | | | | |
| COUNTRY | DATE OF REQUEST | DESCRIPTION OF ARTICLES/SERVICES | QUANTITY | P&A TERMS REQUESTED (IF ANY) | |
| | | | | | |

6 Apr 90 compl
I-01828/90

STATUTORY REPORTS TO CONGRESS SUBMITTED BY DOD ON SECURITY ASSISTANCE

| REPORT ITEM | AUTHORIZING LEGISLATION | RECIPIENT* | TRIGGER | RESPONSIBLE DOD COMPONENT |
|--|--------------------------------|---|--|--|
| 1. Notification to Congress of Defense Articles, Services, Education & Training provided under emergency draw-down 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 | P&L/DASD for Logistics Management * |
| 3. U.S. Armed Services Personnel Assigned to SAOs: two reports | | | | |
| (a) Presidential waiver of Congressional limitation of six Armed Forces personnel in country | Sec. 515(c)(1), FAA of 1961 | HFAC, SFRC | 30 days prior to introduction of additional personnel | DSAA/Plans/Training, Org & Manpower |
| (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/Training, Org & Manpower |
| 4. Notification of Program Changes (Dollar Levels) | Sec. 634A, FAA of 1961 | HFAC, SFRC, HAC, SAC | 15 days in advance of obligation of funds not justified, or in excess of amounts justified to the Congress for obligation under the FAA and AECA | DSAA/COMPT/FMD * |

10 April 90
 (with changes from inventory)

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 (Reported in Table E-)

SAMM, TABLE E-6

STATUTORY REPORTS TO CONGRESS SUBMITTED BY DOD ON SECURITY ASSISTANCE

| REPORT ITEM | AUTHORIZING LEGISLATION | RECIPIENT* | TRIGGER | RESPONSIBLE DOD COMPONENT |
|---|--|----------------------------------|--|------------------------------------|
| 5. Notification of Obligation of Funds not justified for a particular fiscal year; Also, transfers under Sec. 610, FAA to IMET or to Foreign Military Financing | Foreign Assistance & Related Programs Appropriations Act, (For FY 1990, Sec. 523, P.L. 101-167) See also Sec. 514, first proviso | HAC, SAC | 15 days in advance of <u>obligation</u> of funds not justified, or in excess of for a particular fiscal year | DSAA/COMPT/FMD * * * * |
| 6. Program Content Notification | Foreign Assistance & Related Programs Appropriations Act, (For FY 1990, Sec. 523, first proviso, P.L.101-167) | HAC,SAC | 15 days in advance of <u>commitment</u> of loan or grant funds for MDE or major defense items not justified, or 20% in excess of quantity previously justified | DSAA/OPS/MGMT ** |
| 7. Notification of Status of FY 1989 MAP Merger Funds | Foreign Assistance, Export Financing & Related Programs Appropriations Act for Military Assistance (For FY 1989, P.L. 100-461) | HAC, SAC | NLT March 1st each year | DSAA/COMPT |
| 8. Annual Assessment on NATO Readiness | 10 USC, Sec. 117 | HASC, SASC, HAC, SAC | Part of annual budget release to Congress | OASD/ISP |
| 9. Notification of sales or transfers from U.S. Active forces' inventories 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 |

SAMM, TABLE E-6

STATUTORY REPORTS TO CONGRESS SUBMITTED BY DOD ON SECURITY ASSISTANCE

| REPORT ITEM | AUTHORIZING LEGISLATION | RECIPIENT* | TRIGGER | RESPONSIBLE DOD COMPONENT |
|--|----------------------------------|--|--|--|
| 10. 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 "international crisis" | DSAA/OPS/Country Desk Officer |
| 11. Report on NATO acquisition of non-interoperable major weapons systems to be used by U.S. forces in Europe under the terms of the North Atlantic Treaty | 10 USC, Sec. 2457(d) | SHR, Pres. of Senate, HASC, SASC | NLT February 1st each year | USD(A) * |
| 12. Notification of grant transfer of excess defense articles (See also item #23) | Sec. 516, FAA Sec. 517, FAA | HAC, SAC, SFRC, HFAC, SASC, HASC | 30 days prior to transfer | DSAA/OPS ** |
| 13. Report on Significant Hostilities or Terrorist Acts | Sec. 21(c)(2), AECA | SHR, Pres. Pro Tem of Senate | Within 48 hours of change in status of hostilities or terrorist acts which would endanger American lives or property | General Counsel, DOD |
| 14. 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 |
| 15. Report on FMS Training Standardization Agreements with NATO, Japan, Australia, New Zealand, or Israel | Sec. 21(g), AECA | SHR, HAC, SAC, HASC, SASC, HFAC, SFRC | U.S. conclusion of any standardization agreement on training for identified purchaser | DSAA/Plans/Training, Org & Manpower |

SAMM, TABLE E-6

STATUTORY REPORTS TO CONGRESS SUBMITTED BY DOD ON SECURITY ASSISTANCE

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| REPORT ITEM | AUTHORIZING LEGISLATION | RECIPIENT* | TRIGGER | RESPONSIBLE DOD COMPONENT |
|--|-------------------------|---|---|-------------------------------|
| 16. Report on sales from stocks having an adverse impact on the readiness of U.S. Armed Forces | Sec. 21(i), AECA | SHR, SASC, HASC, HFAC, SFRC | In the event a proposed sale from stocks could have significant adverse impact on combat readiness of U.S. forces | DSAA/OPS/Country Desk Officer |
| 17. 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 |
| 18. Annual Estimate & Justification for Sales Program [Congressional Presentation for Security Assistance (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 considered eligible for approval during the current calendar year. Also an indication of which sales are most likely to result in issuance of an LOA during such year | Sec. 25(a)(1), AECA | | NOTE: Reported separately to State/PM and not part of the CPD | DSAA/OPS/MGMT |
| b. Estimate of total sales and licensed commercial exports | Sec. 25(a)(2), AECA | | | DSAA/COMPT/DMD |

SAMM, TABLE E-6

STATUTORY REPORTS TO CONGRESS SUBMITTED BY DOD ON SECURITY ASSISTANCE

| REPORT ITEM | AUTHORIZING LEGISLATION | RECIPIENT* | TRIGGER | RESPONSIBLE DOD COMPONENT |
|--|-------------------------|-----------------|---|---------------------------|
| 18. c. Estimate of aggregate dollar value and quantity of defense articles and defense services, IMET, MAP, credits and guaranties to be furnished in the next fiscal year | Sec. 25(a)(5)(A), AECA | | | DSAA/COMPT/DMD |
| d. Report on Cash Flow Financing | Sec. 25(a)(5)(B), AECA | | | DSAA/COMPT/FMD |
| e. Analysis and description of USG services for which reimbursement is provided under Sec. 43(b) or 21(a) of the AECA | Sec. 25(a)(6), AECA | SHR, SFRC | NOTE: Reported separately and not part of CPD | DSAA/COMPT/DMD * |
| f. Amount of funds in reserve for guaranties | Sec. 25(a)(7), AECA | | | DSAA/COMPT/CMMD |
| g. Progress made in the Korean Force Modernization Program | Sec. 25(a)(9), AECA | | | OASD/ISA/EA&PR |
| h. Status of each loan and contract of guaranty or insurance | Sec. 25(a)(11), AECA | | NOTE: Reported separately and not part of CPD | DSAA/COMPT/CMMD |
| 19. 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 #25. | DSAA/COMPT/DMD * |
| 20. Copies of Security Assistance Surveys | Sec. 26(c), AECA | SHR, HFAC, SFRC | On request of Chairman, HFAC, or Chairman, SFRC | DSAA/COMPT/DMD |

SAMM, TABLE E-6

STATUTORY REPORTS TO CONGRESS SUBMITTED BY DOD ON SECURITY ASSISTANCE

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| REPORT ITEM | AUTHORIZING LEGISLATION | RECIPIENT* | TRIGGER | RESPONSIBLE DOD COMPONENT |
|---|---|-----------------------------|---|---------------------------|
| 21. Proposed Agreements for NATO Cooperative Projects | Sec 27(f), AECA | SHR, HASC, SASC, HFAC, SFRC | NLT 30 days prior to signature of agreement on behalf of USG | DSAA/OPS/MGMT |
| 22. Quarterly Report on Price and Availability; LOA Requests for \$7M or more of MDE/\$25M or more of defense articles and services or for air-to-ground/ground-to-air missiles | Sec. 28, AECA | SHR, SFRC | NLT 15 days after end of each calendar quarter | DSAA/COMPT/DMD * * |
| 23. List of all accepted and unaccepted LOA's to sell excess defense articles through FMS procedures (See also item #12) | HFAC Report No. 96-70 (International Security Assistance Act of 1979), 24 March 1979, page 25 | SHR, SFRC | NLT 60 days after end of each quarter. This is included in reports required by Sec. 36(a), AECA. See Report Item #25. | DSAA/COMPT/FMD * |
| 24. Waivers of non-recurring recoupment charges | HGOC Report No. 97-214, 31 July 1981 | SHR, SFRC | Included in reports required by Sec. 36(a), AECA. See Report Item #25. | DSAA/OPS/MGMT * |
| 25. 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 defense articles and services | Sec. 36(a)(2), AECA | | | DSAA/COMPT/DMD |

SAMM, TABLE E-6

STATUTORY REPORTS TO CONGRESS SUBMITTED BY DOD ON SECURITY ASSISTANCE

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| REPORT ITEM | AUTHORIZING LEGISLATION | RECIPIENT* | TRIGGER | RESPONSIBLE DOD COMPONENT | |
|---|--------------------------|---------------------------------------|---|---------------------------|----|
| 25. c. Cumulative dollar amounts of FMS direct credit and guaranty agreements made during the fiscal year | Sec. 36(a)(3), AECA | | | DSAA/COMPT/CMMD | |
| 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)(9), AECA | | | DSAA/COMPT/DMD | |
| f. Third-party transfer of defense articles or services whose value (in terms of original acquisition cost) is \$1,000,000 or more | Sec. 36(a)(10), AECA | | | DSAA/COMPT/DMD | ** |
| g. Transfers to non-DoD USG agencies of munitions list items worth \$250,000 or more | Sec. 36(a)(11), AECA | | | P&L/DASD for Logistics | ** |
| h. See Items 19, 23 & 24 | | | | | * |
| 26. Reports of Proposed FMS which are: | Sec. 36(b)(1), AECA | SHR, HFAC, SFRC, HASC, SASC, HAC, SAC | 15 days before issuance of an LOA to NATO, NATO members, Japan, Australia, or New Zealand; or 30 days before issuance of an LOA to other purchasers | DSAA/COMPT/FMS Control | |
| a. For defense articles or services valued at \$50M or more, or | | | | | |

SAMM, TABLE E-6

STATUTORY REPORTS TO CONGRESS SUBMITTED BY DOD ON SECURITY ASSISTANCE

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| REPORT ITEM | AUTHORIZING LEGISLATION | RECIPIENT* | TRIGGER | RESPONSIBLE DOD COMPONENT | |
|--|--|---|---|--|--------|
| 26. b. For design and construction services valued at \$200M or more, or c. MDE valued at \$14M or more | | | | | |
| 27. 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 | |
| 28. Notification on Enhancement or Upgrade 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 | |
| 29. 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 | |
| 30. Report on Proposed Leases of Defense Articles, including reciprocal no-rent leases | Sec. 62, AECA See also Sec. 61(a), 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 | * * |
| 31. Reprogramming of FMS concessional credits | Title III, Foreign Assistance Appropriations Act, 1990 | HAC, SAC, HFAC, SFRC | 15 days in advance of obligation of funds. See Report Items #4 and #5 | DSAA/COMPT/FMD | * |

SAMM, TABLE E-6

STATUTORY REPORTS TO CONGRESS SUBMITTED BY DOD ON SECURITY ASSISTANCE

| REPORT ITEM | AUTHORIZING LEGISLATION | RECIPIENT* | TRIGGER | RESPONSIBLE DOD COMPONENT |
|---|--|----------------------|--|---------------------------|
| 32. Aircraft grants or sales to Central America | Sec. 532(a), Foreign Assistance Appropriations Act, 1990 | HAC, SAC, HFAC, SFRC | 15 days in advance of LOA issuance or delivery | DSAA/OPS/LA |

*ABBREVIATIONS:

- SHR - Speaker of the House of Representatives
- HBC - House Budget Committee
- SBC - Senate Budget Committee
- CBO - Congressional Budget Office
- HAC - House Appropriations Committee
- SAC - Senate Appropriations Committee
- HFAC - House Foreign Affairs Committee
- SFRC - Senate Foreign Relations Committee
- HASC - House Armed Services Committee
- SASC - Senate Armed Services Committee

SAMM, TABLE E-7

CURRENT REPORTING REQUIREMENTS UNDER DSAA REPORTS CONTROL SYSTEM

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| 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/AFD * |
| 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/FMD and DSAA/PLANS/TOM | DSAA/COMPT/FMD & DSAA/PLANS/TOM * |
| FOREIGN MILITARY SALES REPORTS: | | | | |
| DSAA(M)1101 | Financial Procedures Applicable to Military Procurement Agreement Between U.S. and Federal Republic of Germany | Monthly | All Implementing Agencies, SAAC | SAAC |
| DSAA(M)1111 | Monthly Report of Disbursements/Collections Transactions for DSAA | Monthly | SAAC | DSAA/COMPT/AFD * |
| DSAA(Q)1112 | Recoupment of Non-recurring Costs on Sales of USG Products and Technology (DOD Directive 2140.2) | Quarterly | All Implementing Agencies, SAAC | DSAA/OPS/MGMT |
| DSAA(Q)1113 | FMS Case Listings of Major Defense Equipment (MDE) Valued at \$1 Million or More & Supporting Tables Showing Current Year Activity (Feeder for Section 36(a), Arms Export Control Act (AECA)) | Quarterly | All Implementing Agencies | DSAA/COMPT/DMD |

Changes to SAMM TABLE E-7

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CURRENT REPORTING REQUIREMENTS UNDER DSAA REPORTS CONTROL SYSTEM

| Reports Control Symbol (RCS) | Report Title | Reporting Frequency | Reporting Components | Responsible Office |
|------------------------------|---|---------------------|---------------------------|--------------------|
| 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), AECA) | 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), AECA; 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 Government of Saudi Arabia (Later expanded to include any other countries) | Monthly | Army Corps of Engineers | DSAA/COMPT/DMD |
| DSAA(A)1121 | Number of U.S. Officers and Employees Engaged in Services to Foreign Governments under FMS (Feeder for Section 25(a)(6), AECA) | Annually | All Implementing Agencies | DSAA/COMPT/DMD * |
| 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 Reporting System | Weekly | DSAA/COMPT/CMMD | DSAA/COMPT/CMMD * |
| DSAA(AR)1133 | Notification of Sales or Transfers from U.S. Active Forces' Inventories or Current Production (Feeder for Section 118, 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 |

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CURRENT REPORTING REQUIREMENTS UNDER DSAA REPORTS CONTROL SYSTEM

| Reports Control Symbol (RCS) | Report Title | Reporting Frequency | Reporting Components | Responsible Office |
|---------------------------------|--|------------------------|--|-----------------------|
| DSAA(Q)1137 | Security Assistance Surveys (Feeder for Section 36(a), Arms Export Control Act; required by Section 26(b), AECA) | Quarterly | All Implementing Agencies | DSAA/OPS/MGMT |
| DSAA(Q)1138 | Price and Availability Report (Feeder for Section 28(a), AECA) | Quarterly | All Implementing Agencies | DSAA/COMPT/DMD |
| DSAA(M)1141 | FMS Selected Constructive (Physical) Deliveries | Monthly | All Implementing Agencies | SAAC |
| 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), AECA) | Quarterly | All Implementing Agencies | DSAA/COMPT/DMD |
| DSAA(Q)1146 | Unexpired Leases of DOD Property of Any Value (SAMM, page 1200-22) | Quarterly | All Implementing Agencies | DSAA/OPS/MGMT * |
| DSAA(M)1147 | U.S. Military Component's Deposits to Special Defense Acquisition Fund (SDAF) | Monthly | All Implementing Agencies | SAAC * |
| DSAA(Q)1149 | Status Report on Sale of Govt-Furnished Equipment/Materiel and Related Quality Assurance (DOD Directive 4175.1) | Quarterly | Army, Navy, Air Force, SAO's | DSAA/OPS/MGMT |
| DSAA(AR)1150 | Intensive Financial Management Report | As Required | Army, Navy, Air Force, SAAC, Others, as directed | DSAA/COMPT/FMD |

CURRENT REPORTING REQUIREMENTS UNDER DSAA REPORTS CONTROL SYSTEM

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| Reports Control Symbol (RCS) | Report Title | Reporting Frequency | Reporting Components | Responsible Office | |
|--|---|---------------------|--|--------------------|----|
| DSAA(Q)1152 | MAP Overhead Support Activities and SAO Budget Execution Reporting | Quarterly | Army, Navy, Air Force, Unified Cnds | 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 (Section 25(a)(5)(B), AECA) | Annually | DSAA/COMPT/FMD | DSAA/COMPT/FMD | |
| DSAA(Q)1156 | Quarterly Report on Third Country Transfers (Section 36(a)(10), AECA) | Quarterly | Department of State | DSAA/COMPT/DMD | ** |
| DSAA(Q)1157 | Quarterly Report of Munitions Items Transferred by the DOD to Other Federal Agencies Valued at \$250,000.00 or More (Section 36(a)(11), AECA) | Quarterly | Army, Navy, Air Force, Defense Agencies, AID, Depts. of Commerce, Energy, State, Treasury, | DSAA/COMPT/DMD | ** |
| 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, Ex-Im Bank, Commercial Banks | DSAA/COMPT/DMD | |

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CURRENT REPORTING REQUIREMENTS UNDER DSAA REPORTS CONTROL SYSTEM

| Reports Control Symbol (RCS) | Report Title | Reporting Frequency | Reporting Components | Responsible Office |
|---------------------------------|---|------------------------|---|-----------------------|
| DSAA(Q)1204 | Export Licenses and Approvals (Feeder for Section 36(a)(4), AECA) | 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 | Congressional Presentation for Security Assistance (Section 25(a), AECA) | Annually | AID, ACDA, DOD, Dept. of State | DSAA/COMPT/DMD |
| DSAA(Q)1218 | Military Manpower for SAOs | Quarterly | Unified Commands | DSAA/COMPT/BUD * |
| DSAA(M)1219 | DSAA Monthly Fund Status Report | Monthly | Latin American SAOs | DSAA/COMPT/AFD * |
| DSAA(Q)1221 | FMS Arrearages | Quarterly | Army, Navy, Air Force, SAAC | DSAA/COMPT/AFD * |
| DSAA(Q)1222 | Security Assistance Planning & Program Worksheets | Quarterly | Army, Navy, Air Force, SAOs | DSAA/COMPT/MGMT |
| DSAA(Q)1226 | Status of Coproduction Programs Approved Under Security Assistance Program (DOD Directive 2000.9) | Quarterly | Army, Navy, Air Force | DSAA/COMPT/MGMT |
| DSAA(Q)1228 | Special Defense Acquisition Fund (SDAF) Inventory Report | Quarterly | Army, Navy, Air Force, DLA, NSA | DSAA/PLANS/SDAF |

CURRENT REPORTING REQUIREMENTS UNDER DSAA REPORTS CONTROL SYSTEM

| Reports Control Symbol (RCS) | Report Title | Reporting Frequency | Reporting Components | Responsible Office | |
|------------------------------|--|--|--------------------------|--------------------|----|
| DSAA(A)1230 | Foreign Military Trainee Positions of Prominence and Influence | Every Five Years (First report due 1 Jan 1990) | Unified Commands | DSAA/PLANS/TOM | * |
| DSAA(A)1231 | Professional Military Education Exchanges | Annually | Army, Navy, Air Force | DSAA/PLANS/TOM | * |
| DSAA(SA)1235 | Report of SAO Expenditures for Physical Security | Semi-Annually | Unified Commands | DSAA/COMPT/BUD | ** |

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 replace table F-3 with
 this new table)



DOD 5105.38-M

TABLE F-3

TRANSPORTATION COST LOOK-UP TABLE
 (Effective 1 Nov 89)

ARMY ANNEX

| <u>NSN</u> | <u>ITEM</u> | <u>CODE 6*</u> | <u>CODE 8*</u> | <u>CODE 9*</u> |
|------------------|---|----------------|----------------|----------------|
| <u>CHAPARRAL</u> | | | | |
| 1410-01-150-2863 | MISSILE, GM INTERCEPT AERIAL MIM-71F | \$ 301 | \$ 163 | \$ 1,118 |
| 1440-01-937-3859 | SYS, MISSILE, GM INTERCEPT AERIAL CARRIER, MTD, M48 | 11,164 | 4,607 | 57,033 |
| 4935-01-104-9827 | AN/TSM-96A | 11,211 | 7,199 | 39,910 |
| 1410-01-216-3775 | MISSILE, GM, INTERCEPT AERIAL MIM-72N | 301 | 163 | 1,118 |
| 1410-01-095-3248 | MSL, GM, INTERCEPT AERIAL, MIM-72E | 301 | 163 | 1,118 |
| 1440-01-106-3089 | MSL, GM, INTERCEPT AERIAL, CARRIER MTD, M48A2 | 11,164 | 4,607 | 57,033 |
| 1440-01-198-5892 | MSL, GM, INTERCEPT AERIAL, MTD, M48A2E1 | 11,164 | 4,607 | 57,033 |
| 1440-01-069-8877 | MSL, GM, INTERCEPT AERIAL, CARRIER MTD, M48A1 | 11,164 | 4,607 | 57,033 |
| 1440-01-181-6002 | FLIR | 623 | 394 | 2,023 |
| 4935-00-168-9951 | AN/TSM-96 | 7,018 | 4,840 | 23,858 |
| <u>DRAGON</u> | | | | |
| 1427-00-163-8959 | MISSILE | \$ 154 | 116 | 479 |
| 1430-00-078-8340 | TRACKER | 289 | 280 | 585 |
| 1430-01-046-9594 | NIGHT TRACKER | 347 | 309 | 909 |
| <u>HAWK</u> | | | | |
| 1410-01-173-9990 | MISSILE, MEI | \$ 1,934 | \$ 1,030 | \$ 8,995 |
| 1430-00-782-9816 | HPI | 10,654 | 4,753 | 37,426 |
| 1430-01-178-9643 | HPI/PIP, PHASE II | 10,654 | 4,753 | 37,426 |
| 1430-01-042-4910 | BCC/PIP, PHASE I | 7,212 | 4,346 | 26,408 |
| 1430-01-084-1130 | IBCC, PHASE II | 7,212 | 4,346 | 26,408 |

(30)

| | | | | |
|------------------|---|--------|-------|--------|
| 1430-00-178-8454 | ROR | 7,332 | 2,742 | 27,395 |
| 1430-00-880-3357 | AN/TPQ-29 | 7,902 | 4,692 | 29,280 |
| 1430-01-042-4908 | PAR/PIP, PHASE I | 8,379 | 2,970 | 31,120 |
| 1430-00-178-8453 | PAR | 8,379 | 2,970 | 31,120 |
| 1430-01-042-4915 | IPCP, PHASE I | 10,911 | 4,518 | 39,813 |
| 1430-00-103-5270 | IPCP, AN/MSW-11 | 10,911 | 4,518 | 39,813 |
| 1430-01-084-1131 | IPCP, PHASE II | 10,911 | 4,518 | 39,813 |
| 1430-01-042-4918 | ICC/PIP, PHASE I | 11,283 | 4,890 | 40,254 |
| 1430-00-178-8459 | ICC | 11,283 | 4,890 | 40,254 |
| 1430-01-042-4907 | ICWAR/PIP, PHASE I | 7,541 | 2,787 | 28,115 |
| 1430-00-135-0267 | ICWAR | 7,541 | 2,787 | 28,115 |
| 1410-01-234-3266 | MISSILE | 1,934 | 1,030 | 8,995 |
| 4935-00-083-3128 | SHOP EQUIP (NO. 8) | 6,912 | 2,650 | 25,831 |
| 4935-01-085-5618 | SHOP EQUIP (NO. 9) | 6,912 | 2,650 | 25,831 |
| 4935-01-085-5679 | SHOP EQUIP (T.A.G.) | 3,568 | 3,109 | 10,598 |
| 4935-00-133-9770 | SHOP EQUIP, AN/TSM-112 W/SM 35 BEAM | 1,756 | 1,412 | 6,765 |
| 4935-00-782-1957 | SHOP EQUIP AN/TSM-105 | 7,303 | 4,323 | 27,673 |
| 4935-01-042-4909 | SHOP EQUIP AN/TSM-107 PIP | 7,303 | 4,323 | 27,673 |
| 4935-00-880-4510 | SHOP EQUIP AN/TSM-107 | 7,441 | 4,461 | 27,837 |
| 4935-01-051-8691 | SHOP EQUIP AN/TSM-104 | 7,303 | 4,323 | 27,673 |
| 4935-01-067-3362 | SHOP EQUIP GM AN/TSM-120 | 1,986 | 1,527 | 7,378 |
| 4935-00-604-7460 | IAFU OMC GRD | 635 | 406 | 2,445 |
| 5821-00-192-8668 | TRANSMITTING SET | 103 | 92 | 331 |
| 1430-00-179-3990 | BIG/AN/GSA-130 | 415 | 340 | 2,069 |
| 1337-00-484-8551 | ROCKET MOTOR, M112 | 544 | 469 | 3,538 |
| 1450-00-066-8873 | LOADER, XM501E3 | 5,099 | 2,255 | 18,232 |
| 1430-01-191-8780 | HPI/PIP PHASE III | 10,654 | 4,753 | 37,426 |
| 1430-01-184-6768 | CWAR/PIP PHASE III | 6,073 | 2,467 | 22,081 |
| 1430-01-180-5318 | PCP/PIP PHASE III | 11,283 | 4,890 | 40,455 |
| 4935-01-218-7088 | SHOP EQUIP. (NO. 8) PHASE III | 6,703 | 2,605 | 25,090 |
| 1430-01-213-9397 | BIG PHASE III | 2,014 | 1,670 | 16,462 |
| 1440-00-805-3012 | LAUNCHER | 6,384 | 3,862 | 23,634 |
| 4935-01-043-2244 | SHOP EQUIP. (NO. 1) PHASE I | 5,142 | 3,308 | 18,451 |
| 4935-01-083-3129 | SHOP EQUIP. (NO. 1) PHASE II | 5,372 | 3,423 | 19,334 |
| 4935-01-091-4450 | TAS MAINT. KIT PHASE II | 1,641 | 1,068 | 6,216 |
| 1440-00-602-5055 | LSCB, PHASE I | 103 | 92 | 416 |
| 1450-00-103-5399 | PALLET | 1,359 | 900 | 5,383 |

HELICOPTER, UH-1

| | | | | |
|------------------|--------------|-------|-----|-------|
| 2840-01-093-7451 | ENGINE | 1,114 | 762 | 2,607 |
| 1615-00-183-0834 | TRANSMISSION | 1,072 | 762 | 1,966 |
| 2915-01-005-9197 | FUEL CONTROL | 127 | 111 | 236 |

MLRS

| | | | | |
|------------------|----------------------|--------|-------|--------|
| 1055-01-192-0358 | AVMRL (LESS CARRIER) | 12,949 | 5,081 | 94,064 |
|------------------|----------------------|--------|-------|--------|

PATRIOT

| | | | | |
|------------------|---------------------------|--------|-------|---------|
| 1430-01-087-6330 | RADAR SET | 23,673 | 8,265 | 104,257 |
| 1410-01-087-6343 | GM INTERCEPT AERIAL | 3,121 | 1,765 | 10,296 |
| 1430-01-087-6338 | AN/MGQ-104 | 21,504 | 7,243 | 88,030 |
| 1440-01-087-9844 | M901 | 21,504 | 7,243 | 81,133 |
| 1430-01-087-6337 | AN/MSQ-116 | 21,434 | 7,501 | 86,353 |
| 1430-01-131-5427 | AN/MRC-137 | 20,703 | 7,098 | 80,776 |
| 1430-01-131-5373 | ANTENNA MAST GROUP TRK | 20,304 | 7,026 | 91,538 |
| 1410-01-205-7066 | GM INTERCEPT AERIAL | 2,652 | 1,296 | 9,827 |

REDEYE

| | | | | |
|------------------|-------------------------|-----|-----|-----|
| 1425-01-078-9259 | M41 MSL ASSEMBLY | 135 | 106 | 411 |
| 1425-01-078-9258 | M41 MSL W/METL CONT. | 135 | 106 | 371 |
| 6920-00-809-0399 | GUIDED MSL TRAINING SET | 321 | 302 | 795 |
| 1425-00-930-9923 | M41 GUIDED MSL SYS | 135 | 106 | 334 |

STINGER

| | | | | |
|------------------|------------------------------|-----|-----|-----|
| 1427-01-024-9967 | MSL ROUND | 132 | 100 | 470 |
| 1425-01-024-9982 | WPN ROUND | 176 | 124 | 513 |
| 1427-01-219-7116 | WPN ROUND, LESS GRIPSTOCK | 164 | 112 | 489 |
| 6920-01-024-6948 | THT | 266 | 240 | 838 |
| 1440-01-170-8618 | GRIPSTOCK - CONTROL GROUP | 15 | 13 | 58 |
| 1440-01-281-9458 | GRIPSTOCK, CONTROL GROUP | 15 | 15 | 54 |
| 1427-01-230-8783 | MISSILE ROUND | 107 | 75 | 441 |
| 6920-01-283-7826 | TRAINING SET | 248 | 222 | 807 |
| 1427-01-230-8784 | WEAPON ROUND, PARTIAL | 139 | 87 | 457 |

THERMAL IMAGERY

| | | | | |
|------------------|--------------------------|-----|-----|-----|
| 1485-01-037-7340 | NIGHT SIGHT, AN/TAS-6 | 229 | 221 | 601 |
|------------------|--------------------------|-----|-----|-----|

| | | | | |
|------------------|----------------------------|-----|-----|-------|
| 5855-01-173-0808 | NIGHT SIGHT, AN/UAS-12B | 312 | 263 | 1,009 |
| 5855-01-083-9051 | AN/UAS-11 | 351 | 282 | 1,558 |
| 5855-01-037-7341 | AN/TAM-3 | 224 | 169 | 850 |
| 5855-01-154-3871 | AN/TAM-3A | 191 | 145 | 727 |

TOW

| | | | | |
|------------------|-----------------------------|-------|-------|--------|
| 1410-01-007-2507 | MISSILE | 88 | 63 | 384 |
| 1410-01-007-2508 | MISSILE | 82 | 57 | 371 |
| 1410-01-229-9948 | MISSILE | 88 | 63 | 384 |
| 1410-01-137-9976 | MISSILE, PRACTICE | 82 | 57 | 371 |
| 1440-00-169-1764 | LCHR | 1,257 | 1,028 | 3,309 |
| 1440-01-104-9834 | LCHR, TUBULAR, GM, TOW-2 | 1,257 | 1,028 | 3,309 |
| 1410-01-106-8514 | I-TOW | 88 | 63 | 384 |
| 4935-00-150-5905 | CSS | 2,867 | 1,835 | 10,638 |
| 4935-01-082-7023 | ICSS | 2,867 | 1,835 | 10,638 |
| 5855-01-083-9053 | NIGHT SIGHT, AN/TAS 4A | 324 | 298 | 1,001 |
| 5855-01-152-8781 | NIGHT SIGHT, AN/UAS 12A | 324 | 298 | 1,043 |
| 1410-01-135-2092 | TOW-2 MSL | 88 | 63 | 384 |
| 4935-01-070-3426 | FIELD TEST SET | 725 | 496 | 2,401 |
| 4935-01-142-9561 | FIELD TEST SET, TOW-2 | 725 | 496 | 2,403 |
| 6130-01-018-9786 | BATTERY CHARGER | 121 | 95 | 494 |
| 4935-01-114-3919 | CSS, TOW-2 | 2,867 | 1,835 | 10,638 |
| 4940-01-154-3957 | IMP. CSS, TOW-2 | 2,867 | 1,835 | 10,638 |
| 6920-00-179-7320 | M70 TRAINER, TOW | 783 | 554 | 2,843 |
| 6920-00-145-6098 | M70 TRAINER, TOW-2 | 783 | 554 | 2,843 |
| 1410-00-229-9948 | MISSILE | 91 | 64 | 386 |
| 1440-01-271-3015 | TOW-2 LAUNCHER | 1,257 | 1,028 | 3,647 |
| 5855-01-245-8689 | AN/UAS-12A | 324 | 308 | 1,053 |

NAVY ANNEXHARM MISSILE

| | | | | |
|------------------|----------------------|-------|-------|-------|
| 1410-01-242-4880 | TACTICAL MISSILE | 4,715 | 4,115 | 9,683 |
| 1420-00-237-4082 | GUIDANCE SECTION | 1,290 | 1,216 | 1,820 |
| 1420-01-241-5790 | CONTROL SECTION | 1,290 | 1,216 | 1,820 |
| 1337-01-162-3422 | WARHEAD SECTION | 1,290 | 1,216 | 1,820 |
| 1337-01-162-3421 | ROCKET MOTOR SECTION | 1,290 | 1,216 | 1,820 |

HARPOON MISSILE

| | | | | |
|------------------|-----------|-------|-----|-------|
| 1410-01-181-8546 | AGM-84D-1 | 867 | 611 | 6,557 |
| 1410-01-181-8548 | AGM-84D-1 | 1,309 | 932 | 4,846 |
| 1410-01-139-1741 | RGM-84D-3 | 1,350 | 972 | 6,641 |
| 1410-01-198-7063 | RGM-84D-4 | 1,356 | 979 | 6,940 |
| 1410-01-181-8549 | UGM-84D-1 | 2,728 | 988 | 7,352 |

K 46 TORPEDO

| | | | | |
|------------------|---------|-----|-----|-------|
| 1356-01-063-3274 | TORPEDO | 732 | 470 | 3,484 |
|------------------|---------|-----|-----|-------|

SIDEWINDER MISSILE

| | | | | |
|------------------|----------------------------------|-----|-----|-------|
| 1427-01-114-2054 | GUIDANCE & CONTROL SECTION (GCS) | 628 | 607 | 1,292 |
| 1420-01-101-8233 | TARGET DETECTOR (AOTD) | 312 | 306 | 904 |
| 1337-01-145-1963 | ROCKET MOTOR (RM) | 229 | 117 | 760 |
| 1336-01-017-4030 | SAFETY-ARMING DEVICE (S&A) | 38 | 20 | 276 |
| 1336-01-044-7430 | WARHEAD | 67 | 34 | 280 |

SPARROW MISSILE

| | | | | |
|------------------|--------|-------|-------|-------|
| 1410-00-149-3507 | AIM-7M | 4,317 | 3,637 | 3,834 |
| 1410-00-149-3508 | AIM-7M | 2,274 | 1,988 | 3,896 |

AIR FORCE ANNEXMAVERICK MISSILE

| | | | | |
|--------------------|-----------------|-------|-------|-------|
| 1410-01-101-8490JE | AGM-65A | 4,519 | 4,309 | 6,876 |
| 1410-01-089-2505JE | AGM-65B | 4,519 | 4,309 | 6,876 |
| 1410-00-125-6760JE | AGM-65B | 4,519 | 4,309 | 6,876 |
| 1410-00-238-1486JE | AGM-65A | 4,519 | 4,309 | 6,876 |
| 1336-00-138-2910JE | AGM-65B | 4,519 | 4,309 | 6,876 |
| 1336-00-883-5361 | WARHEAD | 1,510 | 1,460 | 3,446 |
| 1336-00-883-2682 | BOOSTER WARHEAD | 1,453 | 2,901 | 1,466 |
| 1337-01-118-4657 | ROCKET MOTOR | 1,546 | 1,467 | 2,140 |

SIDEWINDER MISSILE

| | | | | |
|--------------------|----------|-----|-----|-------|
| 1410-01-135-2771AB | AIM-9L | 255 | 177 | 1,502 |
| 1410-01-137-5971AB | AIM-9P-2 | 255 | 177 | 1,502 |
| 1410-01-137-5972AB | AIM-9P-3 | 255 | 177 | 1,502 |
| 1410-01-162-9395AB | AIM-9M | 255 | 177 | 1,502 |

SPARROW MISSILE

| | | | | |
|--------------------|----------|-----|-----|-------|
| 1410-01-101-8237BL | AIM-7E-3 | 466 | 321 | 3,082 |
| 1410-01-135-6167BL | AIM-7E | 466 | 321 | 3,082 |

*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).

Background

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DEFENSE SECURITY ASSISTANCE AGENCY

WASHINGTON, DC 20301-2800

1 November 1989

In reply refer to:
I-054960/89

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

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

DIRECTOR OF INTERNATIONAL PROGRAMS/PRI
DEPARTMENT OF THE AIR FORCE

DIRECTOR, SECURITY ASSISTANCE ACCOUNTING CENTER
LOWRY, AFB
DENVER, COLORADO

DEFENSE INSTITUTE FOR SECURITY ASSISTANCE
MANAGEMENT/DISAM

SUBJECT: Revision to the Security Assistance Management Manual
(SAMM)

The purpose of this revision to the SAMM is to update the
Transportation Cost Look-Up Table, Appendix F.

The attached revision to the SAMM is effective immediately
and will be included in the next formal SAMM change.

GLENN A. RUDD
DEPUTY DIRECTOR

Attachment
as stated

Copy furnished:
ASD(C)/MS



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Change 2 ✓
Incorporated in
minutes (may
need to discuss)

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DEFENSE SECURITY ASSISTANCE AGENCY
WASHINGTON, DC 20301-2800

09 APR 1990

MEMORANDUM FOR DIRECTOR, OPERATIONS

SUBJECT: Change 2, DOD 5105.38-M, SMM

Reference: Your memorandum dated 6 March 1990, same subject

The attached proposed SMM changes are submitted for inclusion in Change 2. The LOA program management line change identified in your referenced memorandum was recently submitted separately.

Our point of contact is Mr. Jerry Friesz, DSAA/COMPT-FMD, 694-1173.

James R. Woods
James R. Woods
Comptroller

Attachment
As stated

DSAA/COMPT PROPOSED CHANGES TO

DOD 5105.38-M, SECURITY ASSISTANCE MANAGEMENT MANUAL

- * 1. Make changes throughout the SAMM for Fair Pricing as indicated on the attached.
- * 2. Make changes to Sections 701, 1303, and 1304 for Termination Liability Reserves as indicated on the attached.
- * 3. Add new paragraph to Section 1304 concerning purchaser requests for payment schedule review as shown on the attached.
- * 4. Add the following to Section 20202C., Financial Management:
 - "e. Air Travel. Military and civilian individuals who are traveling to and from a foreign country on ~~security~~^{SA} ~~assistance~~ business should utilize a U.S. commercial air carrier in accordance with standard policy and procedures contained in the Joint Travel Regulations, Volumes I and II. Compliance to this requirement should be followed whether travel is financed with FMS administrative funds, FMS ~~case~~^{LOA} funds, or MAP funds. Thus, the ~~SA~~^{SA} ~~security assistance~~ traveler is required to use the same carrier, routing, and class of service that the transportation officer requires of other DOD travelers. Waivers from normal travel procedures will be granted ~~SA~~^{SA} ~~security assistance~~ travelers on the same basis and in the same manner as provided for DOD personnel traveling on regular defense business."
- * 5. Change the Delivery Term Codes identified in Table 701-10, A.1.b., to agree with the Delivery Term Codes identified in DOD 7290.3-M, Chapter 8, Section 80302I.4.a., except DTC 4 (See attached). *(repair and return transactions)*
- * 6. Add to Table 1307-1, Summary of Charges Used in FMS Pricing, "travel" as a type of charge. See the annotations on the attached table.
- * 7. Add the following to Section 1306, Case Files:
 - "130602 DISBURSEMENT DOCUMENTATION. DOD components which process FMS Trust Fund disbursement transactions will support the payment voucher with authentic contracts/purchase orders, invoices, and receiving reports. This supporting documentation must reflect proper authorities' certification of receipt and payment for the articles or services. The disbursement documentation must be

* Change is illustrated in the table attached.

available without delay for inquiries or requests on particular FMS cases. Additionally, the required supporting disbursement documentation will facilitate the FMS case reconciliation process prescribed in Section 1305 of this manual."

CHANGES TO THE SAMM FOR FAIR PRICING

1. The Subject Index needs to be updated.
2. The Table of Contents needs to be updated.
3. Page 701-11, Paragraph 3. a. (2) (c): Delete in entirety.
4. Page 701-12, Paragraph 3. a. (3) (b): Delete in entirety.
5. Page 701-13, Paragraph 3. a. (4) (d) 5: Delete in entirety.
6. Page 701-22, Table 701-4, Item F. 6.: Delete.
7. Page 701-29, Table 701-9, W., Block (27) Terms, Change to read: "Enter appropriate Terms of Sale in accordance with the guidance contained in Chapter 13, Section 1301, Paragraph 130104. C. Enter the amount of the initial deposit 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 wholly financed by non-repayable FMS credit, insert the words "FMS Credit (Non-repayable)". If the sales agreement is financed by a combination of sources, each Term of Sale and the applicable amount will be cited. However, if the combination of sources includes FMS Credit and FMS Credit (Non-repayable), these amounts will be totalled and the terms will only state FMS Credit. The reasoning behind this combination of terms is that the pricing benefits will not apply unless the sales agreement is wholly financed by Non-repayable FMS Credit and MAP Merger. It is incumbent upon the FMS Purchaser to identify the type of financing (MAP, FMS Credit, FMS Credit (Non-repayable) or cash) when requesting a LOA. The MILDEPs should enter the type and amount of funds in the appropriate block. DSAA will either adjust the type and amount of funds at the time of countersignature, consistent with the availability of funds, or return it to the ^{MILDEP} Military Department for repricing as required. When processing a DD Form 1513-1 or 1513-2, the Terms of Sale on the original LOA should be perpetuated unless otherwise directed by DSAA or the purchaser. It is the purpose of "Fair Pricing" legislation to reduce, to the

maximum extent practicable, prices charged to MAP and FMS Credit (Non-repayable) recipients. Consequently, MILDEPs should counsel such recipients to use these funds, to the maximum extent practicable, to wholly finance ^{cases} ~~cases~~ which include ^{non-recurring costs} ~~non-recurring costs~~ or military pay costs."

8. Page 704-7, Table 704-2, RSN Level Program, Indirect Program Value: Delete "-- Asset Use."

9. Page 801-1, Paragraph 80101 B. 5.: Delete reference to "FMS Rental and Asset Use Charges" under the FAR and DOD FAR SUPP columns.

10. Page 1301-1, Paragraph 130101: Delete "FAA and" from the sentence.

11. Page 1301-1, Paragraph 130102: Rewrite fifth sentence as follows: " As explained earlier, the AECA and predecessor legislation generally require that DOD manage the FMS program at no cost to the USG except as specifically exempted by legislation."

12. Page 1301-1, Paragraph 130103: Change the two references to "ASD(C)" to "Comptroller, Department of Defense".

13. Page 1301-1, Paragraph 130104 A. 1.: Rewrite title and first sentence as follows: "Payment to Cover Costs. The DOD will conduct financial management of the FMS Program at no cost to the USG except as permitted by the AECA and/or other specific legislation, and ensure prompt and complete accounting to the FMS purchaser."

14. Page 1301-2, Paragraph 130104 B; first sentence: Change the word "costs" to "charges".

15. Page 1301-2, Paragraph 130104 B. 1.: Change the word "Costs" to "Charges".

16. Page 1301-2, Paragraph 130104 B. 1.: Change paragraph "d." to "e." and add new paragraph "d." as follows: "These charges are exempted by the AECA and the FAA for those countries and organizations whose cases are fully financed with MAP Grant and/or nonrepayable credit funds, effective 21 November 1989."

17. Page 1301-2, Paragraph 130104 B. 2.: Delete first four sentences, starting with "Requests" and ending with "DSAA".

18. Page 1301-3, Paragraph 130104 C. 1. b.: Change first sentence, after title, to read as follows: "Terms of Sale indicate when payments are required and whether the sales agreement is to be financed on a cash, FMS Credit (repayable or non-repayable) or MAP funding basis."

19. Page 1301-4, Paragraph 130104 C. 2. a.: Add new subparagraph as follows: "(7) "FMS Credit (Non-repayable)." This term applies to payment for a FMS case wholly financed with non-repayable credit funds thereby qualifying the case for pricing benefits (exclusion of military salaries and ~~non-recurring costs of Research, Development, and Production of Major Defense Equipment~~) as provided for in Section 503 (a) (3) of the ~~Foreign Assistance Act of 1961 and Section 21 (e) of the Arms Export Control Act.~~ ^{AECA} ~~(NOTE: Procedures for requesting advances of Non-repayable FMS Credits are contained in Table 902-3A. (pages 902-58 and 902-59) of this manual.~~ These advances are not automatic, as is the case for MAP Merger disbursements. Purchasers should be encouraged to follow the procedures in Table 902-3A so as not to delay needed disbursements."

20. Page 1301-5, Paragraph 130104 C. 3. a.: Add to list of ~~Type of Assistance (TA) codes:~~ ^{TACs} "Code N: Sec 23 or 24, AECA, FMS Credit (Non-repayable)".

21. Page 1301-10, Table 1301-2: Add Item 19 as follows:

Type of Sale: Any, Section 23 or 24

Type of Assistance code: N

Source of Supply Code: As Required

Availability: N/A

Term(s) of Sale: Loan Agreement with _____, Nr. _____,
Dated _____,
(line item(s))

Initial Deposit: As shown in Financial Annex

22. Page 1302-1, Paragraph 130202 B. 2. b.: Insert after the second sentence: "Effective 1 January 1990, military personnel costs in support of SAOs will no longer be reimbursed in accordance with Fair Pricing Legislation, P.L. 101-165."

23. Page 1302-2, Paragraph 130202 C. 1. a.: Add new subparagraph as follows: "(3) P.L. 101-165, "Fair Pricing Legislation", exempts reimbursement from the administrative budget for military personnel costs and unfunded civilian retirement costs supporting the administration of the FMS program. The effective date for exemption of military personnel costs is 1 January 1990 and the first complete pay period starting in December 1989 for unfunded civilian retirement."

24. Page 1302-4, Paragraph 130202 C. 1. b. (3) (g): Rewrite as follows: "Acceleration of Civilian Personnel Costs. The development of estimated civilian personnel costs for the FMS Administrative Budget requires the application of FMS payroll acceleration rates, except the unfunded civilian retirement factor, to the average annual civilian pay cost to provide for full recovery of the USG's costs. Reference DOD 7290.3-M, Section 701, for FMS payroll acceleration percentage rates and prescribed accounting procedures."

25. Page 1302-7, Paragraph 130202 C. 2. e. (1): Rewrite as follows: "A quarterly SAO manpower report, RCS: DSAA (Q) 1218, based on the actual "on board" strength as of the end of each month, is established to collect data regarding DOD support of the FMS program. Timely and accurate reporting of required data is essential. Refer to the sample report in Table 1302-1."

26. Page 1304-2, Paragraph 130401 C. i.: Delete the words "or asset use charges" from the second line.

27. Page 1306-1. Paragraph 130601: Add sentence as follows: "Per Comptroller, Department of Defense memorandum, 17 June 1987, documentation supporting FMS disbursements is to be retained indefinitely."

28. Page 1307-1, Paragraph 130701 D. 2.: Delete the words "asset use" from the third sentence.

29. Page 1307-2, Paragraph 130703 C. 1.: Change "ASD(C)" to "Comptroller, Department of Defense".

30. Page 1307-2, Paragraph 130703 C. 3.: Change "ASD(C)" to "Comptroller, Department of Defense".

31. Page 1307-3, Paragraph 130704 C. 1. c.: Add at end of sentence: "and DOD 7290.3-M".

32. Page 1307-6, Paragraph 130705 D. 2.: Add at end of subparagraph: " Fair Pricing legislation exempted the assessment of NC for those countries/organizations whose cases are fully funded with FMS Credit (Non-repayable), effective with deliveries reported to ~~the~~ SAAC after 1 December 1989."

33. Pages 1307-8 and 9, Paragraph 130705 E. Asset Use: Make the following changes and renumber all sub-paragraphs:

a. Paragraph E. 1.: Delete the words "whether on an FMS or direct commercial sale." and replace with "as follows:"

b. Paragraph E. 1. a.: Delete.

c. Paragraph E. 1. b.: Delete last two sentences starting with "The asset use" and ending with "an FMS transaction."

d. Paragraph E. 2.: Change title to "Charges for Items Provided From Inventory"

e. Paragraph E. 2. (a): Delete.

f. Paragraph E. 2. (b): Delete.

g. Paragraph E. 2. (c): Delete second sentence; delete the words "exclusive of the asset use charge", and delete the last sentence. x

h. Paragraph E. 2. (d): Replace this paragraph with the following: "Attrition charges for FMS training, 4% for flying and 1% for non-flying, are to be included in the tuition rates billed to the customers. Attrition charge collections made by the MILDEPs will be forwarded to ~~the~~ SAAC for deposit. See DOD 7290.3-M, Section 104. Use of these funds must be approved by DSAA. When equipment is damaged beyond repair due to FMS student error, a report of the loss and request for finding to cover procurement of the

replacement items shall be submitted to the DSAA Comptroller for approval."

h. Paragraph E. 2. (e): Rewrite as follows: "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 customers requirements. 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."

34. Page 1307-10, Table 1307-1: Delete line (item) 6 "Asset Use" and renumber.

35. Page 1308-1, Paragraph 130801 A. 1.: Replace as follows: "After a^{an} FMS agreement is implemented, the DOD ~~Implementing Agency~~ IA^{Agency} executes the program. The IA directs release of ^{provision} ~~material, provision of services or training,~~ and disbursements to contractors/^{of} vendors. As ~~this~~ execution progresses, the IA reports ~~to the SAAC~~ the nature and financial value of transactions ^{that} ~~result from such execution.~~ The IA reports accrued expenditures, also referred to as "work-in-process (e.g., progress payments made to contractors, GFM/GFE provided to contractors, NCs, etc.), and physical deliveries within 30 days of the date of shipment or performance."

36. Page 1308-1, Paragraph 130801 A. 2.: Rewrite the next-to-last sentence as follows: "If no material has moved but work-in-process has occurred, the IA reports the value of the work-in-process to ~~the~~ SAAC."

37. Page 1308-2, Paragraph 130802 A.: Insert "DOD 7290.3-M" after "Table 802-3" and before the word "contain", in the last sentence.

38. Page 1308-2, Paragraph 130802 B. 1.: "Insert "DOD 7290.3-M" after the word "Table 802-3" and before the word "provides", in the first sentence.

39. Page 1400-1, Paragraph 140003 A.: Delete the bullet labelled "Asset use charges".

40. Page 1400-4, Paragraph 140006 G. 3.: Delete the words "asset use" from the sentence.

41. Page 1400-6, Paragraph 140010 B.: Delete subheads ".4 ^{4%} One percent (1%) asset use charge" and ".5 Four percent ~~(%)~~ asset use charge".

42. Page 1401-5, Paragraph 140105 D. 4.: Replace the second sentence with the following: "Consistent with the requirements of DODD 2140.2, provisions for the payment of royalty fees and/or nonrecurring cost recoupment charges, where applicable, as well as recognition of the use of USG facilities will be included."

43. 1401-6, Paragraph 140105 D. 13., first sentence: After the words "and production costs" insert the following: ", unless such fees have been waived or are exempted,".

44. Page 1401-16, Paragraph 140108 E. 4.: Add the following words to the end of the last sentence: "unless such fees have been waived or are exempted."

45. Page 1401-16, Paragraph 140108 F.: Add the following words to the end of the second sentence: "unless such fees have been waived or are exempted."

46. Page 1401-18, Paragraph 140108 I. 3.: Add the following words to the end of the first sentence: "unless such fees have been waived or are exempted."

47. Page 1401-23, Paragraph 140109 A. 3.: Change title line to read "Reductions, Waivers and Exemptions" and add subparagraph e. as follows: "Fair Pricing legislation exempted charging of ^{NSC} ~~nonrecurring costs~~ ^{royalty} fees for Foreign FMS ^{WDA} ~~Military Sales cases~~ that are fully financed with MAP Merger and/or non-repayable FMS Credits. This exemption includes sales ~~transfers~~ of ~~Technical Data Packages (TDPs)~~ for purposes of foreign production, ^{coproduction} of ~~Major Defense Equipment (MDE)~~ for indigenous use. However, all units produced for third ^{party} ~~sales~~ ^{use} are subject to an 8% royalty fee as third party transactions are not financed with USG grant funds."

48. Page A-1: Delete "ASD(C), Assistant Secretary of Defense (Comptroller)".

~~49. Page A-2: Add "COMP DOD, Comptroller, Department of Defense."~~

[DSA
Comp (C. military)
Agenda is
return date]
4/12

50. Page B-1: Add: "Accrued Costs - The financial value of delivered articles and services and incurred costs reported to ~~the~~ SAAC via DD Forms 1517. Incurred costs represent disbursements for which no physical deliveries have yet occurred. Examples are: progress payments to contractors, GFM/GFE provided to contractors, ~~non-recurring costs, etc.~~"
and N.C.

51. Page B-2: Delete "Asset Use Charge and definition".

52. Page B-8, Expenditure Authority (under FMS): Add sentence as follows: "The disbursing activity must ensure that cash is available prior to processing the disbursement."

~~53. Page D-10, Paragraph C. 51. b.: Add IA Code "C" for (already done) Defense Communications Agency".~~

54. ~~Pages D-24 through D-30, Table D-5, Country/Activity Code - Alphabetic: Add additional country codes as follows: (Done)~~
~~✓D1 - Bolivia, International Narcotics Control; D2 - SDAF;~~
~~✓D3 - Peru, International Narcotics Control; D5 - Columbia, International Narcotics Control; AL - Albania; IO - Br. Indian Ocean Terr.; UV - Burkina; FO - Faroe Islands; and~~
~~✓TL - Tokelau."~~

55. Pages D-24 through D-30: Recommend printing country * codes in two sequences: (1) alphabetical by country name and (2) alphabetical by country code.

* DISAM: This would be useful and should be done if it can be confined to no more than one added page to the SAMM; e.g., show the codes in alpha sequence with an abbreviated country/activity descriptor -

CX - Zaire
 EP - SE European
 KA - SE NATO
 NA - SE NATO
 NJ - SE NATO
 TJ - SE International
 T9 - SE International
 UG - Uganda
 UR - SE Union
 YE - Yemen

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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.

v. **Retransfer of Defense Articles.** All LOAs for the provision of defense articles on the USML will include the note identified below. This requirement also applies to any amendment adding USML defense articles to an existing LOA. LOAs limited to services should not include this note.

Note. Effective 22 December 1987 Sec. 562, P.L. 100-202 (FY 88 CR), amended Section 620C of the Foreign Assistance Act of 1961 with the following provision which applies to this Letter of Offer and Acceptance:

(E)(1) Any agreement for the sale or provision of any article on the United States Munitions List (established pursuant to Section 3B of the Arms Export Control Act) entered into by the United States after the enactment of this provision shall expressly state that the article is being provided by the United States only with the understanding that it will not be transferred to Cyprus or otherwise used to further the severance or division of Cyprus.

(2) The President shall report to Congress any substantial evidence that equipment provided under any such agreement has been used in a manner inconsistent with the purposes of this subsection.

3. **Documents to be Included with DD Form 1513.**

a. **Financial Analysis.**

(1) **Purpose.** The purpose of an analysis is to permit all approval echelons a review for completeness and accuracy of financial data. The Financial Analysis will accompany the LOA 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 SAAC after countersignature.

(2) **Requirement.** All LOAs and proposed amendments for the sale of end-items or services must be accompanied by a Financial Analysis for each line item which contains one or more of the following:

(a) Pricing based on supply from excess or non-excess stocks, when no replacement is required.

(b) Recoupments of nonrecurring RDT&E and/or production costs.

Delete
~~(c) Asset use charges (including contractor rental payments for USG-owned plant and production equipment).~~

^c
 (d) A total line value of \$14.0 million or more.

(3) **Exceptions.** A Financial Analysis is not required for the following:

(a) Individual line items of \$50,000 or less.

Delete
 (b) ~~Line items where the only applicable cost factor is the one percent asset use charge applicable to issues from stocks.~~

~~(c) The Financial Analysis is not required for training, services, or secondary/stock fund items.~~

(4) **Data Required.** The following information will be included:

(a) Case designator, line item and complete descriptive data relative to the item or service.

(b) Source of the article. Examples are:

1. Excess inventory.
2. Inventory (without replacement).
3. Inventory (replacement with same item).
4. Inventory (replacement with improved item).
5. Production.

(c) Source of price estimates. Examples are:

1. Prime contractor quote.
2. Prime and GFE contractor quotes.
3. Standard price.
4. DOD component estimate without contractor participation, based on recent sale or similar experience, or in accordance with DOD 7290.3-M. [In this connection, notice should be taken of Section 25.7303(A)(2) of the DOD *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.]

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

1. 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 801, paragraph 80103, this Manual, for further guidance.

2. Inclusion of nonrecurring RDT&E and production cost recoupment in accordance with DOD Directive 2140.2.

3. Inclusion of adjustments for estimated inflation or other risk factors.

Delete

4. Replacement cost in accordance with the provisions of DOD

~~5. Asset use charge as described in DOD 7290.3-M.~~

5. First destination transportation costs.

6. Recurring support costs.

7. Unfunded costs.

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

9. 10. Adjustments based on anticipation of the receipt of other orders or DOD procurement of the item involved which would likely result in shared overhead costs and a reduced price for the item.

(e) Sources of data used to make any of the above adjustments and their application to the case.

(f) A comparison of LOA prices with budgeted or ongoing DOD component procurement prices; e.g., the Selected Acquisition Report (SAR).

(g) Source for Schedule of Payments, including estimated date of contract award.

(h) A comparison of LOA prices with all other LOA prices for the same item within the previous twelve months. This comparison should not be limited to sales within the same region.

(5) Format. Table 701-4 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.

b. Termination Liability (T/L) Worksheets to be Included with Selected LOAs. 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 USG 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).

(1) Offers of \$7 Million or More. LOAs with a total case value of seven million dollars or more will be accompanied by a TLW 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.

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TABLE 701-4
Financial Analysis Worksheet

| | |
|-----------------|---------------------|
| CC _____ | Case Manager _____ |
| Case _____ | Organization _____ |
| System _____ | |
| Case Line _____ | Date Prepared _____ |

PRICING TECHNIQUE

A. NSN _____

B. QTY _____

C. Source of Item (Check One):

- 1. _____ Excess Inventory
- 2. _____ Inventory (without replacement)
- 3. _____ Inventory (replacement with same item)
- 4. _____ Inventory (replacement with improved item)
- 5. _____ Production
- 6. _____ Other

D. Source of Price (Check One):

- 1. _____ Prime Contractor
- 2. _____ Price and GFE Contractor
- 3. _____ Standard Price
- 4. _____ Major Subordinate Command Estimate
- 5. _____ Other (explain)

E. Source Unit Price _____

F. Adjusted Price (explain source and computations in Remarks)

- 1. _____ Agent's Fees or Commissions
- 2. _____ Nonrecurring Costs (RDT&E) Recoupment Charges
- 3. _____ Nonrecurring Costs (production) Recoupment Charges
- 4. _____ Replacement Costs
- 5. _____ Adjusted for Inflation
- 6. ~~_____ Asset Use Charge~~
- 7. _____ Contractor Rental Payments for USG-Owned Plant and Production Equipment
- 7.8. _____ CAS/Audit
- 8.9. _____ Recurring Support Costs _____ Contract _____ Government
- 9.10. _____ First Destination Transportation
- 10.11. _____ Other (explain)
- 11.12. _____ Total Adjustment

Delete

G. Adjusted Unit Price _____

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- M. **Block (13). Item Description.** Insert the Generic Code and MASL line data for each item. In addition the National Stock Number (NSN) and/or part number, as appropriate, and a complete description of the material/services should be entered. For cases involving major systems/end items all complimenting/supporting materiel and services should be described.
- N. **Blocks (14) through (17).** Quantity, unit of issue, unit cost, and total cost are self-explanatory. Enter information or N/A, as appropriate.
- O. **Block (18). Availability and Remarks.** Enter one or more codes from paragraph 3, 4, and 5 of the EXPLANATORY NOTES on page 3 of the DD Form 1513. Also enter specific delivery dates, as appropriate.
- P. **Blocks (19) and (20).** Offer Release Code and Delivery Term Code--See instructions contained in Table 701-10 of this section.
- Q. **Block (21). Estimated Cost.** Enter estimated material/services costs in whole dollars. These costs should not include any administrative or accessorial charges.
- R. **Block (22). Estimated Packing, Crating, and Handling Cost.** Enter the value in whole dollars based on the prescribed percentages as set forth in DOD 7290.3-M, or actual costs if appropriate. If the charge is appropriate only to certain items, indicate the lines to which the charge was applied, or exclusion, in parenthesis. Do not show the percentage rate used in determining the cost contained in this block.
- S. **Block (23). Estimated General Administrative Costs.** Enter in whole dollars--based on the percentage set forth in DOD 7290.3-M. Do not show the percentage rate used in determining the cost contained in this block.
- T. **Block (24). Estimated Charges for Supply Support Arrangement.** Enter the value in whole dollars based on the percentage set forth in DOD 7290.3-M. Do not show the percentage rate used in determining the cost contained in this block.
- U. **Block (25). Other Estimated Costs.** Describe the charge and enter in whole dollars. If there are several specific costs, identify each in Block 13 as a NOTE and specify line items. If a percentage is used, do not show the percentage rate used in determining the cost contained in this block.
- V. **Block (26). Estimated Total Costs.** Enter the costs in whole dollars (total of Blocks (21) through (25)).
- W. **Block (27). Terms.** Enter appropriate terms of sale in accordance with the guidance contained in Chapter 7, Section 702, paragraph 70211. 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. **Block (28). Amount of Initial Deposit.** If by the terms of this LOA an initial deposit is required and has been stated in Block (27), the dollar amount in whole dollars of this initial deposit should be entered.
- Y. **Blocks (29) through (37).** Leave blank. These blocks should be filled in by the authorized representative of the purchasing government.

*Rewrite:
See attached*

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TABLE 704-2
CASE MANAGER DATA ELEMENTS

RSN Level Program

- Direct Program Value
 - Section 21 (specify Publications/Training)
 - Section 22 (specify GFM/GFE)
- Indirect Program Value
 - R&D
 - Rental
 - Delete* ~~-- 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 704-2. Case Manager Data Elements.

| |
|--|
| SECTION 801 - ACQUISITION FOR FMS |
|--|

80101 DOD REGULATIONS AND PROCEDURES.

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

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

| | <u>FAR</u> | <u>DOD FAR SUPP</u> |
|--|-------------------|---------------------------|
| 1. Agents Fees and Commissions | 3.400 thru 3.404 | 25.7305 |
| 2. Contractor Options - FMS | | Subpart 17.2 |
| 3. Contractor Risk for FMS (Weighted Guidelines) | ---- | 15.905-1(b)(7)(E) |
| 4. Costs of Doing Business with a Foreign Government | ---- | 25.7304(c) |
| <i>Delete</i> 5. FMS Rental and Asset Use Charges | 45.405 | 45.405(f) |
| 5 6. FMS Selling Costs and Allocations to Contracts | 31.205-38(b) | 31.205-38 |
| 6 7. Foreign Acquisitions | Part 25 | Part 25 |
| 7 8. Recovery of NonRecurring Costs | ---- | 25.7306, Subpart 35.71 |
| 8 9. Sole Source Designation | 15.210 | 25.7307 |

C. 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).

SECTION 1301 - LEGAL BACKGROUND, RESPONSIBILITIES AND PRINCIPLES

130101 LEGAL BACKGROUND. The ~~FAA and the~~ AECA, provide the legal authority for conducting FMS.

130102 FULL RECOVERY OF COSTS. DOD performs three principal actions during the life cycle of a sale. First, DOD provides FMS purchasers with P&A estimates and concludes sales agreements. Second, DOD renders financial billings for costs incurred and accounts for collections. Finally, DOD delivers the materiel or services. As explained earlier, the AECA and predecessor legislation generally require that DOD manage the FMS Program at no cost to the USG. Therefore, DOD financial policies and procedures for pricing defense materiel and services, administering FMS cases, reporting deliveries of materiel and services, and rendering FMS billings are designed to fulfill this legal requirement. While the LOA makes it mandatory for the purchaser to pay for the full value of FMS transactions, regardless of terms of sale specified for individual cases, it is DOD policy to promptly advise the purchaser of the need for substantive changes to agreement terms or estimates via either case amendment or modification, as applicable (see Chapter 8). Misunderstanding by the purchaser of his financial commitment or of changes to that commitment inevitably results in criticism.

except as specifically exempted by legislation.

130103 RESPONSIBILITIES.

A. The Assistant Secretary of Defense (Comptroller). *Comptroller, Department of Defense* 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 financial policies established by the ~~ASD(C)~~ and implement procedures promulgated by DSAA.

B. Executive Agent for SAAC. *Comptroller, Department of Defense* The USAF, as Executive Agent, is responsible for operating the SAAC, which centrally performs FMS billing, cash collection, Trust Fund management, and administrative fee accounting for all DOD components.

C. Preparation and Implementation of DD Form 1513, LOAs. MILDEPs and other IAs are responsible for preparing LOAs and for establishing estimated P&A of defense articles, defense services, and design and construction services offered for sale thereon; developing payment schedules; preparing and providing any required accompanying data, such as Financial Analyses, and Termination Liability Worksheets; and initiating and processing such amendments or modifications as may be appropriate. They are responsible for negotiating terms of sale for cash sales, in accordance with policy guidance provided by DSAA. They are also responsible for establishing management systems necessary to insure prompt implementation of FMS agreements upon receipt of OA from 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 exempted in Chapter 8), will be submitted to the DSAA Comptroller (FMS Control Division) for coordination and countersignature prior to submission to the country.

130104 BASIC PRINCIPLES.

A. Recovery of Costs.

1. ~~Payment to Cover All Costs.~~ ~~DOD will conduct financial management of the FMS program at no cost to the USG, 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 and services furnished, preparation of

*Revised:
attached*

FMS documents, reporting of delivery, performance or progress payments, and administering and closing FMS cases by all elements administering the program.

2. Payment in U.S. Dollars. In compliance with the AECA, 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.

B. Cost Recoupment Waivers. Certain ^{charges} costs may be waived by statute. Paragraph 10103 of DOD 7290.3-M lists those that have been approved. Section 720 provides guidance on submitting requests for recoupment waivers.

1. Waiver of Nonrecurring ^{charges} Costs.

a. The pro rata recoupment charges may be reduced or waived for particular sales that would significantly advance U.S. interests in standardization with NATO, NATO member countries, Australia, Japan, or New Zealand. "Waiver" includes reductions. Waivers will be considered where it is demonstrated that a sale will advance U.S. interests in standardization. The burden of such demonstration rests with the purchasing foreign government or international organization. Waivers will be considered 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 general agreements. Full waivers solely on the basis of standardization may be granted to eligible countries for which MAP funding has been approved for the current fiscal year.

b. For 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. These benefits must be identifiable and 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 NC 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 SECDEF and delegated to the Director, DSAA. A waiver request will be considered by DOD only if it is initiated by the country or international organization involved, and forwarded to the Director, DSAA. The Director, DSAA is responsible for coordination and for submitting cases involving opposing views to the SECDEF for decision.

New Para - see attached → *d. New Para - see attached*

e. 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 MDE or non-MDE. It does not nullify or modify government-to-government agreements for waiver of NC or asset use charges that were signed prior to 1 January 1982.

Delete

2. Waiver or Reduction of Asset Use/Rental Charges for Use of DOD Assets. ~~Requests for waiver of asset use/rental charges will be considered for sales which would, if made, advance USG interests in standardization with NATO, NATO member countries, Australia, New Zealand, or Japan. Waivers will be considered 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 country or international organization. Requests from countries should be submitted 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: DSAA/OPS-E, for decision. Contracting officers should indicate any potential interference with U.S. requirements prior to forwarding a~~

waiver request for DSAA, and assure that the request identifies the total amount of charges involved.

3. Waiver or Reduction of Quality Assurance, Inspection, Audit and other Contract Administration Services.

a. Quality assurance and inspection, contract audit services, and other CAS provided in connection with contracts for defense articles or defense services entered into after October 29, 1979, by a NATO member country, or pursuant to an LOA with a NATO member country, may be provided without charge if that government provides such services in accordance with an agreement on a reciprocal basis to the USG.

b. These services may also be provided without charge in connection with the placement or administration of any contract for defense articles or defense services pursuant to NATO infrastructure programs in accordance with an agreement under which the foreign governments participating in such programs provide such services, without charge, in connection with similar contracts.

c. Agreements for the provision of such services without charge will be negotiated by the OUSD(A) and will be implemented by the Director, DSAA, under the authority of the AECA, Section 21(h)(1); Section 106, P.L. 99-661 (NATO-E3A); and Section 132, P.L. 99-83 (Germany-Patriot). Since the reciprocal nature of providing such services can normally only be provided on a country-wide basis, agreements for reciprocal waivers will normally not be made for specific programmatic requirements.

d. A listing of approved reciprocal waiver agreements is provided at Figure 1301-1.

C. Terms of Sale and Type of Assistance Codes

1. General

a. Applicable Sections of FAA and AECA. An LOA for a sale of defense articles, defense services, or design and construction services may involve Section 503(a)(3) of the FAA (MAP Merger) and/or one or more of the following sections of the AECA.

- Section 21. Sale from DOD stocks (includes defense articles and services of DOD personnel except those services provided under Section 29).
- Section 22. Sale from DOD procurement (includes defense articles and services of DOD contractor personnel except those services provided under Section 29).
- Section 23. DOD direct credit extended to a purchaser to finance a sale from DOD stocks or DOD procurement.
- Section 24. DOD guaranteed credit extended to a purchaser to finance a sale from DOD stocks or DOD procurement.
- Section 29. Sale of design and construction services from DOD stocks or procurement.

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

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

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

a. Terms.

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

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

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

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

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

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

add New Para - See attached → (7) New Para - See attached

b. Related Information.

(1) If more than one of the above Terms of Sale apply to a particular LOA, the IA will cite all of the appropriate Terms of Sale on the LOA. No attempt should be made to break out the estimated costs of each or some line items; however, where FMS Credit or MAP funds are cited a dollar breakout will be shown. Applicable line items for credit will be coded "TAZ." Mixed line items will show "TAZ" and other appropriate "TA" code. (See paragraph D. below.)

(2) In addition to the applicable Terms of Sale, the IA will enter the following statement in the "Terms" block of the LOA: "Payment will be in accordance with the provisions of the Financial Annex subject to paragraph B.3.f. of Annex A." However, this statement does not apply to Cash with Acceptance and FMSO I cases. If the purchaser is not authorized a Dependable Undertaking for Section 22 or Section 29 sales, the Term of Sale will be "Cash with Acceptance," unless specific DSAA approval is obtained. A Financial Annex is required for all LOAs except FMSO I agreements. Paragraph 70213.A.4., this section sets forth instructions for Financial Annexes.

3. Type of Assistance (TA) Codes.

a. Codes Identified.

- Code 3: Sec 21 (b), AECA; Source of Supply "S", "R", "E".
- Code 4: Mixed Sec 21(b), 22(a), or Sec 29 AECA or source undetermined; Source of Supply "X".
- Code 5: Sec 22(a), AECA; Source of Supply "P".
- Code 6: Sec 21(d), AECA; Payment on Delivery; Source of Supply "S", "R", "E".
- Code 7: Sec 22(b), AECA; Dependable Undertaking with 120 days payment after delivery; Source of Supply "P".
- Code 8: Sec 21(d), AECA; Stock sales with 120 day payment Source of Supply "S", "R", "E".
- Code M: Sec 503(a)(3) Foreign Assistance Act, MAP Merger.
- Code U: FMSO I, Source of Supply "P".
- Code V: FMSO II, Source of Supply "P".
- Code Z: Sec 23 or 24, AECA; FMS Credit.
- Code N; ✓ ✓ ✓ (Non-Refundable)

b. Use with Source of Supply Codes. The type of assistance code may be interchanged when used in the "Availability and Remarks" block of the LOA. Example: TA3, TAZ. The Source of Supply codes shown in paragraph 3, Explanatory Notes, Annex A, to the LOA, must be determined and indicated independently of TA codes. For example, the source of supply coding for FMSO II should be "5(*)" and the TA code for FMSO II should be "TAV" with both designations being shown in the "Availability and Remarks" block of the LOA. A summary of Terms of Sale and Type of Assistance Codes is at Table 1301-2

D. Financial Administration of the FMS Credit Program. The FMS credit appropriation and loans guaranteed by DOD provide two sources of initial funding of FMS or direct commercial sales. Annual requirements are defended before Congress by OSD/DSAA. The appropriation is administered by DSAA. Customer payments of principal and interest on amounts loaned are based upon the terms of individual loan agreements. Specific details on FMS credit management are included in Chapter 9.

| TYPE OF SALE | TYPE OF ASSISTANCE CODE | SOURCE OF SUPPLY CODE | AVAILABILITY | TERM(S) OF SALE | INITIAL DEPOSIT |
|---|-------------------------|-----------------------|--------------|---|--|
| 12. Article(s) and/or service(s) sold from stock, final sentence of Sec. 21(d)*** | B | As Required | Anytime | Payment 120 Days After Delivery | None |
| 13. FMSO I, DoDI 2000.8 | U | P | N/A | Cash with Acceptance, \$ _____, balance as billed. | 5/17th of estimated cost plus 100% of Administrative charges |
| 14. FMSO II, DoDI 2000.8 | V | P | N/A | Cash Prior to Delivery Dependable Undertaking | As shown in the Financial Annex |
| 15. Any, Sec. 23 or 24 | Z | As required | N/A | Loan agreement with _____, NR. _____, Dated _____, (_____ line items) | As shown in the Financial Annex |
| 16. Sec. 503(A)(3), FAA | M | As Required | Anytime | FY _____ MAP Merger. | As shown in the Financial Annex. |
| 17. Combination of above resulting in more than one term of sale | | | | (Show two or more terms as appropriate) | As shown in the Financial Annex |
| 18. Federal Republic of Germany | | | | The DoD will draw required payments from the FRG's US Treasury Deposit Account as specified in the monthly statement of fund requirements in accordance with DoDI 2110.32 | |

*** Requires approval of the President.

19. Any, Section 23 or 24 N As Required N/A

Loan agreement with _____, NR. _____, Dated _____, (_____ line item(s)) as shown in Financial Annex

TABLE 1301-2. (Continued)

1301-10

Change No. 1, 20 October 1989

SECTION 1302 -- BUDGET AUTHORITY

130201 BUDGETARY AUTHORITY FOR FMS ORDERS. To protect the integrity of the FMS purchaser's financial commitment and to ensure proper accounting for fiscal resources of the DOD components, DOD uses uniform budgetary controls for FMS agreements. Budgetary control of an FMS agreement begins after acceptance of the LOA by the purchaser. The purchaser forwards three signed copies of the accepted agreement to SAAC together with any required initial deposit. If the terms of sale have been observed by the purchaser, SAAC records acceptance of the LOA and releases to the IA specific values of OA. The IA must then account for, control, and report obligations incurred against the authority received. The essence of the budgetary control system is the "FMS Planning Directive" (DD Form 2061) and the "Request and Approval of FMS Obligational Authority" (DD Form 2060). Each of these documents form a building block of fiscal data in support of the "FMS Status of Budget Execution Report" (DD Form 1176).

130202 SECURITY ASSISTANCE BUDGETS

A. **Purpose.** The administrative implementation of SA programs are financed by funding from either the FMS Administrative Budget or the MAP Administrative and Overhead Support Budget. Exceptions to this funding policy are those FMS related costs which are charged directly to FMS cases and the costs of military personnel involved in administering the IMET Program and the MAP program at all organizations other than overseas SAOs. The following is a description of the budgets, the budget process and guidance to assist participating organizations in preparing FMS administrative, MAP administrative and overhead support, and SAO budgets. Budget formats and instructions for completion will be supplied in each annual budget call.

B. **Financial Resources**

1. **FMS Administrative Budget.** The FMS Administrative Budget is financed by collections from FMS customers derived from the application of an administrative surcharge. Surcharge collections are made by SAAC as they are earned and are then available for allocation to finance FMS administrative requirements.

2. **MAP Administrative, Overhead Support, and SAO.**

a. **MAP Administrative Budget.** MAP and IMET program administrative and overhead support costs are financed from a combination of annual appropriations in the MAP account, and reimbursements from the sale of MAP-owned defense articles (MAP inventory of disposable property returned from recipient countries) which are credited to the current year MAP account as they occur. MAP funds are appropriated to the President. The President, by Executive Order #12163, allocates these funds and delegates the authority and responsibility for their administration to the SECDEF. Therefore, while the MAP appropriation is not part of the DOD budget, the program and its budgeting, funding, and financial administration are generally subject to the same controls and regulations as are DOD appropriations. MAP administrative overhead and support funds are allocated by DSAA to each IA on the basis of MAP Orders and amendments issued to the IA, in an amount equal to the cumulative total cost of funded lines outstanding for each IA.

b. **SAO Budget.** All SAO operating costs are financed using FMS administrative funds (Account #8242) as the carrier account. The portion of SAO costs related to MAP, IMET, and other non-FMS is financed by a reimbursement of MAP funds into the FMS Trust Fund. 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

*add new
nce -
related*

carrier account and the FMS share of SAO costs was financed by reimbursement of FMS administrative funds into the MAP account.

(1) Assistance-in-Kind. While not a funded program, assistance-in-kind (AIK) is an asset of some importance which offsets funding requirements at some of our SAOs. AIK provides rent-free housing and office space, services, utilities and minor equipment from certain countries under terms of bilateral agreements.

(2) Contributed Currencies. Contributed currencies are solicited and collected from host countries in accordance with FAA Section 636(h). This section specifies that countries which receive assistance under the Act contribute local currencies to meet the cost of contractual and other services rendered in conjunction with such programs, and that foreign currencies owned by the U.S. be utilized to meet the costs of such contractual and other services. The amounts of contributed currencies are identified in SAO budgets and reflect an offset to the total administrative costs of the SAOs to the USG. Contributed currencies received from foreign countries are deposited in the Treasury Miscellaneous Receipts Account.

C. Operation of the FMS Administrative and MAP Administrative Overhead and Support of SAO Budget Systems. A detailed description of the operation of the budget systems follows.

1. FMS Administrative Fund Budget System/ Procedures.

a. General.

(1) Cost Recovery Policy. FMS program implementation expenses are recovered from the FMS purchaser through either direct charges included in the costs of the materials/services being purchased or through specific surcharges which are added to the FMS sales agreement. An administrative surcharge is added to recover DOD expenses related to the general administration and conduct of the FMS program such as, costs of sales negotiation, case implementation, financial management, and reports of discrepancy. DOD policy stemming from the AECA, Sections 21(e)(1)(A) and 43(b)(1) is that those administrative costs incurred primarily for the benefit of a foreign country are allowable charges against FMS administrative funds and should be provided for in FMS administrative budgets. As a general rule, FMS administrative funding is made available to selected DOD organizations actually implementing the FMS program. Funding is not provided to those organizations responsible for formulating U.S. SA policy, such as, DOS, OJCS, or USDP.

(2) Financial Management. Financial management of FMS administrative surcharge funds is the responsibility of the Comptroller, DSAA. SAAC provides centralized accounting support assisting in FMS program implementation through the collection of surcharge revenues and the allocation of FMS administrative funds in accordance with DSAA approved annual funding programs.

(3) New Para - see attached

b. FMS Administrative Budget Preparation and Approval Process.

add new Para - see attached

(1) Program Objective Memorandum Guidance. In January of each year the Comptroller, DSAA provides a five year projection of FMS sales activity and administrative fund budget planning levels to each of the MILDEPs and DOD agencies administering the FMS program. Issuance of these multi-year estimates is in cycle with the issuance of Defense Programming Guidance. The planning levels are developed to assist the MILDEPs and DOD agencies in determining FMS administrative requirements for use in formulating their POM.

administrative budgets only if they are incurred primarily for the benefit of the FMS program. Section 109 of Public Law 99-83, the International Security and Development Cooperation Act of 1985, excludes from charging to FMS administrative funds "a pro rata share of fixed base operation costs." Those BOS costs that may be charged to FMS administrative funding are identified in the annual budget call.

(e) Dedicated SA Activities. For budgeting purposes the following organizations are considered to be dedicated SA activities: USASAC, NAVILCO, AFLC-ILC, SAAC, and DISAM. The designation of selected activities as "dedicated" permits charging some prorated BOS costs to FMS administrative funds. In those instances where a MILDEP operates a relatively large full-time SA organization, it is reasonable to assume that some BOS costs are incurred primarily for a foreign country (reference the AECA, Section 43(b)). Since proration techniques are the most practical method for distributing BOS costs, this technique is permitted for some BOS costs at "dedicated" activities. However, as indicated in paragraph (d), P.L. 99-83 excludes from charging to FMS administrative funds a pro rata share of *fixed* base operation costs. Congress defined fixed base operation costs to include, among others, costs for the following: Alcohol and drug abuse program, fire protection, pest control, laundry and dry cleaning, food service, base chaplain, morale, welfare and recreation, and restoration of historical landmarks. In those instances where the full-time SA effort is either concentrated in relatively small subordinate organizations or is scattered through the activity, the use of proration techniques to allocate BOS costs does not demonstrate that these costs have been incurred primarily for a foreign country. The annual budget call provides additional guidance on BOS costs.

(f) Billing FMS Administrative Funds for Reimbursements Earned. In the past, organizations have billed and collected funds without supporting documentation indicating that the costs were incurred. Organizations with FMS administrative budgets must assure that reimbursements earned and billed to the administrative funds are based on documented expenses accruing from actual FMS related administrative work.

Rewrite - Costs. See attached (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 USG's costs. Reference DOD 7290.3-M, Section 701, for FMS payroll acceleration percentage rates and prescribed accounting procedures.

(h) Exempted Programs. A small number of FMS cases have been exempted from the application of FMS administrative charges. The administrative costs related to these cases are properly funded from service appropriations pursuant to the AECA, Section 43(a) and should not be charged to FMS administrative funds. The exempted programs are identified in the annual budget call.

(4) Issuance and Use of Funds. At the direction of the Comptroller, DSAA, SAAC issues quarterly funding allotments to each of the organizations for which an AFP has been established. The MILDEPs are generally permitted to reprogram their FMS administrative funds between object classes to handle requirements which have changed from those originally approved by DSAA. Recipients of FMS administrative funds are required to provide regular accounting reports on the use of the funds and to return end of year unobligated balances to SAAC within a reasonable amount of time after year end certification.

e. Reports.

Rewrite - MILGroups, RCS: DSAA(Q)1218. See attached
(1) Quarterly Military Manpower Report for SAOs, Missions, MILGroups, RCS: DSAA(Q)1218. FAA Section 515(d) 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 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. See the sample report format in Table 1302-1.

(2) Reimbursement for Revenue Traffic Airlift; DSAA Fm. 78-001.

(a) Reimbursement is required for airlift transportation costs when an SAO assigned aircraft is used by organizations other than the SAO for non-SA missions.

(b) DSAA Form 78-001 should be completed and submitted within two work days after the airlift has been completed. See the sample format in Table 1302-2.

d. **Materiel from Procurement.** Payment schedules for materiel obtained through procurement requiring progress payments to contractors will be estimated based on historical cost curves. These curves should be systematically developed for all major DOD weapon systems and should be reviewed periodically for validity. Payment schedules should include estimated disbursements to contractors, an appropriate contract hold-back percentage, and a reserve for termination liability.

e. **Concurrent Spare Parts.** For case lines involving concurrent spare parts, estimate dollar deliveries consistent with the delivery of the end items being supported.

f. **Purchaser-Initiated Requisitions.** For cases involving purchaser-initiated requisitions, such as blanket order cases expressed in dollars, over a one-year period, phase payments quarterly for one-fourth of the estimated case value. The first payment should be scheduled 90 days after the estimated date of case acceptance and initial deposit.

g. **Personal Services.** For cases involving personal services, develop a monthly phasing based upon the scheduled dates and elements of cost of the services being provided.

h. **Training Cases.** For training cases involving foreign student entry into courses, schedule the payment in consonance with known or estimated entry into the training courses involved. Open-end or blanket order training cases will require an initial deposit of 25 percent when the case exceeds \$25,000.

i. **Royalties or Pro-Rata NC Charges.** For cases involving royalties or pro-rata NCs or asset use charges, schedule the payment in consonance with production schedules of the end item for which the payment is being collected.

j. **Administrative and Accessorial Charges.** Schedule administrative and accessorial costs in consonance with payment schedules for the primary items or services being provided under the case. However, one half of the administrative fee reflected in block 23 of the DD Form 1513 will normally be required with acceptance of the LOA.

D. **Initial Deposit.** To accept an LOA, the purchaser is required to make an initial deposit equal to a portion or all of the estimated value of the FMS agreement. The terms of sale, type of case, projected date of delivery or performance of services, anticipated date of LOA acceptance, and source of supply all have a bearing on the amount of initial deposit.

1. The amount of the initial deposit will be determined as follows:

a. Cash with acceptance, i.e., full case value as initial deposit, is required if delivery of the defense article or service is within 90 days of LOA acceptance, or if total performance is anticipated to be completed before SAAC can bill and collect additional payments (see Table 1304-2).

b. Cash with acceptance is also required for cash sales from procurement if the purchaser is not authorized direct arrangements for dependable undertaking (and, accordingly, is not listed in Table 1301-3), unless DSAA has approved other financing terms.

c. Initial deposit should be one-half of the administrative surcharge shown in block 23 of the DD Form 1513, if there will be no performance on the case during the period covered by the initial deposit.

SECTION 1306 -- CASE FILES

130601 GENERAL FMS CASE FILES. General FMS Case Files will be maintained in accordance with Chapter 6, DOD 7290.3-M. Retention of source documents and status reports must be consistent with the life cycle of the FMS case. History files maintained by SAAC must be in accordance with the requirements of DOD 7290.3-M, paragraph 50303A which stipulates that a case never closes for accounting purposes, rather it is recategorized from active to inactive.

Per Comptroller, Department of Defense memorandum, 17 June 1987, documentation supporting FMS disbursements is to be retained indefinitely.

add sentence!

Section 1307 - PRICING OF FMS TRANSACTIONS**130701 GENERAL.**

A. **Background.** In compliance with the AECA, DOD pricing and financial procedures provide for the charging of all DOD direct and indirect costs, including applicable surcharges. The P&R, P&A, or LOA will provide estimated data as indicated below.

B. **Policies for Pricing.** Each DOD component must adhere to the policies prescribed in DOD 7290.3-M.

C. **Single Selling Price.** It is DOD policy to provide a single unit price for articles offered under FMS. It is not normal FMS practice to provide a detailed description of the components of cost included in estimated prices for line items on LOAs. There may be instances where the provisions of such information is necessary to demonstrate that such costs are necessary. Furnishing of cost breakouts beyond single unit prices require DSAA approval.

D. **Direct/Indirect Costs.** The cost of defense articles or services is chargeable to a FMS case if it can be demonstrated that the provision of such articles or services was made solely for the purpose of implementing and administering the FMS case involved. Within FMS, most costs are generally identified as either direct or indirect. The DD Form 1513 lists unit costs, total costs, and selected additional charges but does not specifically identify direct or indirect costs which may be a part of the line item unit costs or the additional charges.

1. **Direct Costs.** A direct cost is any cost that can be identified specifically with a particular final cost objective. Examples are materiel and labor to build or repair a principal item, the costs to train users how to operate and maintain the item, and costs from the Transportation Cost Look-up Table.

2. **Indirect Costs.** An indirect cost is any cost not directly identified with a single, final cost objective. Indirect costs are often accumulated in logical cost groupings, such as administration and transportation and applied as a percentage allocation to direct costs. For example, certain costs such as administration, contract administration, ~~asset use~~, and the transportation cost based on a percentage surcharge would normally be considered indirect costs..

E. **Use of Estimated Prices.** To assure that all costs are covered, quotations on defense articles and services will be cited as estimated prices, with final adjustments to be established after delivery of items from production or the rendering of services. The DD Form 1513 will indicate that prices for articles and services from procurement are estimated prices. Those instances in which firm prices may be quoted on an LOA are discussed in Paragraph 70203 of DOD 7290.3-M.

130702 (Reserved for future use.)

130703 ARTICLES FROM STOCK.

A. **Authority.** Section 21 of the AECA authorizes the sale of defense articles from stock to eligible foreign countries or international organizations. Specific guidance on when the selling price of an article from stock is determined is in Paragraph 70202 of DOD 7290.3-M.

B. **Pricing Principles.** Standard prices will be used when non-excess materiel is to be sold and no inventory replacement is required. For the sale of principal items a test is required to determine if a requirement for inventory replacement is created as a result of the sale. When an

article is supplied from inventory with replacement required, the FMS selling price will be the best estimate available at the time of drop from inventory. When no replacement is required, the price will be based on the most recent actual procurement cost of the "series" and "model" being sold, and will consider any modifications or improvements, as well as desirability or utility due to age or condition.

C. Replacement Factors for Secondary Items/Non-CLSSA

1. Criteria for Charging Such Costs. The stock list price of procurement funded secondary items furnished from inventory will be increased by a surcharge published by the 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. See Section 702, DOD 7290.3-M. *Comptroller, Department of Defense.*

2. DD Form 1513 Presentation. Most such items will be provided against blanket order FMS cases. The dollar values offered in the LOA should cover appropriate replacement pricing.

3. Military Department Delivery Reporting. MILDEP Delivery reports will reflect the item selling price as a single price combining stock list price plus the ASD(C) published surcharge amount. *Comptroller, Department of Defense*

4. Applicability. This instruction does not apply to stock fund pricing, but only to central procurement secondary items provided from DOD inventories. As indicated in DOD 7290.3-M, CLSSA (FMSO II) shipments will be priced at standard price plus an acquisition surcharge. See Table 702-14, DOD 7290.3-M for CLSSA and non-CLSSA surcharges.

D. Quotation of Firm Prices. DOD components will quote firm prices when offering principal or major items from DOD stocks as provided in 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.

130704 ARTICLES FROM PROCUREMENT

A. Authority. Section 22 of the AECA authorizes the sale of defense articles from procurement to eligible foreign governments and international organizations. Pricing of defense articles from procurement will be in accordance with DOD 7290.3-M, Section 703 and will include full DOD contract costs and authorized surcharges.

B. Purchaser Obligations and Contracting Principles. The purchaser is obligated to pay all costs incurred by the USG as well as any damages or costs that may accrue from the purchaser's cancellation of the contract. In general, defense articles shall be priced on the same basis as the cost principles used in pricing defense contracts for items for DOD use. However, recognition shall be given to reasonable and allocable contractor costs which are justified in connection with a particular sale (see DOD FAR Supplement, 25.7304(c)).

C. Government Provided Engineering Services.

1. Criteria for Charging Such Costs. Government-furnished engineering services may be requested by the purchaser, or costs may be incurred to provide such services as a part of the production of articles being sold under FMS. Those services will be offered on LOAs, reported and billed in the same manner as any other service sold under FMS. The criteria for

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determining whether government-furnished engineering services associated with equipment purchases should be charged directly to an FMS case are:

a. Performance is necessary for production, configuration control, or reliability of the article being sold. The costs to be charged for such services will be based on the proportionate share of man-years needed for the FMS items being produced. As a general proposition, the costs will be derived by pro-rating total engineering costs by the ratio of items being produced for FMS purchasers to the total items being produced in the same time frame.

b. These DOD costs must be allocable to a specific program rather than be performed to benefit the FMS program in general. Virtually all man-years associated with FMS-related engineering tasks are allocable; however, it is recognized that some engineering man-years may be required for general FMS administration and, upon proper documentation that the cost of such man-years cannot be allocated to FMS case lines, they may be charged to the FMS administrative budget or fund.

c. As indicated in DOD 7290.3-M, engineering costs are chargeable directly to an FMS case only if they are recurring in nature, and are related to a current production run in which FMS materiel is being produced. NC are recoverable via policies and procedures included in DODD 2140.2_a and DOD 7290.3-M.

2. **DD Form 1513 Presentation.** Estimated costs of providing engineering services associated with production of purchased items will be included in the estimated unit costs of the item being purchased. Thus, the LOA item price will include not only the estimated contract cost to produce it (including GFM) but also the cost of services required to assure production in the correct configuration. Such costs will also include the pro-rata share of government-furnished testing and evaluation services.

3. **Military Department Delivery Reporting.** MILDEPs will include the appropriate pro-rata share of applicable government-furnished engineering service costs in the reported U/P of the purchased item. SAAC will submit billings to countries at the full U/P reported by the MILDEP.

130705 AUTHORIZED CHARGES. See Table 1307-1 for a list of charges used in FMS pricing.

A. **Accessorial Charges.** These charges represent certain expenses incident to issues, sales, and transfers of materiel which are not included in the standard price or contract cost of materiel, such as:

1. **Packing, Crating and Handling.** Packing, crating, and handling (PC&H) costs are costs incurred for labor, materiel, or services in preparing the materiel for shipment from the storage or distribution point.

2. **Transportation.** Transportation charges include inland (second destination) and ocean transportation costs representing shipments by land, sea, air, inland and coastal waterways, vessel or air, and including parcel post via surface or air.

3. **Port Loading and Unloading.** These are costs for labor, materiel or services at ports of embarkation or debarkation.

4. **Prepositioning.** Supply distribution costs incurred by locations outside the U.S. in anticipation of support to other authorized customers. These costs are applicable when

2. **DD Form 1513 Presentation.** The LSC is to be included in the single selling price presented to FMS purchasers in the LOA for those lines coded with the applicable generic codes listed in DOD 7290.3-M.

3. **Reporting.** SAAC will apply the applicable percentage (3.1 percent for FYs 1987 and 1988) to the extended value amounts reported by the IAs in the DD Comp(M) 1517 billing reports. However, in accordance with Paragraph 71704C of the DOD 7290.3-M, the IAs will determine from SAAC the amount of LSC to include in the IA's Case Closure Certificate to be submitted to SAAC.

D. **Nonrecurring Cost Recoupment Charges.**

1. **Background.** Section 21 of the AECA requires that an appropriate charge be made for a proportionate amount of any NC of RDT&E, and production of MDE. Implementation guidance on establishment of charges, collections, and waivers is contained in DOD Directive 2140.2.

2. **DOD Component Responsibility.** DOD components are responsible for determining recoupment charges for all items of defense equipment. DOD components must use actual, not program, cost data and may use estimates where the development of more precise data is not possible; however, in the latter case, it must be demonstrated that a reasonable approach was used and prior approval of alternative costing methods must be obtained from OSD(C) (Accounting Policy), with DSAA concurrence. The costs to be applied against the foregoing threshold levels shall normally be determined based upon the roll-away, sail-away or fly-away cost of the end item, and assessments for product sales shall be made on the basis of end item sales. In the event an end-item contains one or more components which individually meet these thresholds, recoupment will be made on both end item and component sales. Nonrecurring RDT&E costs are those costs funded by an RDT&E appropriation to develop or improve the product or technology. This includes costs of any ECP initiated prior to the date of the contract with the customer, as well as projections of such costs, to the extent additional effort applicable to the sale model or technology is necessary or planned. It *does not* include costs funded by either procurement or O&M appropriations to improve the product or for costs of publications. The costs of improvements are recurring costs and will be recovered in accordance with 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 NCs include such costs as pre-production, special tooling, special test equipment, production engineering, product improvement, destructive testing, and pilot model production, testing, and evaluation. They do not include costs of government property or facilities for which rental or asset use charges will be assessed. "Special" nonrecurring RDT&E or production costs are those incurred at the request of, or for the benefit of, the customer in developing a special feature or unique requirement. These "special" costs must be paid by the customer as incurred. The objective of applying these recoupment charges is to ensure that a purchasing customer pays a fair price for the value of DOD "sunk" investment costs. The pro rata recoupment charge is to be included in the FMS or direct commercial sales price of the product or technology unless reduced or waived as outlined in paragraph h. below. ↗

add sentence - see attached

3. **DSAA Approval.** Prior to applying pro rata NC recoupment charges to sales of items on the MDEL, components will insure that the proposed pro rata charge has been approved by the Director, DSAA. Approval will be requested only for MDE items, and for which there has not been an approved NC pro rata charge established since 5 January 1977.

4. **Format.** Requests for approval of pro rata charges for each MDE item will be submitted on the format shown in Chapter 7, Section 700, Figure 700-1. USG nonrecurring

RDT&E and production costs will be shown separately. The total of these two entries, i.e., the total USG nonrecurring investment in the item, will be prorated against past and projected production quantities for USG, FMS, MAP, and direct commercial sales. Actual past and projected production quantities will be depicted and a country breakout for FMS and direct commercial sales projections will be shown. FYDP forecasts will normally be used to indicate the U.S. military service production quantities; however, for those items for which Selected Acquisition Reports (SARs) are required, the latest SAR data will be cited, as applicable.

5. Pro Rata Charges Determined before 5 January 1977. If the pro rata charge was determined prior to 5 January 1977, it will be reviewed to identify any significant changes. Changes requiring approval by DSAA will be submitted to Director, DSAA, in the format of paragraph D., above.

6. Direct Commercial Sales. The DOD requires that, in the case of direct commercial sales of defense items to foreign countries and international organizations, the U.S. contractor must collect and pay to the cognizant MILDEP the appropriate NC recoupment charge for the items being sold. MILDEPs will insure that they have in place an operative system for assessment, monitoring, collection, and reporting of these recoupments in order to insure that all appropriate payments are in fact made to the DOD. This system will provide for the following actions to be taken:

(a) Applicable Items. The development of complete lists of non-MDE and MDE items under the cognizance of the MILDEP which require assessment of an NC recoupment charge in accordance with DoDD 2140.2 and a reference to the contracts in which the recoupment clause applicable to the items is contained.

(b) Cross-Reference of Export License Requests. The cross-referencing of all export license requests processed by the MILDEP against these lists to determine whether the commercial sale is required to have a NC recoupment charge assessment.

(c) Editing Munitions Control Export Licenses. Munitions Control Export Licenses will be annotated to indicate the amount of NC recoupment charge which the contractor is required to reimburse to the USG, and indicate the office in the MILDEP to which the payment is to be made. It is emphasized that this process should in no way delay the expeditious handling of Munitions Control Export Licenses. In the event that appropriate NC recoupment charges have not been determined for a particular item, the munitions control license should be annotated only to show that a charge may be required, and that the contractor is directed to contact the designated MILDEP administrative or procurement contracting officer to ascertain the specific recoupment charge. Recommendations for approval of an export license request may not be conditioned upon an agreement by the license applicant to pay such a charge to the USG in a case in which the MILDEP knows that the applicant does not have a current contractual obligation with the USG to make such payments.

7. Reporting. Collections received both from FMS and commercial sales transactions will be reported in the DSAA(Q)1112 report required by DoDD 2140.2. This report will be submitted quarterly by each DOD component, to DSAA Comptroller, within 45 days of the end of each quarter.

E. Asset Use

1. Charges for Use of USG-owned Facilities. Sale of defense articles to any foreign country or international organization shall include appropriate charges for any use of USG-owned facilities, plant and production equipment in connection with the production of the

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defense articles. Charges for use of USG-owned facilities, production and research property shall be assessed ~~whether on an FMS or a direct commercial sale.~~ *as follows:*

Delete
 a. Asset Use Charges. Sales of defense articles which were produced in government-owned facilities or with government-owned plant and production equipment shall be priced to include an asset use charge, except where the production of the defense articles was subject to rental charges for use of DOD facilities, plant and production equipment. Asset use charges will be calculated in accordance with the provisions of DOD 7290.3-M, Section 706.

Delete
 b. Rental Charges for Use of DOD Assets. Sales of defense articles which were produced in government-owned facilities or with government-owned industrial plant and production equipment, for which a rental is assessed in accordance with the provisions of 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. A rental and an asset use charge will not be applied to the same defense articles on an FMS transaction.~~

c. Use of U.S. Industrial Plant Equipment for Work for Foreign Governments or International Organizations. Non-government use of USG-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.

d. Use of U.S. Production and Research Property for Work for Foreign Countries or International Organizations. Non-government use of U.S. production and research property for foreign procurement requires the prior written approval of the MILDEP having cognizance of the property. Such approval may be granted only if use will not interfere with U.S. requirements, and the work is in support of FMS or a direct commercial sale approved under the terms of the AECA. Either the asset use or applicable rental charges will be assessed.

2. Asset Use Charges for Items Provided from Inventory

Delete
 (a). Criteria for Charging Such Costs. DOD 7290.3-M requires an asset use charge of one percent to be applied to the materiel base price for articles sold from DOD inventories.

Delete
 (b). DD Form 1513 Presentation. Whenever it is practicable to estimate the value of materiel to be furnished from DOD inventories, the amount of the estimated asset use charge will be included in block 25 of the LOA. The following note will be included in all LOAs which include requirements which could result in shipments from DOD inventories:

"An amount of one percent will be added to the price of items provided from DOD inventories to cover costs incurred for use of USG facilities."

Delete Sentence
 (c). Military Department Delivery Reporting. The MILDEPs will report inventory item shipments to SAAC at stock list price or replacement price as applicable. ~~The MILDEPs will not include the value of the asset use charge in such delivery reports. At case closure a certificate will be submitted from the MILDEP to SAAC, exclusive of the asset use charge. SAAC will assure the one percent asset use charge is reflected in the final case value.~~

Rewrite Para - see attached
 (d). SAAC Billing and Reimbursement Procedures. SAAC will process reported deliveries of items from inventories (based on delivery source code) to add a

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surcharge of one percent 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: Attrition charge collections are deposited by SAAC. See DOD 7290.3-M, Section 104. 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.)

Write Para - See attached

~~(c) **Applicability.** 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.~~

Rentals Para See attached

F. Quality Assurance and Inspection, Contract Audit Services, and Other Contract Administration Services.

1. Refer to DOD 7290.3-M, paragraph 70305 for guidance regarding recovery of CAS costs incurred in support of new procurement for FMS.
2. Costs incurred by DOD for QA and inspection and CAS will be assessed for FMS programs as prescribed by DOD 7290.3-M.

G. Review of Accessorial and Administrative Rates. Rates for accessorial and administrative costs are subject to review at least every two years. Requests for exceptions to the pricing policies prescribed herein, decisions to resolve disputes, or deviations from any price or service charge when it can be shown that such deviation is in the best interest of the USG shall be submitted through the Director, DSAA, to the ASD(C). Such requests will contain the basis or justification and supporting data for the exceptions. See additional guidance in DOD 7290.3-M, Section 721.

**TABLE 1307-1
Summary of Charges Used in FMS Pricing**

| Type | What it is typically for | Abbreviation | Generic Code | Typical Location on DD 1513 | Applied by--for billing | DOD 7290.3-M Reference |
|--|--|----------------------------------|------------------------|---------------------------------|-------------------------|---------------------------|
| 1. Admin Surcharge | Cost of administering the FMS program | ADMIN | L6A | Blk 23/24 | SAAC | Sec. 705 |
| 2. Non-recurring Cost Recoupment | Pro rata recovery of RDT&E and Production startup | NC | - | Included in Line | IA | Para 70205 DODD 2140.2 |
| 3. Contract Administrative Surcharge | Contract Admin, Audit & Quality Assurance | CAS | | Included in Line | IA | Para 70305 |
| 4. Packing, Crating & Handling | Obtaining items from inventory and preparing for shipping | PC&H | L2A | Blk 22 | SAAC | Para 70402 |
| 5. Transportation | Cost to U.S. of transporting customer material using DTS or a GBL which must be charged to purchaser | TRAN | L00 | Blk 25 | SAAC | Para 70403 |
| 6. Asset Use | Use of U.S. owned plant and production assets | AU (4%) SIAU (1%) | R9H R9H | in Line Block 25 | IA SAAC | Sec. 706 |
| 6. Logistics Support Charge | Cost of Logistics Support | LSC | | Included in Line | SAAC | Sec. 717 |
| 7. Stock fund price adjustment surcharge (CLSSA) | To allow for price growth | | | Included in Line | IA | Para 70202B1 |

TABLE 1307-1 Summary of Charges Used in FMS Pricing

1307-10

Change No. 1, 20 October 1989

DOD 5105.38-M

SECTION 1308 - PERFORMANCE REPORTING

130801 PERFORMANCE REPORTING/BILLING.

A. Reporting Performance of FMS Orders.

*Rewrite -
See attached*

1. **IA Responsibilities.** 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 the date of shipment or performance.

2. **FMS Performance Reporting.** The mechanism for reporting FMS performance to SAAC is the "FMS Detail Billing Report" (DD-COMP(M)1517). It is submitted monthly to arrive at SAAC no later than the 16th calendar day following the end of the reporting month. If the 16th calendar day falls on a non-working day, the cutoff will be moved to the first working day following the 16th. If materiel has been delivered or services performed, a performance report is forwarded to SAAC. ~~If no materiel has moved but 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-COMP(M)1517 report are prescribed in DOD 7290.3-M.

*Rewrite
Sentence*

3. FMS Physical (Constructive) Delivery Reporting.

a. The cognizant DOD component must submit accurate and timely FMS physical (constructive) delivery data for selected major end items. Delivery information is contained in detail and summary reports described in Chapter 15, Section 1501, which are used not only as management tools by SA personnel worldwide but are also used for reporting required by the AECA and responding to correspondence and inquiries.

b. Items are considered delivered when title is passed to the purchasing country (see Chapter 8, Paragraph 80206.B.2). DOD components must report, within 30 days, all constructive deliveries for selected materiel lines to SAAC by the 20th of each month in the C1 transaction format (Table 1308-1). SAAC, in turn, should submit this data to DSAA for inclusion in the FMS 1200 System. These transactions are not a part of the formal FMS billing system. A delivery report is required for all DD Form 1513 lines having a U/I of "EA" for the following generics:

- A1-A5, A9B Aircraft
- B1-B4 (Complete Missile Lines Only) Missiles
- C Ships
- D Combat Vehicles
- E3 Tactical & Support Vehicles
- F2, F3, F4 Weapons
- G2, G4, G5 (Less M & Y), G6A Ammunition
- H4 Communications Equipment

c. RCS DSAA(M)1141 is assigned to this reporting requirement.

B. Billing for FMS Transactions.

1. Quarterly Billings. As of the end of each calendar quarter, SAAC renders a billing statement for each active FMS agreement in accordance with DOD 7290.3-M. The purpose of the bill is to provide the FMS purchaser a statement of account for costs incurred on his behalf and to request additional funds as projected in the payment schedule.

2. Elements of Billing. The first element of each billing is for costs incurred to date, and includes charges for materiel delivered and progress payments made to contractors. The FMS purchaser receives an FMS Delivery Listing that shows by document number the items reported to SAAC as delivered through the end of the month of the billing statement. The remaining portion of the value billed is for anticipated costs to be incurred. SAAC will normally extract this forecast of costs from the most recent payment schedule attached to the DD Form 1513. However, in the event costs occur which vary substantially from the existing schedule, the MILDEP should immediately advise SAAC and the customer of the variance. As described earlier, the DOD component should issue revised payment schedules when appropriate.

3. Legal Effect of Billing. The quarterly FMS Billing Statement (DD Form 645) is the binding legal claim for payment by the DOD as referenced in the DD Form 1513. Both the DOD component and FMS purchaser should understand that the billing, not the payment schedule, contains the required amount to be paid.

4. Billing Questions Directed to SAAC. Questions concerning billings to FMS purchasers should be addressed to SAAC, Lowry AFB, Denver, Colorado 80279-5000.

130802 FINANCING RODs WHEN THE USG IS LIABLE.

A. Purpose. The purpose of this section is to establish funding policy in those instances where the USG is determined to be financially liable for the resolution of a ROD. Procedural guidance for the completion of SF 364, Report of Discrepancy, related to FMS shipments can be found in DOD 7290.3-M, and Joint Regulation DLAR 4140.60, AR 12-12, AFR 67-7, NAVSUPINST 4920.9B and MCO 4140.1B. Chapter 8, Section 802 and Table 802-3 contain additional information regarding RODs. ^{DOD 7290.3-M}

B. Specific.

1. Specific Types of Discrepancies. ^{DOD 7290.3-M} Table 802-3 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 liable to do so.

2. Re-Requisitioning Items. When customer countries are required to re-requisition items which were not previously shipped, they are required to pay the existing price at the time of issue regardless of the fact that the item was initially released at a lower price.

3. RODs in Excess of \$10,000. All RODs in excess of \$10,000 will be submitted to DSAA for approval before being charged against FMS administrative funds. This submission will contain the Department/Agency legal position on the liability of the USG.

C. FMS Administrative Fund Budget Approval. The DSAA FMS Administrative Budget Call, which is issued on an annual basis to MILDEPs and Defense Agencies, provides procedural guidance for the inclusion of estimated ROD costs that are to be financed from FMS administrative funds.

CHAPTER 14

SPECIAL PROGRAMS AND ACTIVITIES

SECTION 1400 - SPECIAL DEFENSE ACQUISITION FUND

140001 AUTHORITY AND PURPOSE.

A. **Authority.** The SDAF was authorized in 1981 by Chapter 5 of the AECA and the SDAF Charter and Operation Instructions were approved by the Principal Deputy Assistant Secretary of Defense (Comptroller) on 30 December 1982.

B. **Purpose.** The SDAF funds the procurement of defense articles in anticipation of their sale or transfer to foreign governments. The basic objective of the fund is to facilitate delivery of materiel in advance of normal procurement lead times and establishing a readily available source of selected items of materiel. Such source enhances the USG capability to satisfy urgent military requirements of allied and friendly nations while avoiding diversions from production for U.S. forces or withdrawals from U.S. stocks.

140002 MANAGEMENT. The 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. SAAC performs centralized accounting and disbursing for the SDAF funds and other accounting duties as assigned.

140003 FUNDING.

A. **Sources of Capitalization.** 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 USG and its contractors:

- Nonrecurring RDT&E charges
- Nonrecurring production charges
- ~~Asset use charges~~
- Contractor rental payments for use of USG plant and production equipment.

1. 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.

B. **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 MAP, and when SDAF items which have been transferred to a MILDEP.

2. **Personnel Costs.** Civilian and military personnel costs directly attributable to SDAF procurements will be funded on separate MIPR lines. These labor costs shall be computed per the guidance in DOD 7290.3-M, paragraphs 70102 and 70103.

3. **FMS Add-Ons.** For advice on add-on factors for non-recurring RDT&E, *and* nonrecurring production ~~and asset use~~, see paragraph 70002H, DOD 7290.3-M.

H. **Reporting Deliveries to the SDAF Account.** 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.

I. **Delivery Reporting Summation.** 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.

J. **Interdepartmental Orders.** Sub-MIPRs issued by one MILDEP to another may not cite SDAF funds. Sub-MIPRs must cite the issuing services funds.

K. **Payment for Transportation of SDAF Items.** Costs incurred to transport materiel to assembly 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.

L. **Storage of SDAF Inventories.** Major SDAF equipment held in DOD inventories will normally be segregated from other DOD items. However, as an exception to this general policy, SDAF items with a limited shelf life may be co-mingled with service inventories so long as separate and accurate inventory records are maintained. MILDEPs will forward bills for SDAF storage to the SAAC. Bills will be for direct out-of-pocket costs incurred on major equipment.

M. **Inventory Losses.** All inventory losses related to SDAF secondary items will be absorbed at the time of the loss by the MILDEP 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 MILDEP, 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.

N. **Billing for Ammunition.** The USA will bill the SDAF account by SF 1080 to reimburse the Conventional Ammunition Working Capital Fund.

140007 FMS SALES OF SDAF ITEMS.

A. **Price and Availability Data.** Requests for P&A and 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 Section 36(b), AECA.

2. **Major Equipment.** Major SDAF equipment items shipped to FMS customers will be reported to SAAC by the MILDEPs on DD Forms 1517 or shipment status cards (MILSTRIP AS) within ten days of shipment. SAAC will prepare DD Forms 1517 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.

3. **Customer Billing.** SAAC will assure that all costs incurred on a case for the sale of SDAF items are billed to the FMS customer.

140008 EQUIPMENT LOANS. Items procured by the SDAF and loaned to the MILDEPs require either restoration to their original condition at the end of the loan period or replacement at MILDEP expense. 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 Table 1400-1)

140009 TRANSFERS FINANCED BY MILITARY ASSISTANCE PROGRAM FUNDS. SAAC executes MAP when SDAF items are provided. DSAA disburses MAP funds to the SDAF as required to meet contractual and in-house payments incurred for MAP items.

140010 REPORTING.

A. **Reporting.** SAAC prepares the reports listed below in accordance with the applicable sections of the DOD 7220.9-H.

| <u>Report</u> | <u>Applicable Section of DOD 7220.9-H</u> |
|---|---|
| Statement of Financial Condition, Std. Form 220, and 221 with 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 |

B. **Collection Reporting.** DOD components are responsible for identifying SDAF collections from the authorized sources and for depositing these collections to Account 11x4116. Monthly reporting of SDAF deposits to the DSAA (COMPT/FR&CPD) is required by the 15th day following the end of each month. As a minimum, a segregation of the SDAF deposits into the following subheads (limits) that show the source of collections is required:

| <u>Accounting Subhead</u> | <u>Source</u> |
|-------------------------------|--|
| .1* | Nonexcess principal/major end items which will not be replaced within the obligation availability of current procurement appropriations. (See Note below.) |
| .2* | Excess stock fund and procurement secondary items. (See Note below.) |
| .3 | Nonrecurring RDT&E and production charges. |

- Delete*
Delete
- ~~.4 One percent (1%) asset use charge.~~
 - ~~.5 Four percent (4%) asset use charge.~~
 - .6 Contractor rental payments for U.S. Government plant and production equipment.
 - .7 Payments from FMS Trust Fund or Military Assistance Appropriation for sale of SDAF equity in contracts and inventories.
 - .8 Payments from MILDEPs appropriations for SDAF items transferred to the MILDEP for temporary use and which are not returned.

* NOTE Although authorized to capitalize the SDAF, other conflicting legislation prohibits the use of this source of funds for SDAF capitalization at this time.

C. Congressional Reporting. Not later than December 31 of each year, the DSAA will submit to Congress a comprehensive report on acquisition of defense articles and defense services under the SDAF. Each report includes:

1. A description of each contract for the acquisition of defense articles or services which was entered into during the preceding fiscal year;
2. 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;
3. 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
4. An evaluation of the impact of the utilization of the authority of the SDAF on U.S. defense production and the readiness of the U.S. Armed Forces.

Input for the above report requirements (a through c) will be provided by SAAC. Additionally, as part of the annual written report to the Congress, required by Section 2431(a) of Title 10, U.S.C., regarding procurement schedules for each weapon system for which funding authorization is required, DSAA shall provide a report estimating the likely procurements to be made through the Fund.

D. Inventory Reporting. SDAF items delivered into inventory or loaned to a MILDEP will be reported to DSAA as provided in Table 1400-2.

140011 ADMINISTRATIVE EXPENSES. The cost to administer the SDAF is included in the annual FMS Administrative Budget. Specific guidance is provided to each MILDEP with each FMS Administrative Budget call.

3. Setting up the management arrangements.
4. Protecting U.S. security interests.
5. Establishment of the scope of the program in quantitative terms and value, if possible.
6. Establishing the framework for USG monitorship of the implementation of the agreement in the foreign country to include any required auditing, production validation, foreign country reporting requirements, visits by USG personnel, or other USG interface with the producing country.
7. The establishment of the required framework for implementing the program through direct commercial or FMS arrangements, or the relationships of the two types of arrangements.
8. Clarifying the rights and restrictions on the use of technical data, both USG-owned and U.S. contractor-owned.
9. Providing for the duration of the program and for termination.

D. Specific MOU/MOA Elements. While there are general provisions which must be included in all MOUs/MOAs, no two MOUs/MOAs are necessarily alike. The MOU/MOA reflects the interests of the involved governments and the final content of each MOU/MOA is determined during negotiations. However, there are certain U.S. provisions required by U.S. law or regulations and which are not negotiable. A typical MOU/MOA contains agreement on at least the following topics (specific guidance is included in other parts of the SAMM):

1. **Scope of Agreement.** The MOU/MOA must contain a definition of the items and quantities to be produced in the U.S. and those authorized for production by the participating country. The participants in the program and their obligations must be clearly stated.
2. **Definition of Terms.** A list of terms and, when required, their definition must be included.
3. **Export Channels.** A section must be devoted to describing how technical data and material will be exported from the U.S. Limitations on the use of commercial or FMS channels will be clearly identified. Generally, classified information and equipment, and technical data owned by the USG, must be exported through DOD. The role of DOD in assisting the participating country in obtaining commercial export licenses or technical data belonging to U.S. companies may also be defined.
4. **Authorization for Use of Technical Data.** The limits of technical data use and restrictions on its transfer to third parties must be defined. Consistent with the requirements of DODD 2140.2, provisions for the payment of royalty fees, ^{and/or} nonrecurring cost recoupment charges, ~~asset use charges~~, as well as recognition of the use of USG facilities (~~tooling rental~~) ^{where appropriate} will be included.
5. **Flowback of Technical Information.** Appropriate provisions will be included relative to the return to the U.S. of any technical improvements to the equipment or manufacturing processes transferred under the provisions of the MOU/MOA. The USG must have the right to use the improvements without payment of any fees.

6. **Management.** There will be provisions for the establishment of project officers by the participating governments. These project officers become the points of contact and the channel for exchange of information between the parties. A joint project office is the preferred method of management and may be established. USG costs for program management are required to be financed under FMS procedures.

7. **System Configuration Management.** The MOU/MOA will usually contain provisions for configuration management to insure that systems are produced to standard specifications. The MOU/MOA may include provisions for incorporation of engineering changes and modifications to the system, and the procedures to manage such changes.

8. **Security.** Each MOU/MOA will contain a section on security. Existing security arrangements between the U.S. and the participating government will usually be referenced in this section.

9. **Customs, Duties, Taxes.** Provisions may be included for reciprocal arrangements relative to taxes, duties, and customs fees in connection with the program. This may depend on other agreements and on the applicable national laws of the participating countries.

10. **Administrative Provisions.** Provisions will be included for procedures to amend or change the MOU/MOA, for identification of the effective national language, and for procedures to resolve conflicts should they arise.

11. **Audit Access and Production Validation.** On a case-by-case basis, after the consultations and reviews required by Paragraph E below, consideration will be given to including provisions in MOUs/MOAs which allow for U.S. access to the production and storage facilities where the authorized production will be accomplished, and to applicable records to enable the verification of production quantities.

12. **Third Party Transfer.** MOUs/MOAs must address the USG policy and transfer to third parties of equipment, information, and data received by the foreign government based on the provisions of the MOU/MOA. Provisions will be included relative to any foreign production incorporating U.S. origin equipment or based on U.S. origin data or information obtained from the USG or directly from U.S. industry or other sources.

13. **Cost Recoupment.** MOU/MOA procedures for transfers of articles and data within the project and for third party transfers must address the recoupment of nonrecurring research, development, and production costs and for the reimbursement for any applicable administrative costs. Identifiable administrative costs ^{under the MOU/MOA have been reimbursed or are being} will be reimbursed to the DOD under FMS procedures. Where applicable, provisions for royalty fees will be included.

14. **Logistics Support.** Provisions relative to logistics support will be included within the MOU/MOA. This may include such aspects as USG responsibilities, authorization for foreign production of spares, if any, and any other pertinent requirements. U.S. logistics support requirements are addressed in DODD 5000.39.

15. **Termination.** Each MOU/MOA will include a specific duration; e.g., ten years, after which the MOU/MOA either expires or is renewed. Also, each agreement will contain procedures for the termination of the agreement by either party, as well as provisions for certain elements of the MOU/MOA to remain in effect after termination; e.g., third party transfer, security, flowback, and limitations on any further weapon system production, and consideration of continued production authorization for spare parts.

E. Channels for Transfer of Technical Data and TDPs

1. U.S. Government-owned Technical Data and TDPs. When requested by a foreign government for its indigenous defense requirements, USG-owned technical data and TDPs will only be released under FMS procedures. They 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 requirements have been reviewed and are considered to be less desirable. Such technical data and TDPs will be sold only as defined line items on FMS cases, and the line item will clearly identify the item of defense equipment to which the data applies. The LOA will define the purpose for which the data or TDP is released and the applicable limitations and restrictions on the purchaser's use of the data. Foreign governments are responsible for the control and use of data received. Accordingly, U.S.-owned data required by foreign firms for authorized programs will be transferred through the appropriate foreign government.

2. Privately-Owned Technical Data and TDPs for which USG Has Unlimited or Government Purpose Rights of Use. Technical data and TDPs for which the USG holds unlimited or government purpose rights of use, and a U.S. firm also holds associated rights, are preferred to be transferred on a government-to-government basis but may be transferred by the U.S. firm holding associated rights, subject to USG approval through the export licensing process. If a government-to-government LOA is requested, the provisions of paragraph F below will be followed. If a direct commercial program transfer is requested by a foreign country, and the U.S. firm holding associated rights desires to make such a transfer, the U.S. firm must comply with the export licensing requirements of the Department of State. In addition, to facilitate the export licensing process the U.S. firm should consult with the MILDEP holding rights of use in the technical data.

3. All other Unclassified Technical data and Technical Data Packages. The provision of all other categories of unclassified technical data and TDPs (i.e. where they are owned by a U.S. firm or the USG has only limited rights) may be accomplished on a direct commercial basis subject to the U.S. firm receiving a State Department approved export license.

4. USG NRC and Royalty Fees. As detailed in Paragraph 140108 below, when data is transferred to a foreign country for reproduction purposes and the USG has financial investment in the development of that data, or development and production tools, the USG is, as required by DODD 2140.2, to be reimbursed for any foreign production of the equipment components or derivatives thereof. This requirement applies whether the technical data and/or TDP is transferred under FMS by DOD or on a direct commercial basis by a contractor, *unless such fees have been waived or are exempted*

5. Classified Data. Classified technical data and TDPs will be transferred only through official government channel pursuant to DODD 5200.1-R, DODD 5220.22-M, and part 25 of the ITAR.

F. LOAs for Technical Data and TDPs. The LOA will cover, as a minimum, the full costs for preparation, reproduction, and handling of the technical data and TDP. In addition, if the technical data and/or TDP is intended to be used for production purposes, the LOA will include the appropriate fee for authorized production. This fee will be the established NRC pro rata charge for MDE items or a royalty fee for non-MDE items as required by DODD 2140.2. Guidelines for the royalty fee computation are included in paragraph 140108 below. The applicable charge will be included as a separate line on the LOA unless waived by the Director DSAA under the provisions of paragraph 140108. The DD Form 1513 will clearly state (on the first page after identification of the item) the purpose of the TDP, as follows:

- a. "This TDP is for production purposes."

unless such fees have been waived or are exempted.

2. **Data Required by the DSAA.** In the event a TDP is requested for purposes of foreign production of an item of U.S. defense equipment, the MILDEP having cognizance over the item will provide the Director, DSAA, the information shown at Table 1401-2 prior to release of the LOA, for use in making a release determination.

3. **Royalty Fee Guidelines.** 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 140108 below. *Unless such fees have been waived or are exempted*

4. **LOA Provisions.** The MILDEPs shall include the applicable notes listed in a., b., and c. below in LOAs for sale of TDPs for study/production purposes:

a. **TDPs Provided for Study Purposes:**

The technical data package offered herein is provided strictly for study purposes only. 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.

b. **TDPs Provided for Indigenous Defense Production Purposes:**

(1) 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.

(2) 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.

(3) The information furnished under this LOA, and the product derived from the use of such information, shall not be disclosed or transferred to any third country, person, or organization without the prior written consent of the U.S. Government and, where required, the execution of an LOA Notice of Modification (DD Form 1513-2).

(4) The use of technical data which will be provided under this LOA will be limited to that required for the manufacture of the equipment specifically authorized herein and its operation and maintenance. Information which has been acquired by the U.S. Government without the unencumbered right to use and convey to others will not be furnished.

2. Royalty Fee Computation.

a. 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:

(1) Where the foreign applicant intends to produce the article for "in-country" consumption only, a royalty fee of 5% of the latest or current U.S. unit price for each complete unit produced in country.

(2) 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.

b. 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.

c. 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.

3. Reductions and Waivers ^{and Exemptions}. The royalty fee may be reduced or waived when the Director, DSAA, determines that special circumstances warrant a specific exception:

a. The charge for "in-country" consumption may be waived when the foreign applicant is a current recipient of MAP or concessional FMS credit funds.

b. If the item to be produced is obsolete and no longer being manufactured for MILDEPs and/or is not available in the MILDEP inventories, the royalty fee may be reduced or waived.

c. 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.

d. Any reduction or waiver of royalty fees is required to be approved in writing by the DSAA and the Office of the ASD (Comptroller).

add new Para - see attached → e. New Para - see attached

4. Billing of Royalty Fees. The royalty fee will be automatically 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 USG 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

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APPENDIX A ABBREVIATIONS AND ACRONYMS

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| A |
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|-------------------|---|
| AAA | Army Audit Agency |
| AAO | Authorized Acquisition Objective |
| ACDA | Arms Control and Disarmament Agency |
| ACO | Administrative Contracting Officer |
| ACOCs-FMS | Army Customer Order Control System for FMS |
| ADCSLOG(SA) | Assistant Deputy Chief of Staff of the Army for Logistics (Security Assistance) |
| ADG | Aircraft Delivery Group |
| ADSHIPDA | Advise Shipping Data |
| AECA | Arms Export Control Act, as amended |
| AECB | Arms Export Control Board |
| AFAFC | Air Force Accounting and Finance Center |
| AFAA | Air Force Audit Agency |
| AFAO | Approved Force Acquisition Objective |
| AFCOCS | Air Force Customer Order Control System |
| AFIF | Air Force Industrial Fund |
| AFLC | Air Force Logistics Command |
| AFM | Air Force Manual |
| AFPRO | Air Force Plant Representatives Office |
| AFR | Air Force Regulation |
| AFSC | Air Force Systems Command |
| AFSF | Air Force Stock Fund |
| AIA | Aerospace Industries Association |
| AIASA | Annual Integrated Assessment of Security Assistance |
| AID | Agency for International Development |
| AIF | Army Industrial Fund |
| AIK | Assistance-in-Kind |
| ALC | Air Logistics Center (under AFLC) |
| ALESA | American League for Exports and Security Assistance |
| AMC | Army Materiel Command |
| AMCCOM | Armaments, Munitions and Chemical Command (U.S. Army) |
| AMDF | Army Master Data File |
| AMEMB | American Embassy |
| AMRAAM | Advanced Medium Range Air-to-Air Missile |
| AMT | Allied Military Training or Allied Military Trainee (in context) |
| AOR | Area of Responsibility |
| APL | Allowance Parts List (U.S. Navy) |
| APOD | Aerial Port of Debarkation (Delivery) |
| AR | Army Regulation |
| ARPRO | Army Plant Representatives Office |
| ASBCA | Armed Services Board of Contract Appeals |
| ASD | Aeronautical Systems Division (USAF/AFSC) or Assistant Secretary of Defense (in context) |
| ASD(C) | Assistant Secretary of Defense (Comptroller) |
| ASD(ISA) | Assistant Secretary of Defense (International Security Affairs) |
| ASD(ISP) | Assistant Secretary of Defense (International Security Policy) |
| ASD(P&L) | Assistant Secretary of Defense (Production and Logistics) |
| ASF | Army Stock Fund |
| ASIP | Aircraft Structural Integrity Program |
| ASL | Authorized Supply Level (U.S. Army) |
| ASN | Assistant Secretary of the Navy |
| ASO | Aviation Supply Office (U.S. Navy) |
| ASRAAM | Advanced Short Range Air-to-Air Missile |

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|---------|--|
| ATC | Air Training Command (U.S. Air Force) |
| ATGW | Anti Tank Guided Weapons |
| ATMG | Arms Transfer Management Group |
| ATO | Allied Training Office(r) (U.S. Navy) |
| AUTODIN | Automated Digital Network |
| AVCAL | Aviation Consolidated Allowance List (U.S. Navy) |
| AVSCOM | Aviation Systems Command (U.S. Army) |
| AWACS | Airborne Warning and Control System |

B

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|-----|---|
| BA | Budget Authorization |
| B/L | Bill of Lading |
| BO | Back Order (Supply), Blanket Order (FMS Case) |
| BOE | Blanket Open End Case |

C

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|---------------|--|
| CAD/PAD | Cartridge Actuated Devices/Propellant Actuated Devices |
| CAO | Case Administering Office, or Contract Administration Office |
| CAS | Contract Administrative Services, or Cost Accounting Standard (in context) |
| CASEUR | Contract Administration Service -Europe (Air Force) |
| CBL | Commercial Bill of Lading |
| CC | Customer-Within-Country (Transportation Code) |
| CCBL | Collect Commercial Bill of Lading |
| CDO | Country Desk Officer |
| CDR | Consolidated Data Report, or Cargo Delivery Receipt (in context) |
| CENTCOM | U.S. Central Command (MacDill AFB FL) |
| CECOM | Communications Electronics Command (U.S. Army) |
| CET | Civilian Engineering Team |
| CETS | Contractor Engineering Technical Services |
| CETSP | Contractor Engineering Technical Services Program |
| CFE | Contractor Furnished Equipment |
| CFS | Contract Field Services |
| CFSP | Contractor Field Services Personnel |
| CGSEL | Common Ground Support Equipment List |
| CIA | Central Intelligence Agency |
| CICA | Competition in Contracting Act |
| CIF | Cost, Insurance, Freight |
| CIP | Component Improvement Program (Engine) |
| CISIL | Centralized Integrated System International Logistics (U.S. Army) |
| CLO | Country Liaison Officer (Foreign Country Representative) |
| CLSSA | Cooperative Logistics Supply Support Arrangements |
| CMCRL | Consolidated Master Cross Reference List |
| CMS | Contractor Maintenance Services |
| CNAD | Conference of National Armament Directors |
| CNET | Chief of Naval Education and Training |
| CNO | Chief of Naval Operations |
| CO | Contracting Officer |
| COBE | Command Operating Budget Estimate (U.S. Army) |
| COCOM | Coordinating Committee of the Consultative Group |
| COCP | Customer Order Control Point (U.S. Army) |
| COD | Cooperative Opportunities Document |
| CODSIA | Council of Defense and Space Industry Associations |
| COE | Corps of Engineers (U.S. Army) |
| COG | Navy Material Cognizance Symbol |
| COMSEC | Communications Security Equipment |
| COMUSFORCARIB | Commander, U.S. Forces Caribbean |

add Comp Dad

Comptroller, Department of Defense

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APPENDIX B GLOSSARY OF SELECTED TERMS

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Acceptance Date - The date which appears on the acceptance portion of DD Form 1513 and indicates the calendar date on which a foreign buyer agrees to accept the items and conditions contained in the FMS offer portion.

Acceptance, Letter of Offer - U.S. Department of Defense (DD) Form 1513 Offer and Acceptance by which the U.S. Government offers to sell to a foreign government or international organization defense articles and defense services pursuant to the Arms Export Control Act, as amended. The DD Form 1513 lists the items and/or services, estimated costs, the terms and conditions of sale, and provides for the foreign government's signature to indicate acceptance.

Accepted Case - An FMS offer and acceptance for definitized requirements 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 "LO0" for all types of accessorial costs.

add: accrued costs - see attached

Adjustment Reply Code (ARC) - Code which identifies the type of action being taken in reply to the FMS customer Report of Discrepancy (ROD). Codes are transmitted to SAAC by the Implementing Agency in FMS Delivery/Performance Reports. Items with valid ARCs are matched to the ROD file to create "FKG" reply transactions.

Administrative Agency - The Military Department charged with the responsibility for the provision of logistical and administrative support to a DOD element in a foreign country or international organization.

Administrative Cost - The value of costs associated with the administration of FMS. The prescribed administrative percentage for a case appears in the DD Form 1513. This percentage is applied against the case. Expenses charged directly to the FMS case (as prescribed by the DD Form 1513) are not included. May be commonly referred to by the generic code "L6A" for administrative costs.

Annual Integrated Assessment of Security Assistance (AIASA) - Report submitted annually by the U.S. Diplomatic Mission which, in addition to an assessment of the host country's capabilities, contains recommended and projected levels of security assistance, for preparation of the *Congressional Presentation Document*, and the annual security assistance budget request.

Arms Export Control Board (AECB) - An interagency board, chaired by the Under Secretary of State for Security Assistance, Science and Technology, that serves to advise the Secretary of state on matters relating to security assistance program levels and arms transfer policies.

Arms Transfers (See also **Conventional Arms Transfers**) - Defense articles and defense services, such as arms, ammunition, and implements of war, including components thereof, and the training, manufacturing licenses, technical assistance and technical data related thereto, provided by the U.S. government under the Foreign Assistance Act of 1961, as amended, or the Arms Export Control Act (AECA), as amended; other statutory authority; or directly by commercial

firms to foreign countries, foreign private firms, or to international organizations. [Executive Order No. 10973, as amended, *Administration of Foreign Assistance and Related Functions.*]

Arms Transfer Management Group (ATMG) - An interagency board, chaired by the Under Secretary of State for Security Assistance, Science and Technology, which serves to advise the Secretary of State on matters relating to security assistance program funding levels and arms transfer policies. [Formerly, Arms Export Control Board (AECB)]

Delete

Asset Use Charge - A charge for the use of DOD facilities and equipment. In accordance with DOD 7290.3-M, an asset use charge is applicable to: (1) 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 *Federal Acquisition Regulation*; (2) materiel provided from DOD inventories; (3) repair/modification of FMS-owned materiel in DOD depots; (4) training at DOD installations; (5) use of DOD-owned transportation assets.

B

Billing Statement - The DD Form 645 Billing Statement represents the official claim for payment by the U.S. Government referred to in Annex A of the DD Form 1513, Letter of Offer and Acceptance. It also furnishes an accounting to the FMS purchaser for all costs incurred on his behalf under each agreement.

Blanket Order FMS Case - An agreement between a foreign customer and the U.S. Government for a specific category of items or services (including training) with no definitive listing of items or quantities. The case specifies a dollar ceiling against which orders may be placed throughout the ordering period, normally 12 months.

Budget Year - The fiscal year following the current fiscal year; the subject of new budget estimates.

C

Cancelled Case - An FMS case which was not accepted or funded within prescribed time limitations, or was cancelled by the requesting country or the U.S. government. In the latter case, the U.S. government or purchaser electing to cancel all (or part) of case prior to delivery of defense articles or performance of services shall be responsible for all (or associated) termination costs.

Case - A contractual sales agreement between the U.S. and an eligible foreign country or international organization documented by DD Form 1513. One FMS case identifier is assigned for the purpose of identification, accounting, and data processing for each offer (DD Form 1513).

Case Amendment - An amendment of a case document on a DD Form 1513-1 which constitutes a contracted scope change to an existing DD Form 1513.

Case Description - A short title specifically prepared for each FMS case by the implementing agency.

Case Designator - A unique designator assigned by the implementing agency to each FMS 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.

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Eurogroup - A term used for those European nations that have joined (combined) within the North Atlantic Treaty Organization in order to make a greater and better coordinated contribution to the common defense effort and thus strengthen the alliance.

Extended Training Service Specialists (ETSS) - ETSS are DOD military and civilian personnel technically qualified to provide advice, instruction, and training in the installation, operation, and maintenance of weapons, equipment, and systems. ETSS are attached to the SAO rather than assigned and carried on the Joint Table of Distribution (JTD), but are not provided as an augmentation to the SAO staff. ETSS may be provided for periods up to but not exceeding one year, unless specifically approved by DSAA.

English Comprehension Level (ECL) Examination - A test of how proficient foreign military students are overall in English listening and reading. A minimum entry level for each course of instruction is set by the military departments (MILDEPs) on the basis of course level difficulty and hazard factors. TRADOC approves the ECL for U.S. Army courses of instruction.

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]

Exclusive (Non-Exclusive) License - A license covering a patent(s), technical or proprietary data, technical assistance, know-how, or any combination of these, granted by a U.S. firm to a foreign firm or government to produce, co-produce or sell a defense article or service within a given sales territory without competition from any other licenses or from the licensor. A non-exclusive license is a license as described above, except that competition may be permitted with other licensees and/or the licensor.

Expendable Supplies and Material - Supplies which are consumed in use, such as ammunition, paint, fuel, cleaning and preserving materials, surgical dressing, drugs, medicines, etc., or which lose their identity, such as spare parts, etc. Sometimes referred to as consumable supplies and material. [JCS Pub 1]

Expenditure Authority (under FMS) - A document or authority from SAAC to the implementing DOD component which allows expenditures against obligations previously recorded against an FMS case(s).

add sentence *The disbursement activity must ensure that cash is available prior to processing the disbursement.*

Expenditures - See Cash Disbursements.

Extended Offer - A new FMS offer for which a reply from the buyer has not been received within the time limit specified on the letter of offer which is still in effect pending clarification of its status.

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| F |
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Feasibility Study - A feasibility study is carried out by industry or government agencies or a combination of both with the object of providing a technical appraisal of the feasibility of developing and producing an equipment with the performance required. The study identifies areas of technical risk, recommends characteristics of the system(s) and gives the optimum balance between performance, cost and development time. The study also indicates areas where

1. Section 70103.H.3.b.(2).(d), p. 701-14. Change to read:

"(d) Termination Liability/Contractor Holdback. Additional amounts required to be collected to cover potential costs during the period covered by the scheduled payment (i.e., the next 3 months after payment date):

1. Contractor Holdback. A percentage of the amount earned by contractors or suppliers that is retained by the U.S. Government to insure contract compliance.

2. Termination Liability. Estimated amount required to cover the financial liability of the USG should the contract be terminated during the period."

2. Section 70103.H.3.b.(3), p. 701-14. Change to read:

"(3) Format for Use. Table 701-5 presents a format for the Termination Liability Worksheet. Entries for each date should show both the quarterly transactions and the cumulative totals."

3. Section 70103.H.3.b.(6), p. 701-15. Change to read:

"(6) Quality Control. Implementing Agencies must ensure that adequate quality controls exist to assure the mathematical integrity of T/L worksheets. Termination liability/contractor holdback collections must be projected to liquidate by the last scheduled payment."

4. Section 130303.C.2.e, p. 1303-6. Change to read:

"g. Termination liability/contractor holdback. Estimate of additional funds that should be collected for these requirements (see chapter 7, para 70103.H.3.b.(2).)"

5. Section 130401.G, p. 1304-4. Change to read:

"G. Advance Collection for Termination Liability.

a. MILDEPS implementing FMS agreements are responsible for the determination of costs of potential contract termination so that this amount can be collected in advance. 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

Prepared by: ^{JB 4-6} Jean Brubaker, DSAA/COMPT-FMD, 41173, 06-Apr-90

contract termination costs will change as contracts are awarded, work progresses, purchaser payments are received, and deliveries are made; therefore, estimates will be adjusted accordingly. All LOAs with sales from procurement require TL collections to be included in the payment schedules."

b. The Director, DSAA, will be informed of actions taken to determine and collect termination liability amounts by the submission of TLWs. These worksheets are required for FMS cases with a total value of \$7,000,000 or more and will be provided to DSAA when LOAs are forwarded for countersignature. Further guidance on this requirement and a worksheet format are in Section 701.

c. Advance collections for termination liability will not be segregated from other purchaser collections and will be used to make payments to suppliers in the event actual disbursements occur earlier than forecast in the TLW."

(2) Information to be Included. The following information will be included on the worksheet:

(a) Deposit Date. Normally quarterly, in accordance with the schedule of payments.

(b) Total Payment. Amount required to be deposited for both disbursements and reserves.

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

(d) Reserve Requirements. 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:

Rewrite - see attached
1. Contractor Holdback. Amount earned by contractors or suppliers during the period.

2. Termination Liability. Amount required to cover the financial liability of the USG should the contract be terminated during the period.

Rewrite - see attached
(3) Format for Use. Table 701-5 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.

(4) Exclusions. T/L worksheet are not required for cases in the following categories:

(a) CLSSA (FMSO I and II).

(b) Blanket Order.

(c) Other equipment or services; i.e., Source of Supply "S".

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

(e) Cases with payment term "Cash with Acceptance."

(5) Distribution. Implementing Agencies will provide two copies of the TLW 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 1513-series 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 T/L worksheets directly to the DSAA Comptroller and SAAC .

note -
see
attached

(6) Quality Control. Implementing Agencies must ensure that adequate quality controls exist to assure the mathematical integrity of T/L worksheets. Termination liability/contractor holdback reserve requirements must be projected to liquidate by the last scheduled payment.

c. NRC Recoupment Summary. A data sheet in the format of Table 701-6 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 information.

Note: For amendments and modifications exempt from countersignature, implementing agencies should provide copies of the NRC recoupment summary worksheet directly to DSAA Comptroller and SAAC.

I. Coordination of LOAs, Amendments, Notices, and LOIs.

1. DOD Component Coordination. All LOAs and LOIs should indicate a coordination by the comptroller and legal counsel of the appropriate DOD component.

2. DSAA Coordination. DSAA coordination will be accomplished by the Operations Directorate (DSAA-OPS) on 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 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).

J. Countersignature. 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.

1. Procedures. 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.

2. Return to Preparing DOD Component. 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 T/L worksheet, NRC recoupment worksheet, and financial analysis, if applicable; and retain a copy in order to enter the appropriate information into the DSAA FMS data base.

K. Incomplete Documentation. FMS transactions submitted for DSAA countersignature 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,

d. Working Funds. The amount of funds to be expended on behalf of the case during the period cited on the form; that is, an estimate of the disbursements (reimbursable and direct cite) that SAAC will make from the trust fund for deliveries and contractual progress payments.

*Rewrite -
attached* e. Reserves. Additional funds that are required to be on hand for termination liability and contractor holdback. [See Chapter 7, Para 70103.H.3.b.(2).]

f. Estimated Supply Completion Date. The date that all articles will have been delivered and all services performed. Provide date in YYMM format; for example, Mar 87 would be 8703.

g. Estimated Closure Date. The date that a Case Closure Certificate will be submitted to the SAAC. (YYMM)

h. Excess Case Value. Any portion of case value that is in excess of anticipated total costs.

i. Remarks. Any exceptional circumstances concerning the financial status of the case; such as, payment schedule front-loaded at customer request; amendment or modification pending to increase/decrease case value or revise payment schedule; or closure delayed because case is in litigation.

3. Following consolidation and analysis of the data, DSAA will meet or correspond with IAs, as appropriate, to follow-up on recommended actions.

130304 C-12 MANAGEMENT

A. Command Relationships. The DSAA, DIA, and the USAF MOU, dated 23 September 1983, provides C-12 aircraft to DSAA to assist in implementing the worldwide SA mission. In consultation with the appropriate UCOM, DSAA assigned these C-12's overseas to SAOs on a priority basis. UCOMs provide additional guidance to SAOs on C-12 program management.

B. Mission. The primary mission of the eleven DSAA dedicated C-12 aircraft is to support SAO security assistance program management. Other missions may be flown when they do not have an adverse impact on the SA mission and when they are reimbursed.

1. Security Assistance Missions: These missions must support SA management responsibilities as outlined in Section 515 of the FAA. Included in this category are local in-country training, evaluation, and maintenance flights. These missions are financed by SA administrative funds.

2. Other Missions: There is no legal basis to use SAO SA administrative funds for C-12 flights for other than SAO SA management purposes. Missions flown in the "Other" category shall be flown on a reimbursable basis. Other missions may be flown only when they will not impair SA missions and only in compliance with the laws and regulations governing the use of DOD transportation assets. Examples include: disaster relief, UCOM exercises, visitors who are on non-SA management business, flights flown in support of the U.S. embassy, U.S. Defense Representative responsibilities, or flights flown in support of an FMS case which specifically includes a transportation line. C-12 flights which support Congressional or Congressional Staff Delegations (CODELs) are also included in this category (See Paragraphs 130304D.2.b.(2) and 130304D.2.c.(1). below).

130401.F.2.(b).

(b) Payment schedules for cases with performance extending beyond two years should be reviewed as indicated below:

| <u>Total Case Value</u> | <u>Review Frequency</u> |
|-------------------------|-------------------------|
| \$100 million or less | Annually |
| \$100-\$500 million | Semi-annually |
| \$500 million or above | Quarterly |

(c) If the review discloses that actual disbursements and payables vary from estimated disbursements by more than 10 percent, IAs should give priority to revising applicable payment schedules.

(d) IAs will monitor the contract award date contained in the Financial Analysis (SAMM, Paragraph 70103H.3.a.(4)(g) provided with each new LOA. If the contract award date slips, the payment schedule should be adjusted by DD Form 1513-2, within 30 days of contract award.

3. Except in emergency situations, payment schedule changes will be provided to SAAC via a DD Form 1513-2 or DD Form 1513-1.

4. On an emergency basis, when immediate suspension or modification of the billed amount is required, a revised payment schedule may be provided to SAAC by message. However, this means of notification should be used only if a DD Form 1513-2 or DD Form 1513-1 cannot reach SAAC by the tenth day of the last month of the calendar quarter. Message notification must be immediately followed by a financial annex payment schedule modification (DD Form 1513-2 or 1513-1).

5. If an emergency payment schedule change is not followed by a DD Form 1513-2 or 1513-1 containing a new payment schedule prior to the next billing cycle, the FMS billing statement (DD Form 645) will revert to the payment schedule contained in the most recent official LOA document (DD Form 1513, 1513-1, or 1513-2, as applicable).

6. IAs are encouraged to develop standard payment schedule management systems which are consistent with the SAMM with respect to payment schedule preparation and revision.

G. Termination Liability Reserve.

*Rewrite
see
attached*

a. MILDEPs implementing FMS agreements are responsible for the determination of costs of potential contract termination so that this amount can be collected in advance and held in reserve. These costs are the best estimate of the liability that would accrue to the USG should a particular sales case or agreement be terminated prior to its normal anticipated completion date. For many agreements, potential contract termination costs will change as contracts are awarded, work progresses, purchaser payments are received, and deliveries are made; therefore, reserves will be adjusted accordingly. LOAs with sales from procurement require TL reserves to be included in the payment schedules.

b. The Director, DSAA will be informed of actions taken to determine and collect termination reserves by the submission of TLWs. These worksheets are required as part of the financial analysis forecasts for LOAs with a total value of \$7,000,000 or more and will be provided to DSAA when LOAs are forwarded for countersignature. Further guidance on this requirement and a worksheet format are in Section 701.

Para 130401, Add new sub-para H, page 1304-4.

H. Purchaser Requests for Payment Schedule Review.

1. Purchasers are encouraged to raise payment schedule questions or problems at Security Assistance Reviews, Program Management Reviews, Program Reviews, etc., hosted by Implementing Agencies.

2. Purchasers who wish a review or revision of a specific case payment schedule should forward a request to the appropriate Implementing Agency. Addresses of the three principal Implementing Agencies are shown below:

*Amir Khan
(info sheet
sent)*

a. US Army:

Commander, U.S. Army Security Assistance Command
5001 Eisenhower Ave
Alexandria, VA 22333-0001

b. US Navy:

Director, Office of Technology Transfer and
Security Assistance
Department of the Navy
Washington, DC 20350-5000

c. US Air Force

Director of International Programs, DCS/P&R
Headquarters USAF
Washington DC 20330-5240

3. Requests for payment schedule review or revision should be directed to DSAA only in extraordinary circumstances following the Implementing Agency's review and/or revision.

(b) Payment schedules for cases with performance extending beyond two years should be reviewed as indicated below:

| <u>Total Case Value</u> | <u>Review Frequency</u> |
|-------------------------|-------------------------|
| \$100 million or less | Annually |
| \$100-\$500 million | Semi-annually |
| \$500 million or above | Quarterly |

(c) If the review discloses that actual disbursements and payables vary from estimated disbursements by more than 10 percent, IAs should give priority to revising applicable payment schedules.

(d) IAs will monitor the contract award date contained in the Financial Analysis (SAMM, Paragraph 70103H.3.a.(4)(g) provided with each new LOA. If the contract award date slips, the payment schedule should be adjusted by DD Form 1513-2, within 30 days of contract award.

3. Except in emergency situations, payment schedule changes will be provided to SAAC via a DD Form 1513-2 or DD Form 1513-1.

4. On an emergency basis, when immediate suspension or modification of the billed amount is required, a revised payment schedule may be provided to SAAC by message. However, this means of notification should be used only if a DD Form 1513-2 or DD Form 1513-1 cannot reach SAAC by the tenth day of the last month of the calendar quarter. Message notification must be immediately followed by a financial annex payment schedule modification (DD Form 1513-2 or 1513-1).

5. If an emergency payment schedule change is not followed by a DD Form 1513-2 or 1513-1 containing a new payment schedule prior to the next billing cycle, the FMS billing statement (DD Form 645) will revert to the payment schedule contained in the most recent official LOA document (DD Form 1513, 1513-1, or 1513-2, as applicable).

6. IAs are encouraged to develop standard payment schedule management systems which are consistent with the SAMM with respect to payment schedule preparation and revision.

G. Termination Liability Reserve.

a. MILDEPs implementing FMS agreements are responsible for the determination of costs of potential contract termination so that this amount can be collected in advance and held in reserve. These costs are the best estimate of the liability that would accrue to the USG should a particular sales case or agreement be terminated prior to its normal anticipated completion date. For many agreements, potential contract termination costs will change as contracts are awarded, work progresses, purchaser payments are received, and deliveries are made; therefore, reserves will be adjusted accordingly. LOAs with sales from procurement require TL reserves to be included in the payment schedules.

b. The Director, DSAA will be informed of actions taken to determine and collect termination reserves by the submission of TLWs. These worksheets are required as part of the financial analysis forecasts for LOAs with a total value of \$7,000,000 or more and will be provided to DSAA when LOAs are forwarded for countersignature. Further guidance on this requirement and a worksheet format are in Section 701.

*new
Para -
see attached*

*H. Purchaser Requests for Payment Schedule Review.
see attached.*

DSAA/COMPT PROPOSED CHANGES TO

DOD 5105.38-M, SECURITY ASSISTANCE MANAGEMENT MANUAL

1. Make changes throughout the SAMP for Fair Pricing as indicated on the attached.

2. Make changes to Sections 701, 1303, and 1304 for Termination Liability Reserves as indicated on the attached.

3. Add new paragraph to Section 1304 concerning purchaser requests for payment schedule review as shown on the attached.

4. Add the following to Section 20202C., Financial Management:

"e. Air Travel. Military and civilian individuals who are traveling to and from a foreign country on security assistance business should utilize a U.S. commercial air carrier in accordance with standard policy and procedures contained in the Joint Travel Regulations, Volumes I and II. Compliance to this requirement should be followed whether travel is financed with FMS administrative funds, FMS case funds, or MAP funds. Thus, the security assistance traveler is required to use the same carrier, routing, and class of service that the transportation officer requires of other DOD travelers. Waivers from normal travel procedures will be granted security assistance travelers on the same basis and in the same manner as provided for DOD personnel traveling on regular defense business."

5. Change the Delivery Term Codes identified in Table 701-10, A.1.b., to agree with the Delivery Term Codes identified in DOD 7290.3-M, Chapter 8, Section 80302I.4.a., except DTC 4 (See attached).

6. Add to Table 1307-1, Summary of Charges Used in FMS Pricing, "travel" as a type of charge. See the annotations on the attached table.

7. Add the following to Section 1306, Case Files:

"130602 DISBURSEMENT DOCUMENTATION. DOD components which process FMS Trust Fund disbursement transactions will support the payment voucher with authentic contracts/purchase orders, invoices, and receiving reports. This supporting documentation must reflect proper authorities' certification of receipt and payment for the articles or services. The disbursement documentation must be

available without delay for inquiries or requests on particular FMS cases. Additionally, the required supporting disbursement documentation will facilitate the FMS case reconciliation process prescribed in Section 1305 of this manual."

20202.B.7.

7. **Materiel Standards.** It is DOD policy that defense articles offered and sold to foreign governments and international organizations should reflect favorably upon the United States. Therefore, defense articles offered and sold under FMS will normally be new or unused, or as a result of rehabilitation, possess original appearance insofar as possible, and, as a minimum, have serviceability standards prescribed for issue to U.S. forces. If the customer country desires exclusively new end items of equipment, this requirement will be stated in the LOA. If the customer desires to purchase "as is/where is," this will also be stated in the LOA.

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

C. **Financial Management.**

1. **Recovery of Cost.** The FMS program must be managed at no cost to the USG (with certain exceptions specifically covered by law), while insuring prompt and complete service to the customer. This requires a thorough understanding of procedures for pricing items or services furnished, administering FMS cases, and reporting of deliveries of 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.

2. **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.

3. **Credits.**

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

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

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

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

4. **Financing of Sales.**

a. **U.S. Guaranties.** Financing by any individual, corporation, partnership, or other judicial entity doing business in the U.S. (excluding USG agencies other than the Federal Financing Bank) may be guaranteed by the USG if such financing is in connection with FMS or FMCS or direct commercial sales of defense items. Fees shall be charged for such guaranties. (Sec. 24, AECA)

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

*add new
Para - see
attached*

e. air travel - see attached

DSAA/COMPT PROPOSED CHANGES TO

DOD 5105.38-M, SECURITY ASSISTANCE MANAGEMENT MANUAL

1. Make changes throughout the SAMP for Fair Pricing as indicated on the attached.

2. Make changes to Sections 701, 1303, and 1304 for Termination Liability Reserves as indicated on the attached.

3. Add new paragraph to Section 1304 concerning purchaser requests for payment schedule review as shown on the attached.

4. Add the following to Section 20202C., Financial Management:

"e. Air Travel. Military and civilian individuals who are travelling to and from a foreign country on security assistance business should utilize a U.S. commercial air carrier in accordance with standard policy and procedures contained in the Joint Travel Regulations, Volumes I and II. Compliance to this requirement should be followed whether travel is financed with FMS administrative funds, FMS case funds, or MAP funds. Thus, the security assistance traveler is required to use the the same carrier, routing, and class of service that the transportation officer requires of other DOD travelers. Waivers from normal travel procedures will be granted security assistance travelers on the same basis and in the same manner as provided for DOD personnel travelling on regular defense business."

5. Change the Delivery Term Codes identified in Table 701-10, A.1.b., to agree with the Delivery Term Codes identified in DOD 7290.3-M, Chapter 8, Section 80302I.4.a., except DTC 4 (See attached).

6. Add to Table 1307-1, Summary of Charges Used in FMS Pricing, "travel" as a type of charge. See the annotations on the attached table.

7. Add the following to Section 1306, Case Files:

"130602 DISBURSEMENT DOCUMENTATION. DOD components which process FMS Trust Fund disbursement transactions will support the payment voucher with authentic contracts/purchase orders, invoices, and receiving reports. This supporting documentation must reflect proper authorities' certification of receipt and payment for the articles or services. The disbursement documentation must be

available without delay for inquiries or requests on particular FMS cases. Additionally, the required supporting disbursement documentation will facilitate the FMS case reconciliation process prescribed in Section 1305 of this manual.

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TABLE 701-10
Transportation Instructions, DD Form 1513

A. Sale of Materiel.

1. When all items on the Offer and Acceptance document (DD Form 1513) require a single code in Blocks 19, 20, 33, and 34, the appropriate code as determined below will be entered in the respective blocks of the DD Form 1513:

a. **Block (19). Offer Release Code.** Enter one of the following codes opposite each materiel line item, as applicable:

| <u>Code</u> | <u>Explanation</u> |
|-------------|--|
| A | Freight and parcel post shipments will be released automatically by the shipping activity without advance notice (Notice of Availability). |
| Y | Advance notice is required before release of shipment, but shipment can be released automatically if release instructions are not received by shipping activity within 15 calendar days. Parcel post shipments will be automatically released. |
| Z | Advance notice is required, before release of shipment. Shipping activity will follow-up on the notice of availability until release instructions are furnished. Parcel post shipments will be automatically released. |
| X | The U.S. Service and country representative have agreed that the: <ul style="list-style-type: none"> • U.S. Service will sponsor the shipment to a country address. Under this agreement Block (34) (Freight Forwarder Code) must contain "X" and a CC Code must be entered in Block (33) (MARK FOR Code). The 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. |

b. **Block (20). Delivery Term Code (for other than repair and return procedures).** Enter one of the following codes opposite each materiel line item, as applicable:

| <u>Code</u> | <u>Explanation</u> |
|-------------|--|
| 2 | Delivery to Destination (Inland Origin to Inland Destination Within CONUS or Within the Same Overseas Geographic Area). |
| 3 | Delivery Alongside Vessel at Port of Exit. |
| 4 | Collect Commercial Bill of Lading for movement within CONUS, or contractor delivery of materiel procured offshore to designated freight forwarder or country representative. |
| 5 | Delivery to Commercial Port of Exit by GBL. |
| 6 | Delivery to Overseas Port of Discharge (Shipment by Capability of DTS). |
| 7 | Delivery to Destination, specified point in recipient country. |
| 8 | Delivery to Vessel (onboard) -- Port of Exit. |
| 9 | Delivery to Port of Discharge (Landed). |

| | | | | | |
|----|-----------------|----|-------------------|----|--------------------|
| KT | Kit | PR | Pair | SO | Shot |
| LB | Pound | PT | Pint | SP | Strip |
| LG | Links | PZ | Packet | SX | Stick |
| LI | Liter | QT | Quart | SY | Square Yard |
| LT | Lot | RA | Ration | TD | 24 |
| MC | 1000 Cubit feet | RL | Reel | TE | 10 |
| ME | Meal | RM | Ream (500 Sheets) | TF | 25 |
| MR | Meter | RO | Roll | TN | Ton |
| MX | Thousand | SD | Skid | TO | Troy Ounce |
| OT | Outfit | SE | Set | TS | 36 |
| OZ | Ounce | SF | Square Foot | TU | Tube |
| PD | Pad | SH | Sheet | VI | Vial |
| PG | Package | SK | Skein | YD | Yard |
| PM | Plate | SL | Spool | XX | Noncountable Item* |

*Items reported or billed as "dollars only," when no unit cost applies

H. Transaction Positions 25-29, "Quantity Shipped." This field is comprised of five numeric characters which identify the quantity of units delivered. Right justify, leading zeros. Quantity shipped must be credit if extended value (positions 65-73) is credit: X-11 punch over position 29 and position 73 for credit.

I. Transaction Positions 30-43, "Document Number." This field is comprised of 14 alpha or numeric characters identifying the transaction.

1. Transaction Position 30 contains the U.S. implementing agency code.

| <u>Code</u> | <u>Implementing Agency</u> |
|-------------|---|
| B | U.S. Army |
| C | Defense Communications Agency |
| D | U.S. Air Force |
| E | U.S. Army Corps of Engineers |
| L | Defense Audiovisual Agency (DAVA)(Transactions prior to 1 Oct 85) |
| M | Army-G (SELPO) |
| P/K | U.S. Navy/U.S. Marine Corps |
| Q | Defense Security Assistance Agency (DSAA) |
| R | Defense Logistics Agency (DLA) |
| U | Defense Mapping Agency (DMA) |
| V | Defense Contract Audit Agency (DCAA) |
| W | Defense Advanced Research Projects Agency (DARPA) |
| X | Security Assistance Accounting Center |
| Z | Defense Nuclear Agency (DNA) |

*

2. Transaction Positions 31-32 contain the applicable FMS country code as prescribed in the SAMM [reference (4)].

3. Transaction Position 33 contains the customer in-country code as prescribed in the SAMM [reference (4)].

4. Transaction Position 34 is comprised of one alpha or numeric character identifying the delivery term code established in the DD Form 1513. Numeric codes are used when items are sold, and alpha codes are used when customer-owned equipment is returned for overhaul services.

- a. Codes used for other than "Repair and Return" transactions:

| <u>Delivery Term Code</u> | <u>Explanation</u> |
|---------------------------|--|
| 2 | FOB destination--inland origin to inland destination within CONUS or inland origin to inland destination within the same overseas geographical area. U.S./DOD is responsible for inland transportation to named inland point. Recipient country is responsible for unloading at named point and subsequent arrangements and costs. |
| 3 | FAS (free alongside) vessel CONUS port of exit. U.S. DOD is responsible for transportation to point alongside vessel. Recipient country is responsible for loading aboard the vessel and subsequent arrangements and costs. |
| 4 | FOB origin. Recipient country is responsible for cost of CONUS inland transportation and subsequent arrangement for onward movement. |
| 5 | FOB port of exit. U.S./DOD is responsible for inland transportation to the CONUS port of exit. Recipient country is responsible for unloading from inland carrier at port of exit and subsequent arrangements and costs. |
| 6 | FOB overseas port of discharge. U.S./DOD is responsible for transportation from CONUS point of origin to and including ocean transportation to the overseas port of discharge. Recipient country is responsible for vessel discharge, port handling and subsequent arrangements and costs. |
| 7 | FOB destination (named inland point in recipient country). U.S. DOD is responsible for transportation from CONUS point of origin to and including overseas inland carrier delivery to named inland point. Recipient country is responsible for unloading at named point and subsequent arrangements and costs. |
| 8 | FOB vessel--CONUS port of exit. U.S./DOD is responsible for transportation from CONUS point of origin to and including unloading, handling, and storage aboard vessel at port of exit. Recipient country is responsible for ocean transportation and subsequent arrangements and costs. |
| 9 | FOB port of discharge (Landed). U.S./DOD is responsible for transportation from CONUS point of origin to and including vessel discharge and port handling at overseas port of discharge. Recipient country is responsible for loading on inland overseas carrier equipment and for subsequent arrangements and costs. |
| 0 | Services performed (e.g., training and special assignment airlift mission). |

b. Codes used in connection with "Repair and Return" transactions: Normally the return of repaired material will be reported through the use of Transportation Bill Code "L."

| <u>Delivery Term Code</u> | <u>Explanation</u> |
|---------------------------|---|
| A | U.S. DOD is responsible for transportation from a designated overseas port of embarkation (POE) to a CONUS destination and return to a designated overseas port of debarkation (POD). Customer country is responsible for overseas inland transportation of materiel to or from the overseas POE or POD and overseas port handling. |

DSAA/COMPT PROPOSED CHANGES TO

DOD 5105.38-M, SECURITY ASSISTANCE MANAGEMENT MANUAL

1. Make changes throughout the SAMP for Fair Pricing as indicated on the attached.
2. Make changes to Sections 701, 1303, and 1304 for Termination Liability Reserves as indicated on the attached.
3. Add new paragraph to Section 1304 concerning purchaser requests for payment schedule review as shown on the attached.
4. Add the following to Section 20202C., Financial Management:

"e. Air Travel. Military and civilian individuals who are traveling to and from a foreign country on security assistance business should utilize a U.S. commercial air carrier in accordance with standard policy and procedures contained in the Joint Travel Regulations, Volumes I and II. Compliance to this requirement should be followed whether travel is financed with FMS administrative funds, FMS case funds, or MAP funds. Thus, the security assistance traveler is required to use the same carrier, routing, and class of service that the transportation officer requires of other DOD travelers. Waivers from normal travel procedures will be granted security assistance travelers on the same basis and in the same manner as provided for DOD personnel traveling on regular defense business."
5. Change the Delivery Term Codes identified in Table 701-10, A.1.b., to agree with the Delivery Term Codes identified in DOD 7290.3-M, Chapter 8, Section 80302I.4.a., except DTC 4 (See attached).
6. Add to Table 1307-1, Summary of Charges Used in FMS Pricing, "travel" as a type of charge. See the annotations on the attached table.
7. Add the following to Section 1306, Case Files:

"130602 DISBURSEMENT DOCUMENTATION. DOD components which process FMS Trust Fund disbursement transactions will support the payment voucher with authentic contracts/purchase orders, invoices, and receiving reports. This supporting documentation must reflect proper authorities' certification of receipt and payment for the articles or services. The disbursement documentation must be

available without delay for inquiries or requests on particular FMS cases. Additionally, the required supporting disbursement documentation will facilitate the FMS case reconciliation process prescribed in Section 1305 of this manual."

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TABLE 1307-1 Summary of Charges Used in FMS Pricing (continued)

| Type | What it is typically for | Abbreviation | Generic Code | Typical Location on DD 1513 | Applied by--for billing | DOD 7290.3-M Reference |
|---------------------------------|---|--------------|--------------|-----------------------------|-------------------------|------------------------|
| 17. Publication Pricing factors | | | | Included in Line | IA | Sec. 716 |
| Acquisition Cost (AC) | Cost of preparing masters | | | | | |
| Copy Prod Cost (CPC) | Cost of Printing | | | | | |
| Special Cost (SC) | Other costs such as sanitization | | | | | |
| 18. Acceleration Rates | To recover full cost of providing USG services | | | Included in Line | IA | Sec 701 |
| 19. TRAVEL | TO RECOVER TRAVEL COSTS ASSOCIATED WITH CASE NEGOTIATIONS AND COORDINATION EFFORTS. | | | * INCLUDED IN LINE | IA | SEC 719 |

* INITIALLY CHARGED TO ADMINISTRATIVE FUNDS - SUBJECT TO REIMBURSEMENT FROM ~~FMS~~ PROGRAM MANAGEMENT LINE AFTER ~~FMS~~ LOA IS SIGNED.

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available without delay for inquiries or requests on particular FMS cases. Additionally, the required supporting disbursement documentation will facilitate the FMS case reconciliation process prescribed in Section 1305 of this manual."

| |
|----------------------------|
| SECTION 1306 -- CASE FILES |
|----------------------------|

130601 GENERAL FMS CASE FILES. General FMS Case Files will be maintained in accordance with Chapter 6, DOD 7290.3-M. Retention of source documents and status reports must be consistent with the life cycle of the FMS case. History files maintained by SAAC must be in accordance with the requirements of DOD 7290.3-M, paragraph 50303A which stipulates that a case never closes for accounting purposes, rather it is recategorized from active to inactive.

*add new
Para - see
attached* 130602 DISBURSEMENT DOCUMENTATION - see attached.