

SUBJECT: Publication of Change 7 to the SAMM

The more significant changes in the attached package are listed below in the order of the first page of each change. Papers marked as background are included for DISAM research and course development purposes:

<u>Tab</u>	<u>Description of Change</u>	<u>Page</u>
1	Add environmental considerations in security assistance transfers, MANPADS guidance	1
2	Planning, Chapter 4, revision	7
3	Country/international organization, Table 600-1, update	17
4	CLSSA/FMS cases guidance update (integrate DoDD 2000.8)	37
5	Letter of Intent (LOI) and SA Request for MDE memo changes	51
6	Major Defense Equipment (MDE) List update	56
7	Automated case approval system addition	60
8	Procurement offsets changes	65
9	TOW-2B security and accountability LOA note	92
10	LOA pen and ink change guidance change	93
11	Sole source procurement change	97
12	Add peacekeeping message guidance to SAMM	99
13	Transportation section revision	103
14	Replace FMF of commercial sales guidelines and contractor certification	131
15	Training guidance updates	176
16	Lease format changes	186
17	Acronym, definition, and references updates	188
18	Generic code updates	196
19	New Transportation Cost Look-Up Table	222

Wells, Wayne

From: Smith, Terri
To: Wells, Wayne
Subject: UNCL - SAMM Update
Date: Fri, Sep 22, 95 11:11AM

Wayne, I need to update the C-12 portion of the SAMM. I know you are getting ready to publish Change 7. When do you need updates? Thx, Terri

- ~~X Told in Don's ^{10/19/95} on but school board 10/2/95. Not started 10/11/95 include if ready, otherwise may not 20150M as they (next order).~~
- ~~X AC Cook ~~table~~ table update (D. Lamb) pending~~
- ~~X Lease - D. Halvorsen (change need staffing?) -~~
- ~~X ~~string~~ guidance clarification (sect 20303)~~
- ~~X Left vicemail of SL on 10/6 saying could call if desired - no response.~~
- ~~X Discussed w/ Vicki on Don C. when mailed~~

DEFENSE SECURITY ASSISTANCE AGENCY
OPERATIONS DIRECTORATE
Management Division

DATE: 12 OCT 1995

MEMORANDUM FOR:  LTG RHAME

THROUGH: ^{on 10-16-95} MR. MCKALIP

MR. ROSS 

MR. BRANDT 

EX
EA 

SUBJECT: SAMP Change 7, Letter of Transmittal

Tab A has edit and policy refinements since publication of SAMP Change 6 (May 1994). Some are difficult to read and we will work closely with DISAM to minimize introduction of errors. Background papers are also included in this package to assist DISAM understanding for instruction purposes and as a brief record of the bases for key changes. Overall, it is not expected that SAMP volume will increase as a result of the change.

Staffing was completed as individual changes were coordinated and cleared for publication.

A short cover Letter of Transmittal is traditionally provided with each SAMP revision or change. A draft Letter for Change 7 is at the Signature Tag, recommend signature.

Wayne Wells
Wayne Wells, x367

Attachments:
As stated

Please do not
mail. Call Wayne
Wells when
signed. Thanks,
x367

DEFENSE SECURITY ASSISTANCE AGENCY

**Operations Directorate
Management Division**

Date: 17 OCT 1995

MEMO FOR: DSAA Admin

SUBJECT: Overnight Express Mail

Request the enclosed document(s) be sent by express mail to the following address:

**Defense Institute of Security
Assistance Management (DISAM)
ATTN: Dan Crigger or Vicki Ebert
Building 125, Area B
Wright-Patterson AFB, Ohio 45433-5000**

Cheryl A. Stuckey



DEFENSE SECURITY ASSISTANCE AGENCY

WASHINGTON, DC 20301-2800

MEMORANDUM FOR CHIEF, COMMUNICATIONS MANAGEMENT DIVISION, OUSD(P)

SUBJECT: Request for Use of Express Mail

This request is provided in order to justify use of USPS Express Mail. The Pentagon Post Office has previously confirmed that Express Mail is available to the destination zip code.

The document to be mailed consists of substantial changes to a Department of Defense manual which is being forwarded for publication. The manual to be changed provides day-to-day operating guidance for DoD recipients and is a reference for an additional 2,000 paying non-US Government subscribers. Considerable effort is expended in keeping it current since prompt changes reduce the added work and confusion which would be involved in numerous messages, memoranda, or other less formal change notices. Due to the need for an original draft for publication, and time and effort necessary for replacement, it is particularly important that the document not go astray in the mailing process. Fast and verifiable mailing is required to avoid a gap in the preparation process and to help ensure that the change is published in a timely manner.

A handwritten signature in black ink, appearing to read "William L. Brandt", is positioned above the typed name.

William L. Brandt
Chief

Operations Management Division

*OBE (now use memo as from Mrs. Stucky,
previous page) -*



DEFENSE SECURITY ASSISTANCE AGENCY

WASHINGTON, DC 20301-2800

In reply refer to:
I-005746/95

MEMORANDUM FOR COMMANDANT, DEFENSE INSTITUTE OF SECURITY
ASSISTANCE MANAGEMENT

SUBJECT: Publication of Change 7 to the SMM

The attachment is provided for publication as Change 7 to DOD 5105.38-M, Security Assistance Management Manual. Questions may be directed to Mr. Wayne Wells, DSAA/OPS-MGT, DSN 227-8108.

A handwritten signature in cursive script, appearing to read "Edward W. Ross", is positioned above the typed name.

Edward W. Ross
Director
Security Assistance Operations

Attachment
as stated



DEFENSE SECURITY ASSISTANCE AGENCY

WASHINGTON, DC 20301-2800

Letter of Transmittal

The attached Change 7 to the 1 October 1988 SMM includes updates pertaining to planning, transportation, Letter of Offer and Acceptance execution, and credit oversight, as well as changes to other sections. You are encouraged to review the guidance as it is collated into the manual in order that changes to current policies and procedures may be noted.

Your comments and suggestions are a primary source of information to bolster efforts to make the manual more useful. Chapter 1, section 10008 shows how to provide formal or informal feedback.

A handwritten signature in black ink, reading "Thomas G. Rhame".

**Thomas G. Rhame
Lieutenant General, USA
Director**

Attachment
as stated

Change 7

16 May 1995

Note to DISAM

Subject: Change to DoD 5105.38-M

1. Substitute the following for paragraph 20202.B.7 in the next change to the SAMM:

“7. **Materiel Standards** It is DoD policy that defense articles should reflect favorably on the Unites States.

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

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

2. Add as paragraph 70105.L.7:

“7. **Environmental Hazards** Add the following when unusual environmental hazards are expected as a result of the sale:

“There may be items included in this sale that require special skills or equipment for operation, maintenance, or disposal in a manner which will minimize environmental hazards. Purchaser should refer to [**technical manual or other source data**] for details.”

3. See background page 701-26, item “3” third under.

- In Table 701-4, LOA Preparation Checklist, add an asterisk following “Explanation of Condition of Equipment.”

- Under “Remarks,” enter “[* Including notification of special conditions such as environmental hazards, safety of operation information, or other factors requiring special operation, maintenance, or disposal skills or equipment.]”

b:gmsas

①

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

3. **Credits.**

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

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

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

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

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

1
(Revised)

Change 7
Background

3. Security Assurances. As appropriate, the following note should be included in LOAs:

a. For LOAs with NATO Commands or Agencies -

All US classified material or information (to include plans, designs, specifications, and technical data) provided under this Letter of Offer and Acceptance shall be protected as NATO classified information of an equivalent classification level in accordance with the policy and procedures contained in NATO Document C-M(55)15 (Final), 'Security Within the North Atlantic Treaty Organization'.

b. For Purchasers who propose to take custody of classified materiel in the US, and who comply with the provisions of Paragraph 50111.C.1, the IA will incorporate the transmission instructions (an alternative for shipment of classified materials) or the requirement for an approved transportation plan (see Table 503-4) into the security requirements of the LOA.

4. Offset Costs. LOAs with industry offset administrative costs as discussed in Section 140107 must include:

DoD policy authorizes administrative costs associated with the implementation of offset agreements between the US contractor and foreign customer to be included in the price of the items offered in this LOA. The price of FMS contracts awarded in support of this LOA may include administrative costs associated with implementation of the customer's offset requirement from US industry. DoD is not a party to such offset arrangements and assumes no obligation to satisfy the offset requirement or to bear any of the associated costs.

5. Shipment Consolidation. LOAs shall contain the following note when substantial shipment consolidation of the articles thereon is anticipated:

This is supplemental to LOA Standard Terms and Conditions provision 5.4. If the USG determines that delivery was delayed more than 90 days following passage of title due to shipment consolidation, the date of the shipment from the consolidation location may be used as the start point in determining the one year period for claim eligibility only.

6. OT&E Incomplete. If the LOA includes developmental systems which have not yet been approved for US production [i.e., Defense Acquisition Board full rate production, following successful final OT&E (Milestone 3.b), has not been approved], a note will be added which concisely summarizes the potential effects on the program if the system does not receive production approval.

7. Environmental Hazards.
M. Acceptance Process. The Purchaser should sign the LOA and complete the Typed Name, Title, Agency, and Information to be Provided by the Purchaser portions. Copies should be forwarded to the IA and to DFAS-DE/I along with the required initial deposit before the expiration date. (new para.)

1. Normally, the greater the period of time between Offer and Acceptance, the greater the likelihood of decreased accuracy of data. Requests for extension of the expiration date by the Purchaser will be honored only after a review by the IA. The Purchaser should be authorized to make any pen and ink change to the expiration date via message, with a copy to DFAS-DE/I. All concerned should be advised of the consequences of extension.

*Change 7
Background*

**TABLE 701-4
LOA Preparation Checklist**

Item	Action Officer (Last Name, Phone, Date)	Validation	
		Service (Last Name, Phone, Date)	DSAA (Last Name, Phone, Date)
Mode and destination of shipments			
Delivery Schedule of items			
Personnel movement to and from country			
Qualifications of Pricing and Availability Data			
Agreements to safeguard status of USG or contractor personnel in-country			
Statement of facilities, services, or personnel to be provided by purchaser			
Separate International Agreement or detailed Statement of Work			
Schedule of Personnel Training			
Logistical Information			
Explanation of condition of equipment *			
Identification of equipment supportable			
Description of Services to be provided			
Description of components of pricing			
Responsibility for initiation of requisitions			
Indemnification and assumption of risk			
Payment schedules			
Financial analysis			

3.
(change)

Remarks:

*[* Including notification of special conditions such as environmental hazards, safety of operation information, or other factors requiring special operation, maintenance, or disposal skills or equipment.]*

(Add)

Table 701-4. LOA Preparation Checklist

26 July 1994

Change 7
Background

Subject: Change to DoD 5105.38-M

1. Substitute the following for paragraph 20202.B.7 in the next change to the SAMM:

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

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

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

will

↓
the

*with reference to separate publications
or correspondence as appropriate."*

2. Add as paragraph 70105.L.7:

"7. **Environmental Hazards** Add the following when unusual environmental hazards are expected as a result of the sale:

"There may be items included in this sale that require special skills or equipment for operation, maintenance, or disposal in a manner which will minimize environmental hazards. Purchaser should refer to [technical manual or other source data] for details."

3. In Table 701-4, LOA Preparation Checklist, under "Explanation of Condition of Equipment" add "Notification of Special Conditions (environmental hazards, safety or operation info, or other factors requiring special operation, maintenance, or disposal skills/equipment)."

b:gmsas

Change 7

I. Incendiary Items, White Phosphorous, and Riot Control Agents. The ** following is USG policy regarding the sale of these items:

1. Napalm, including napalm thickener, dispensers, and fuses will not be provided through FMS or on a commercial basis.

2. Requests for white phosphorus munitions should be submitted in accordance with the procedures established for SME (Section 700). Requests should indicate, by type of ammunition requested, the quantity and intended use of the ammunition. Requests should be accompanied by the US mission's opinions as to whether the amount requested is reasonable in relation to the intended use, current on-hand inventories, and predictable usage rates of such items; and requests must also contain assurance from the host government that the white phosphorus munitions will be used only for purposes such as signalling and smoke screening. DSAA will be responsible for coordinating approval of the request. Upon approval, DSAA will advise the cognizant DoD component of the approval along with the conditions for its use which will be made a part of the LOA.

3. Riot control agents may not be provided via FMS, but certain types are available on a commercial basis. Such proposed commercial sales require that an export license be obtained from the DoS, Office of Defense Trade Controls. ✕

J. Section 527, Foreign Operations, Export Financing, and Related Programs Appropriations Act, FY94 continues the prohibition on sale of M-833 depleted uranium ammunition and comparable anti-tank rounds except to NATO member countries, major non-NATO allies, Taiwan, and countries for which a Presidential national security interest determination has been completed. **

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

L. Section 1094 of the Defense Authorization Act of 1994 extends the moratorium on sale, transfer, or assistance with respect to the provision of anti-personnel landmines. **

20302 SHIP TRANSFERS.

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

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

C. Leasing of ships must be in accordance with AECA Chapter 6 unless otherwise expressly authorized by separate legislation. Such leasing is reserved for exceptions where a sale is not feasible.

Change 7
Background

DIR _____
DDIR _____
EX _____
EA Wm 27 Jul

DIR
2 MSgt

DEFENSE SECURITY ASSISTANCE AGENCY
Operations Directorate

OPS

Date: 26 July, 1994

MEMO FOR: ~~Mr. McKalip~~

Plz see comments. I would like a positive statement in the LOA even if details are elsewhere. Thank.

THROUGH: Mr. Ross *7/27*
COL Anthony *7/29*
Mr. Brandt *W*

Changed per comment w.

SUBJECT: FMS Environmental Requirements

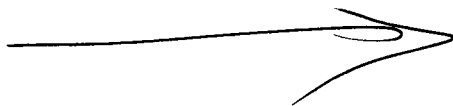
7-27-94

Based on our meeting of 20 July, three SAMM changes at Tab A were drafted.

- The first would refine general policy to formally require country notification of environmental risks.
- The second would prescribe a note on each LOA which sells items with atypical environmental hazards..
- The third would formally remind item managers of the need to include environmental considerations in LOA development.

The draft changes should be usable singly or in any combination.

Unless directed otherwise, I will close-hold any Tab A changes approved within DSAA and offer them, as an alternative to individual program environmental consultations being advocated within USD(A&T), for any meeting between ASD(ISA) and DUSD(ES).



W. Wells
Wayne Wells
x367

Attachment
As stated

b:gmswd

CF: Mrs. Lullow - MacMurray

Change 7

MEMORANDUM FOR COMMANDANT, DEFENSE INSTITUTE OF SECURITY
ASSISTANCE MANAGEMENT

SUBJECT: Change 7 to the SAMP, New Para 20303.D.6

The following new paragraph should replace paragraph 20303.D.6 (attached) in SAMP change 7:

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

a. Inventory will consist of 100 percent comparison of serial numbers on missile containers and lists discussed in D.3. above. At least five percent of those containers, selected to ensure an accurate sample of all country inventory, will be opened to ensure container and missile serial numbers correspond.

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

c. For MANPADS obtained through foreign coproduction or manufacture, the inventory requirements imposed by the MOU and any implementing instructions will govern, subject to clarification in a. and b. above."

Attachment
as stated

Change 7

c. The US Government will be notified of deployments through the Security Assistance Organization."

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

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

1. The US Army will provide a copy of the LOA to the in-country SAO.
2. US Army personnel will inspect the physical security arrangements prior to the delivery of the first shipment of MANPADS to ensure that security meets US requirements.
3. The US Army will notify the SAO when delivery of the missiles has begun; serial numbers will be provided to the SAO for missiles received by the foreign government.
4. The STINGER system and all its variants shall be accounted for by verifying receipt of the gripstock and missile.
5. The SAO will arrange with the purchasing government to verify by serial number receipt in country of the missiles. The first annual physical inventory should occur after the US Army notifies the applicable SAO of final delivery of missiles. Yearly requirements for US inspection and inventory will begin from that date.

~~6. Except for those that are deployed to hostile areas, the SAO must physically inspect and inventory all MANPADS by serial number. This requirement cannot be satisfied by the foreign government, or through a review of host nation records of inspection, missile accountability, security, or storage records.~~

Replace

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

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

20304 SUSPENSIONS AND CANCELLATIONS OF SECURITY ASSISTANCE.

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

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

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

3. Normally, contracts that have been awarded should continue. However, DSAA should be informed when deliveries are ready to be made so that the possible diversion of the

ZYUW RUEKJCS2606 2300234

*Change 7
Background*

ROUTINE
R 172205Z AUG 95
FM SECDEF WASHINGTON DC//USDP:DSAA//
TO USCINCEUR VAHINGEN GE//ECJ4-EDC//
USCINCCENT MACDILL AFB FL USCINCPAC HONOLULU HI
INFO DA WASHINGTON DC/DALO-SAZ-A//
CDRUSASAC ALEXANDRIA VA//AMSAC/MP//
JOINT STAFF WASHINGTON DC//J-5//
SECSTATE WASHINGTON DC//PM-DRSA//
CDRMICOM HUNTSVILLE AL//AMSMI-SA//

UNCLAS

SUBJECT: ANNUAL INVENTORY OF MAN-PORTABLE AIR DEFENSE SYSTEMS (MANPADS)

REFERENCE: SECTION 20303 PARAGRAPH D. OF THE SECURITY ASSISTANCE MANAGEMENT MANUAL (SAMM)

1. REFERENCED PARAGRAPH OF THE SAMM REQUIRES SAOS TO CONDUCT ANNUAL SERIAL NUMBER INVENTORIES OF MANPADS PURCHASED UNDER FMS OR TRANSFERRED UNDER SECTION 506*A* OF THE FOREIGN ASSISTANCE ACT (FAA).
 2. IN ORDER TO CLARIFY THE REQUIREMENT THE FOLLOWING IS PROVIDED:
 - A. THE REQUIREMENT TO INVENTORY ANNUALLY A COUNTRY'S ASSETS CAN BE MET BY CONDUCTING 100% SERIAL NUMBER INVENTORIES OF THE CONTAINERS WITH A RANDOM SAMPLING OF NOT LESS THAN FIVE PERCENT OF THE MISSILE CONTAINERS BEING OPENED TO ENSURE THAT THEY CONTAIN MISSILES AND THAT THE SERIAL NUMBERS ON THE CONTAINERS CORRESPOND TO THE SERIAL NUMBERS OF THE MISSILES.
 - B. THE FIVE PERCENT RANDOM SAMPLE IS THE MINIMUM NUMBER OF MISSILES THAT MUST BE INSPECTED. THE CINC MAY DETERMINE, BASED ON HIS ASSESSMENT OF THE THREAT TO THE SECURITY OF THE MISSILES IN EACH COUNTRY INVOLVED, IF A PERCENTAGE OF MISSILES HIGHER THAN THE MINIMUM OF FIVE PERCENT SHOULD BE RANDOMLY SAMPLED.
 3. FOR THOSE MANPADS OBTAINED THROUGH FOREIGN COPRODUCTION/MANUFACTURE, THE INVENTORY REQUIREMENTS IMPOSED BY THE MOU (AND IMPLEMENTING INSTRUCTIONS) WILL STILL GOVERN, WITH THE UNDERSTANDING THAT THE CLARIFICATION PROVIDED IN PARA 2.A. AND 2.B. APPLIES.
 4. THE ABOVE CLARIFICATION WILL BE INCLUDED IN A FUTURE SAMM CHANGE.
- BT

JOINT STAFF V1
ACTION

(U,7,8,F)

28

INFO NMCC:CWO(1) J3(3) CMAS(1) J4:ILD-J(1)
J7(4) J5(1) QUAL CONTROL(1) J6(4) CENTWLO(1)
USCINCSO LO(1) JSAMS(1) J5:NAC-J(1) J5:CACCON-J(1)
J5:CACMIS-J(1) J5:WCEURNATO-J(1) J6M-J(1)
J8:IAD-J(1) J8:FD-J(1) J5:WTCTT-J(1) J8:CLO-J(1)
+NATS PENTAGON WASHINGTON DC

SECDEF V2

ACTION USDP:DSAA(1)

(D,6,F)

3

INFO SECDEF-C(1)
CHAIRS USDP:FILE USDP:DSAA OPS-MGT(1)

6C

CHAPTER FOUR

SECURITY ASSISTANCE PLANNING

Change 7
(Replace current
Chapter Four)

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

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

40003 GENERAL

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

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

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

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

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

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

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

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

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

40005 PLANNING CONSIDERATIONS

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

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

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

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

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

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

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

A. **Fiscal Year Planning Assessment (FYPA)** The single most important planning instrument for USG-funded programs is the FYPA which is prepared by the country team, normally with the SAO as the focal point. The FYPA provides certain information required as part of the federal budget development process. If the annual FYPA submission is to have strong impact, it must be timely and complete. Subsequent to submission of the FYPA to DoS, and the completion of initial staffing, the Security Assistance Planning and Review Working Group (SAPRWG) may meet to review the SA programs for the budget year. After this staff effort, formal interagency coordination (which includes the Department of Defense) takes place before DoS submits the budget to OMB. If

DoS and OMB disagree, resolution of issues may take place in the White House Budget Review Board. The final SA budget for the upcoming fiscal year is presented in detail and justified to the Congress in the annual Congressional Presentation Document (CPD). The CPD is required by law to be presented to the Congress by 1 February each year.

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

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

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

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

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

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

3. Notices initially will be developed within the respective MILDEP. The MILDEP will coordinate proposed Notices with other involved DoD Components and then with DSAA prior to

dispatch. Notice correspondence must include rationale for issuing the notification, the final date for receipt of an LOR, and the final date for acceptance of the LOA.

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

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

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

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

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

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

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

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

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

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

TABLE 400-1**SECURITY ASSISTANCE SURVEY TEAMS**
(Under AECA Sec 26)**I GENERAL**

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

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

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

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

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

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

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

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II GENERAL TERMS OF REFERENCE

A. Teams:

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

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

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

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

B. Teams should avoid:

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

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

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

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

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

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

Change 7

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

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

III. SECURITY ASSISTANCE TEAM PROCEDURES

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

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

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

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

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

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

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

H. If the decision is made to dispatch a survey team, TOR and team composition will be developed by DoD in coordination with DoS, ACDA, and AID, if appropriate. The NSC and OMB must clear TOR and team composition. The US embassy will ensure that the

government of the country to be surveyed understands and accepts the projected scope. If a decision is made not to dispatch the survey team, the US embassy, by direction of DoS, will convey this decision to the government, with explanatory rationale.

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

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

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

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

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

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

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

Unclassified

Change 7 Background

USDP STAFF SUMMARY SHEET

1. DATE
08/10/95

2.
1-

4. CURRENT SUSPENSE DATE

SUBJECT
Revision to Chapter 4 of the SAMP

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

ORIGIN: Self-originated

PURPOSE: The current Chapter 4 to the SAMP (Reference Tab), does not adequately depict types of planning actions for the field. Attached is our revision to Chapter 4 of the SAMP.

Revisions have been based upon informal review we solicited from the field and changing security assistance funding requirements (decline in FMF). We have added areas where input from the field concerning in-country planning influences the planning of DSAA, State and JCS. We have changed Chapter 4 of the SAMP to add a new section on the annual legislative cycle. Additionally, we have changed previous references to the JCS to "The Joint Staff", talked about planning in terms of the new CAT policy, changed requirements for SA Survey Teams leaving the host country, and provided goals countries' should aspire to when planning for Security Assistance in Wartime.

To ensure the revision will meet the needs of the field, we solicited informal feedback from SAOs in: ODC/London, USLO Abu Dhabi, KUSLO Kenya, ODC Paris, UOMC Manama, and CENTCOM. Revised Chapter 4 will be included in the next OPS/MGMT SAMP update.

RECOMMENDATION: That Director, DSAA approve revision to chapter 4 of the SAMP.

*Approved /
8-17-95*

6. ROUTING

	DIR/OFC	COORD	DATE		DIR/OFC	COORD	DATE		DIR/OFC	COORD	DATE
1	DIR, DSAA	LTG Thomas Phame		9	PLANS/WSD	no comment		17			
2	DEPUTY, DIRECTOR	Mr. H.D. McKalin	27 8-17-95	10	COMPT	K. O'Brian	28 Mar 95	18			
3	Director, PLANS	Mrs. D. Blundell	5/11	11	SAF/IAXM	Kuehn	14 Apr 95	19			
4	Deputy Director, PLANS	Mr. J.P. Caves	8/10	12	NAVY/IPO	no comment		20			
5	DSAA/PLANS/LPD	Col. F. Firtor	10 AUG	13	ARMY/DALO	no comment		21			
6	OPS/ERP	W. Taskofski	07 Mar 95	14	JCS/WTC	Col. Boyd	03 Apr 95	22			
7	OPS/MGMT	W. Wells	13 Mar 95	15	<i>MAAC comment at Department 1 and our comments to these at tab 2.</i>						
8	PLANS/PRGMS	K. Webster	07 Mar 95	16							

NAME OF ORIGINATOR Sherry Reckler	8. DIRECTORATE/OFFICE DSAA/PLANS/LPD	9. TELEPHONE NUMBER 703-604-6617	10. SIGNATURE <i>Sherry Reckler</i>
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Change 7

The following acronyms or abbreviations are used in this table:

Country/Organization and Code. The short names and two digit Code listed are those assigned for FMS purposes (e.g., for assignment of LOA identifiers or SA communications) and are generally consistent with National Institute of Standards and Technology (NIST) codes in "Status of the World's Nations", DoS Office of the Geographer Publication 9694. If a territory, the host country Code is listed in parenthesis to the right of the Country name. Where FMS and NIST codes differ, NIST codes are listed parenthetically to the right of the SA Code.

UCOM (unified command area). NR - Nonregional, AT - Atlantic Command, CE - Central Command, EU - European Command, PA - Pacific Command, and SO - Southern Command

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

FMS (AECA eligibility). F - Countries/Organizations determined by the President under AECA Sec 3(a)(1) to be eligible to purchase defense articles and defense services under authority of the AECA. A determination by itself does not signify that sales will be made since sales may have been suspended for legal or policy reasons. Questions regarding eligibility may be referred to DSAA Operations.

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

DTS (defense transportation service). T - authorized to use DTS for all FMS shipments. Not all countries authorized DTS have active FMS programs. No international organization has DTS authority.

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

<u>Country</u>	<u>Code</u>	<u>UCOM</u>	<u>Reg</u>	<u>FMS</u>	<u>DU</u>	<u>DTS</u>
Afghanistan	AF	CE	NESA	F1		
Albania	AL	EU	EUR	F		
Algeria	AG	EU	NESA	F	U	
Andorra	AN	EU	EUR			
Angola	AO	EU	AFR			
Anguilla	AV	AT	AR			
Antigua and Barbuda (UK)	AC	AT	AR	F		T
Argentina	AR	SO	AR	F	U	
Armenia	AM	EU	EUR			
Australia	AT (AS)	PA	EAP	F	U	
Austria	AU	EU	EUR	F	U	
Azerbaijan	AJ	EU	EUR			

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

Change 7

Country	Code	UCOM	Reg	EMS	DU	DTS
Bahamas	BF	AT	AR	F	U	
Bahrain	BA	CE	NESA	F	U	
Bangladesh	BG	PA	NESA	F	U	
Barbados	BB	AT	AR	F	U	T
Belarus	BO	EU	EUR			
Belgium	BE	EU	EUR	F	U	
BE F16, reserved for DFAS	F1	EU	EUR	F	U	
Belize (UK)	BH	SO	AR	F		T
Benin	DA (BN)	EU	AFR	F		T
Bermuda (UK)	BD	AT	AR			
Bhutan	BT	PA	NESA			
Bolivia	BL	SO	AR	F	X	(T)
DFAS Bolivia INC [data om e]	DF 1	SO	AR	F		
Bosnia-Herzegovena	BK	EU	EUR			
Botswana	BC	EU	AFR	F	U	T
Brazil	BR	SO	AR	F	U	
British Indian Ocean (UK)	IO	PA	NESA			
British Virgin Islands (UK)	VI	AT	AR			
Brunei	BX	PA	EAP	F	U	
Bulgaria	BU	EU	EUR	F		
Burkina Faso	UV	EU	AFR	F		T
Burma - see Myanmar	-	-	-			
Burundi	BY	EU	AFR	F		T
Cambodia	CB	PA	EAP	F		
Cameroon	CM	EU	AFR	F	U	T
Canada	CN (CA)	NR	EUR	F	U	
Cape Verde, Republic of	CV	AT	AFR	F		T
Cayman Islands (UK)	CJ	AT	AR			
Central African Republic	CT	EU	AFR	F		(T)
Chad	CD	EU	AFR	F	X	(T)
Chile	CI	SO	AR	F	U	
China	CH	PA	EAP	F	U	
Colombia	CO	SO	AR	F	U	T
Colombia INC	D5	SO	AR	F	U	T
Comoros	CR (CN)	PA	AFR	F		
Congo	CF	EU	AFR	F		
Cook Islands	CW	PA	EAP	F		
Costa Rica	CS	SO	AR	F	U	T
Croatia	HR	EU	EUR			
Cuba	CU	AT	AR			
Cyprus	CY	EU	EUR			
Czech Republic	EZ	EU	EUR	F		
Denmark	DE (DA)	EU	EUR	F	U	
DE F16, reserved for DFAS	F2	EU	EUR	F	U	

[with DFAS reserved]

[with DFAS reserved]

TABLE 600-1. Country and International Organization Information (Pg 2 of 8)

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<u>Country</u>	<u>Code</u>	<u>UCOM</u>	<u>Reg</u>	<u>EMS</u>	<u>DU</u>	<u>DTS</u>
Djibouti	DJ	CE	AFR	F		T
Dominica	DO	AT	AR	F	U	T
Dominican Republic	DR	AT	AR	F	U	T
Ecuador	EC	SO	AR	F	U	T
Ecuador INC	D6	SO	AR	F	U	T
Egypt	EG	CE	NESA	F	U	T
El Salvador	ES	SO	AR	F	U	T
Equatorial Guinea	EK	EU	AFR	F		T
Eritrea	ER	CE	AFR	F		
Estonia	EN	EU	EUR	F		
Ethiopia	ET	CE	AFR	F		T
Falkland Islands (UK)	FA	AT	AR			
Faeroe Islands	FO	AT	EUR			
Fiji	FJ	PA	EAP	F		
Finland	FI	EU	EUR	F	U	
France	FR	EU	EUR	F	U	
French Guiana (FR)	FG	SO	AR			
French Polynesia (FR)	FP	PA	EAP			
Gabon	GB	EU	AFR	F		T
Gambia	GA	EU	AFR	F		T
Georgia	GG	EU	EUR			
Germany	GY (GM)	EU	EUR	F	U	
Ghana	GH	EU	AFR	F		T
Gibraltar (UK)	GI	EU	EUR			
Greece	GR	EU	EUR	F	U	
Greenland (DE)	GL	AT	AR			
Grenada	GJ	AT	AR	F		T
Guadeloupe (FR)	GP	AT	AR			
Guatemala	GT	SO	AR	F	U	T
Guinea	GV	EU	AFR	F		T
Guinea-Bissau	PU	EU	AFR	F		T
Guyana	GU	SO	AR	F		T
Haiti	HA	AT	AR	F	U	T
Honduras	HO	SO	AR	F	U	T
Hong Kong (UK)	HK	PA	EAP			
Hungary	HU	EU	EUR	F		
Iceland	IL (IC)	AT	EUR	F	U	
India	IN	PA	NESA	F	U	
Indochina	IC	PA	EAP			
Indonesia	ID	PA	EAP	F	U	
Iran	IR	CE	NESA			
Iraq	IQ	CE	NESA			
Ireland	EI	EU	EUR	F	U	
Israel	IS	EU	NESA	F	U	

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TABLE 600-1. Country and International Organization Information (Pg 3 of 8)

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<u>Country</u>	<u>Code</u>	<u>UCOM</u>	<u>Reg</u>	<u>EMS</u>	<u>DU</u>	<u>DTS</u>
Italy	IT	EU	EUR	F	U	
Ivory Coast	IV	EU	AFR	F		T
Jamaica	JM	AT	AR	F	U	T
Japan	JA	PA	EAP	F	U	
Jordan	JO	CE	NESA	F	U	T
(Kampuchea) See Cambodia	-	-	-			
Kazakhstan	KZ	EU	EUR			
Kyrgyzstan	KG	EU	EUR			
Kenya	KE	CE	AFR	F	U	T
Kiribati	KR	PA	EAP			
Korea (Seoul)	KS	PA	EAP	F	U	
Kuwait	KU	CE	NESA	F	U	
Laos	LA	PA	EAP	F ¹		
Latvia	LG	EU	EUR	F		
Lebanon	LE	EU	NESA	F	U	
Lesotho	LT	EU	AFR	F		T
Liberia	LI	EU	AFR	F	U	T
Libya	LY	EU	NESA	F ¹		
Liechtenstein	LS	EU	EUR			
Lithuania	LH	EU	EUR	F		
Luxembourg	LX (LU)	EU	EUR	F	U	
Macau (PT)	MC	PA	EAP			
Macedonia	MK	EU	EUR			
Madagascar	MA	PA	AFR	F		T
Malawi	MI	EU	AFR	F		T
Malaysia	MF (MY)	PA	EAP	F	U	
Maldives	MV	PA	NESA			
Mali	RM (ML)	EU	AFR	F		T
Malta	MT	EU	EUR	F	U	
Marshall Islands	RZ (RM)	PA	EAP	F		
Martinique (FR)	MB	AT	AR			
Mauritania	MR	EU	AFR	F		T
Mauritius	MP	PA	AFR	F		T
Mexico	MX	SO	AR	F	U	
Micronesia	FM	PA	EAP	F		
Moldova	MD	EU	EUR			
Monaco	MN	EU	EUR			
Mongolia	MG	PA	EAP			
Montserrat (UK)	MH	AT	AR			
Morocco	MO	EU	NESA	F	U	T
Mozambique	MZ	EU	AFR	F		T
Myanmar (formerly Burma)	BM	PA	EAP	F		
Namibia	WA	EU	AFR	F		T
Nauru	NR	PA	EAP			

TABLE 600-1. Country and International Organization Information (Pg 4 of 8)

Change 7

Country	Code	UCOM	Reg	EMS	DU	DTS
Nepal	NP	PA	NESA	F	U	
Netherlands	NE (NL)	EU	EUR	F	U	
NE F16, reserved for DFAS	F3	EU	EUR	F	U	
Netherlands Antilles (NE)	NA (NT)	AT	AR			
New Caledonia (FR)	NC	PA	EAP			
New Zealand	NZ	PA	EAP	F	U	
Nicaragua	NU	SO	AR	F1		
Niger	NK (NG)	EU	AFR	F		T
Nigeria	NI	EU	AFR	F	U	T
Niue	NQ	PA	EAP			
Norfolk Islands (AT)	NF	PA	EAP			
Norway	NO	EU	EUR	F	U	
NO F16, reserved for DFAS	F4	EU	EUR	F	U	
Oman	MU	CE	NESA	F	U	
Pakistan	PK	CE	NESA	F1	U	
Panama	PN (PM)	SO	AR	F	U	
Papua-New Guinea	PP	PA	EAP	F		
Paraguay	PA	SO	AR	F		T
Peru	PE	SO	AR	F	U	T
Peru INC	D3	SO	AR	F	U	
Philippines	PI (RP)	PA	EAP	F	U	
Pitcairn (UK)	PC	PA	EAP			
Poland	PL	EU	EUR	F		
Portugal	PT (PO)	EU	EUR	F	U	
Qatar	QA	CE	NESA	F	U	
Reunion (FR)	RE	PA	AFR			
Romania	RO	EU	AFR	F		
Russia	RS	EU	EUR			
Rwanda	RW	EU	AFR	F		T
San Marino	SM	EU	EUR			
Sao Tome and Principe	TP	AT	AFR	F		T
Saudi Arabia	SR (SA)	CE	NESA	F	U	
Saudi Arabia National Guard	SI	CE	NESA	F	U	
Senegal	SK (SG)	EU	AFR	F		T
Serbia	S2 (SR)	EU	EUR			
Seychelles	SE	PA	AFR	F		T
Sierra Leone	SL	EU	AFR	F		T
Singapore	SN	PA	EAP	F	U	
Slovak Republic	LO	EU	EUR	F		
Slovenia	S3 (SI)	EU	EUR			
Solomon Islands	BP	PA	EAP	F		
Somalia	SO	CE	AFR	F		T
South Africa	UA (SF)	EU	AFR			
Spain	SP	EU	EUR	F	U	

with
DFAS
reservedwith
DFAS
reserved

TABLE 600-1. Country and International Organization Information (Pg 5 of 8)

change 7

<u>Country</u>	<u>Code</u>	<u>UCOM</u>	<u>Reg</u>	<u>FMS</u>	<u>DU</u>	<u>DTS</u>
Sri Lanka	CE	PA	NESA	F		
St Helena (UK)	SH	AT	AFR			
St Kitts and Nevis	SC	AT	AR	F		T
St Lucia	ST	AT	AR	F	U	T
St Pierre and Miquelon (FR)	SB	AT	AR			
St Vincent and Grenadines	VC	AT	AR	F	U	T
Sudan	SU	CE	AFR	F	U	T
Suriname	NS	SO	AR	F	U	
Swaziland	WZ	EU	AFR			T
Sweden	SW	EU	EUR	F	U	
Switzerland	SZ	EU	EUR	F	U	
Syria	SY	EU	NESA			
Taiwan	TW	PA	EAP	F	U	
Tanzania	TZ	EU	AFR	F		T
Tajikistan	TI	EU	EUR			
Turkmenistan	TX	EU	EUR			
Thailand	TH	PA	EAP	F	U	
Togo	TO	EU	AFR	F		T
Tokelau (NZ)	TL	PA	EAP			
Tonga	TN	PA	EAP	F		
Trinidad-Tobago	TD	AT	AR	F	U	
Tunisia	TU (TS)	EU	NESA	F	U	
Turkey	.TK (TU)	EU	EUR	F	U	
Turks and Caicos (UK)	TS	AT	AR			
Tuvalu	TV	PA	EAP			
Uganda	UG	EU	AFR	F		T ↕
Ukraine	UP	EU	EUR			
United Arab Emirates	TC	CE	NESA	F	U	
United Kingdom	UK	EU	EUR	F	U	
United Kingdom Polaris Project	UZ	EU	EUR			
Uruguay	UY	SO	AR	F	U	T
Uzbekistan	U2	EU	EUR			
Vanuatu	NH	PA	EAP	F		
Venezuela	VE	SO	AR	F	U	
Vietnam	VS (VM)	PA	EAP	F ₁		
Western Sahara	WI	EU	AFR			
Western Samoa	WS	PA	EAP	F		
Yemen	YE (YM)	CE	NESA	F ₁		
Yemen, Aden	YS (YM)	CE	NESA			
Zaire	CX (CG)	EU	AFR	F		T
Zambia	ZA	EU	AFR	F		
Zimbabwe	<u>ZI</u>	EU	AFR	F		T

TABLE 600-1. Country and International Organization Information (Pg 6 of 8)

Change 7

Organization \2 /Other	Code	UCOM	Reg	FMS	DU
Central Treaty Organization (CENTO)	T3	NR	NR		
DSAANDFAS reserved					
Airborne Warning and Control System	W1	NR	NR	3	
Department of Defense	00	NR	NR		
European Participating Group F16 follow on	PG	NR	NR		
Expanded IMET (Nonspecific)	66	NR	NR		
* FMF Administration (DFAS use through FY95)	55	NR	NR		
FMS Agreements (FACTS Data, DSAA)	C2	NR	NR		
General Cost-MAP (GC-MAP)	22	NR	NR		
MAP Owned Materiel (DSAA Records)	M3	NR	NR		
MAP Property Sales and Disposal (MAPSAD)	M2	NR	NR		
Panama Canal Area Military Schools (PACAMS)	11	SO	AR		
Seasparrow (Sec 1004, P.L. 98-525)	N3	NR	NR	3	
Special Defense Acquisition Fund (SDAF)	D2	NR	NR		
FAA Sec 607 Sales, Reimbursable (Delayed Payment)	55	NR	NR		
FAA Sec 607 Sales, Payment in Advance	56	NR	NR		
Intl Civil Def Organization (ICDO)	T8	NR	NR		
FAA Sec 632 Transactions	94	NR	NR		
NATO	N2	EU	EUR	F	U
Headquarters	N6	EU	EUR	F	U
Airborne Early Warning and Control					
Operations and Support Budget (O+S)	K7	EU	EUR	F	U
Prog Mgt Ofc (NAPMO)	N1	EU	EUR	F	U
Commo & Info Systems Agency (NACISA)	K4	EU	EUR	F	U
Euro Fighter Acft Dev, Prod, & Log Mgt					
Agency (NEFMA)	M1	EU	EUR	F	U
HAWK Prod & Log Org (NHPLO)	M6	EU	EUR	F	U
Missile Firing Installation (NAMFI)	N9	EU	EUR	F	U
Multi-Role Combat Acft (MRCA) Dev & Prod					
Agency (NAMMA)	K3	EU	EUR	F	U
Mutual Weapons Dev Prog (MWDP)	N8	EU	EUR	F	U
NAMSA-F104	K2	EU	EUR	F	U
NAMSA General + Nike	N4	EU	EUR	F	U
NAMSA General-Other	M9	EU	EUR	F	U
NAMSA-HAWK	N7	EU	EUR	F	U
NAMSA Nike Training Center (NNTC)	K6	EU	EUR	F	U
NAMSA-Patriot	M8	EU	EUR	F	U
NAMSA-Weapons	M5	EU	EUR	F	U
Southern Region Signal/Communications	M7	EU	EUR	F	U
Supreme HQ, Allied Powers, Europe (SHAPE)	A2	EU	EUR	F	U
Supreme Allied Commander Atlantic (SACLANT)	A5	EU	EUR	F	U
Organization of African Unity	A3	NR	NR	F	U
Organization of American States (OAS)	A1	NR	NR	F	U
Regions					
Africa	R6	EU	AFR		
American Republic	R5	SO	AR		
East Asia and Pacific	R4	PA	EAP		
European	R2	EU	EUR		
Near East and South Asia	R3	EU	NESA		

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AIG 8797
"SAMM Tbl 600-
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OAU Inadvertently
omitted
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change 5-

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

* { F-16, Belgium
F-16, Denmark
F-16, Netherlands
F-16, Norway

F1 NR NR
F2 NR NR
F3 NR NR
F4 NR NR

Change 7

Organization 2 / Other

	<u>Code</u>	<u>UCOM</u>	<u>Reg</u>	<u>FMS</u>	<u>DU</u>
SE Asia Treaty Organization (ceased 24 Sep 75)	T4	NR	NR		
Supreme Allied Cdr Atlantic (SACLANT)	K5	NR	NR		
Trust Territory, Pacific Islands	PS	PA	EAP		
United Nations	T9	NR	NR	F	
International Civil Aviation Org (ICAO)	T7	NR	NR	F	
Office for the Coordination of UN Humanitarian and Economic Assistance Programs (UNOCHA)	A4	NR	NR	F	

to be placed with other NATO set previous paper

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

2 International Treaty Organizations include:

- North Atlantic Treaty Organization (NATO) and its agencies
- Organization of American States (OAS) *Organization of African Unity (OAU)*
- United Nations (UN) and its agencies
- Intl Commission of Control and Supervision in Vietnam (inactive)
- Intl Commission of Control and Supervision in Laos (inactive)

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

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



DEFENSE SECURITY ASSISTANCE AGENCY

WASHINGTON, DC 20301-2800

*change 7
Background*

16 MAR 1995

In reply refer to
I-0743/95

MEMORANDUM FOR DIRECTOR, DEFENSE LOGISTICS AGENCY

DIRECTOR FOR SECURITY ASSISTANCE
OFFICE OF THE DEPUTY CHIEF OF STAFF FOR LOGISTICS
DEPARTMENT OF THE ARMY

DIRECTOR, NAVY INTERNATIONAL PROGRAMS OFFICE
DEPARTMENT OF THE NAVY

ASSISTANT DEPUTY UNDER SECRETARY
(INTERNATIONAL AFFAIRS)
DEPARTMENT OF THE AIR FORCE

SUBJECT: Security Assistance Eligibility, SAMP Table 600-1

Several country and international organization security assistance eligibility changes have occurred since publication of Change 6 to the SAMP, DoD 5105.38-M. Attached is a copy of SAMP Table 600-1, including annotated refinements subsequent to distribution of Change 6. The only noteworthy change which has not been distributed to you in the past is the addition of FMS eligibility for Eritrea, based on 18 February 1994 Presidential Determination 94-15.

Any questions or comments may be directed to Mr. Wayne Wells, (703)604-6635, extension 367.

H. Diehl McKalip
Acting Director

Attachment
as stated

cc: Director, DFAS/DE
Commandant, DISAM

pscmm1

25

DEFENSE SECURITY ASSISTANCE AGENCY

OPERATIONS DIRECTORATE

Management Division

*Change 7
Background*

DATE: 14 MAR 1995

MEMORANDUM FOR: LTG RHAME *re signed*

THROUGH:

MR. MCKALIP *3/16-95*

MR. ROSS *3/16*

COL ANTHONY *WS*

MR. BRANDT *WS*

EX

EA

SUBJECT: SA Eligibility, SAMP Table 600-1

SAMP Table 600-1 is part of the fundamental controls that ensure articles and services are provided only to authorized customers.

A copy of Presidential Determination 94-15 for Eritrea (Tab A) was recently received, requiring another change to Table 600-1. Since the Table has been changed several times (e.g., Tab B), the memo at the Signature Tag proposes to provide SAMP change 6 Table 600-1 with all subsequent changes annotated in order to help ensure primary users have the latest data. Annotations shown will be included in the next change to the SAMP.

Recommend signature at the Signature Tag.

Wayne Wells
Wayne Wells
OPS-MGT, x367

Attachments:
as stated

Compt PAID *J. Grey*

pscwd

Change 7 Background

of liquid foods at temperatures not exceeding 70 °C (158 °F).

Maximum thickness of the copolymer membrane is 0.007 inch (0.017 centimeter).

(3) Perfluorinated ion exchange membranes shall be maintained in a sanitary manner in accordance with current good manufacturing practice so as to prevent microbial adulteration of food.

(4) To assure their safe use, perfluorinated ionomer membranes shall be thoroughly cleaned prior to their first use in accordance with current good manufacturing practice.

Dated: March 24, 1994.

L. Robert Lake, Acting Director, Center for Food Safety and Applied Nutrition.

[FR Doc. 94-7883 Filed 4-1-94; 8:45 am] BILLING CODE 4160-01-F

21 CFR Part 558

New Animal Drugs for Use In Animal Feeds; Bambermycins

AGENCY: Food and Drug Administration, HHS.

ACTION: Final rule.

SUMMARY: The Food and Drug Administration (FDA) is amending the animal drug regulations to reflect approval of a new animal drug application (NADA) filed by Hoechst-Roussel Agri-Vet Co. The NADA provides for expanding the use of currently approved bambermycins-containing Type A medicated articles to make Type C medicated feeds for increased rate of weight gain in pasture cattle.

EFFECTIVE DATE: April 4, 1994.

FOR FURTHER INFORMATION CONTACT: Warner J. Caldwell, Center for Veterinary Medicine (HFV-126), Food and Drug Administration, 7500 Standish Pl., Rockville, MD 20855, 301-594-1638.

SUPPLEMENTARY INFORMATION: Hoechst-Roussel Agri-Vet Co., Rt. 202-206 North, P.O. Box 2500, Somerville, NJ 08876-1258, has filed NADA 141-034. The NADA provides for expanding the use of currently approved 2-, 4-, and 10-gram-per-pound bambermycins-containing Type A medicated articles to make Type C medicated feeds for increased rate of weight gain in pasture cattle (as in related NADA 44-759

which covers broiler chickens, growing-finishing swine, growing turkeys, and cattle fed in confinement for slaughter). The NADA is approved as of March 4, 1994, and the regulations are amended

in § 558.95(b) (21 CFR 558.95(b)) to reflect the approval.

As provided in 21 CFR 558.4(a) and (d), bambermycins are Category I drugs, which as the sole drug ingredient, do not require an approved Form FDA 1900 for making Type C medicated feeds as in approved NADA 141-034 and in § 558.95, as amended herein.

In accordance with the freedom of information provisions of part 20 (21 CFR part 20) and § 514.11(e)(2)(ii) (21 CFR 514.11(e)(2)(ii)), a summary of safety and effectiveness data and information submitted to support approval of this application may be seen in the Dockets Management Branch (HFA-305), Food and Drug Administration, rm. 1-23, 12420 Parklawn Dr., Rockville, MD 20857, between 9 a.m. and 4 p.m., Monday through Friday.

Under section 512(c)(2)(F)(ii) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 360b(c)(2)(F)(ii)), this approval for food-producing animals qualifies for 3 years of marketing exclusivity beginning March 4, 1994, because the application contains reports of new clinical or field investigations (other than bioequivalence or residue studies) and, in the case of food-producing animals, human food safety studies (other than bioequivalence or residue studies) essential to the approval of the application and conducted or sponsored by the applicant. The 3 years of marketing exclusivity applies only to the claim of increased rate of weight gain in pasture cattle for which the application is being approved.

The agency has carefully considered the potential environmental effects of this action. FDA has concluded that the action will not have a significant impact on the human environment, and that an environmental impact statement is not required. The agency's finding of no significant impact and the evidence supporting that finding, contained in an environmental assessment, may be seen in the Dockets Management Branch (address above) between 9 a.m. and 4 p.m., Monday through Friday.

List of Subjects in 21 CFR Part 558

Animal drugs, Animal feeds.

Therefore, under the Federal Food, Drug, and Cosmetic Act and under authority delegated to the Commissioner of Food and Drugs and redelegated to the Center for Veterinary Medicine, 21 CFR part 558 is amended as follows:

PART 558—NEW ANIMAL DRUGS FOR USE IN ANIMAL FEEDS

1. The authority citation for 21 CFR part 558 continues to read as follows:

Authority: Secs. 512, 701 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 360b, 371).

2. Section 558.95 is amended by adding new paragraph (b)(4)(ii) to read as follows:

§ 558.95 Bambermycins.

- (b)
(4)
(ii) Amount per ton. 4 to 20 grams.

(a) Indications for use. For increased rate of weight gain.

(b) Limitations. Feed continuously to pasture cattle (slaughter, stocker, and feeder) at a rate of 10 to 20 milligrams of bambermycins per head per day in at least 1 pound and not more than 10 pounds of Type C medicated feed. Not for use in animals intended for breeding.

Dated: March 25, 1994.

Richard H. Teska, Acting Director, Center for Veterinary Medicine.

[FR Doc. 94-7884 Filed 4-1-94; 8:45 am] BILLING CODE 4160-01-F

DEPARTMENT OF STATE

Bureau of Political-Military Affairs

22 CFR Part 126

[Public Notice 1972]

Amendment to the International Traffic in Arms Regulations Proscribed List

AGENCY: Department of State.

ACTION: Final rule.

SUMMARY: The Department of State is amending the International Traffic in Arms Regulations (ITAR) to reflect that it is no longer the policy of the United States to deny licenses, other approvals, exports and imports of defense articles and defense services, destined for or originating in the following countries: Albania, Bulgaria, Cambodia, Estonia, Latvia, Lithuania and Romania. The regulations are also amended to add Haiti, as a result of the UN arms embargo against it, and to add Sudan. A new provision is added to reflect the qualified embargo of Angola which is set forth in Executive Order 12865 of September 26, 1993 and which is also implemented by the UNITA (Angola) Sanctions Regulations published by the

Change 7
Background

Office of Foreign Assets Control,
Department of the Treasury on
December 10, 1993 (58 FR 64904).
EFFECTIVE DATE: April 4, 1994.

FOR FURTHER INFORMATION CONTACT:
Andrew P. Church, Office of Export
Control Policy, Bureau of Political-
Military Affairs, Department of State
(202-647-4231).

SUPPLEMENTARY INFORMATION: The
Department of State is amending the
ITAR to reflect that it is no longer the
policy of the United States to, pursuant
to 22 CFR 126.1, deny licenses, other
approvals, exports and imports of
defense articles and defense services,
destined for or originating in the
following countries: Albania, Bulgaria,
Cambodia, Estonia, Latvia, Lithuania
and Romania. With respect to these
countries, all requests for approval
involving items covered by the U.S.
Munitions List (22 CFR part 121) will be
reviewed on a case-by-case basis.

With respect to Albania, Bulgaria,
Estonia, Latvia, Lithuania and Romania,
this action is taken in response to the
great progress made by these countries
in transforming themselves from
authoritarian, one-party communist
regimes to free market democracies.
Cambodia is removed from the
provisions of § 126.1(a) as a result of the
installation of a new and
democratically-elected government, and
the end of multifactional civil conflict
that plagued the country for over a
decade.

Section 126.1(a) is amended to add
Haiti as a result of the UN arms embargo
against it, and § 126.1(d) is amended to
add Sudan, which was designated by
the Secretary of State on August 12,
1993 as a country which has repeatedly
provided support for acts of
international terrorism.

A § 126.1(f) is added to reflect the
qualified embargo of Angola which is
set forth in Executive Order 12865 of
September 26, 1993 and which is also
implemented by the UNITA (Angola)
Sanctions Regulations published by the
Office of Foreign Assets Control,
Department of the Treasury, at 58 FR
64904.

This amendment involves a foreign
affairs function of the United States and
this is excluded from the major rule
procedures of Executive Order 12291
(46 FR 13193) and the procedures of 5
U.S.C. 553 and 554. This final rule does
not contain a new or amended
information requirement subject to the
Paperwork Reduction Act (44 U.S.C.
3501 et seq.).

List of Subjects in 22 CFR Part 126
Arms and munitions, Exports.

Accordingly, for the reasons set forth
in the preamble, and under the
authority of section 38 of the Arms
Export Control Act (22 U.S.C. 2778) and
Executive Order 11958, as amended, 22
CFR subchapter M is amended as
follows:

**PART 126—GENERAL POLICIES AND
PROVISIONS**

1. The authority citation for part 126
continues to read as follows:

Authority: Sec. 38, sec. 42, Arms Export
Control Act, 90 Stat. 744 (22 U.S.C. 2778,
2780); E.O. 11958, 42 FR 4311, E.O. 11322,
32 FR 119; 22 U.S.C. 2658, unless otherwise
noted.

2. Section 126.1 is amended by
revising paragraphs (a) and (d), and by
adding paragraph (f) as follows:

§ 126.1 Prohibited exports and sales to
certain countries.

(a) General. It is the policy of the
United States to deny licenses, other
approvals, exports and imports of
defense articles and defense services,
destined for or originating in certain
countries. This policy applies to
Armenia, Azerbaijan, Belarus, Cuba,
Georgia, Iran, Iraq, Kazakhstan,
Kyrgyzstan, Libya, Moldova, Mongolia,
North Korea, Russia, South Africa,
Syria, Tajikistan, Turkmenistan,
Ukraine, Uzbekistan and Vietnam. This
policy also applies to countries with
respect to which the United States
maintains an arms embargo (e.g., Burma,
China, Haiti, Liberia, Somalia, Sudan,
the former Yugoslavia, and Zaire) or
whenver an export would not
otherwise be in furtherance of world
peace and the security and foreign
policy of the United States.
Comprehensive arms embargoes are
normally the subject of a State
Department notice published in the
Federal Register. The exemptions
provided in the regulations in this
subchapter, except §§ 123.17 and
125.4(b)(13) of this subchapter, do not
apply with respect to articles originating
in or for export to any proscribed
countries or areas.

(d) Terrorism. Exports to countries
which the Secretary of State has
determined to have repeatedly provided
support for act of international terrorism
are contrary to the foreign policy of the
United States and are thus subject to the
policy specified in paragraph (a) of this
section and the requirements of section
40 of the Arms Export Control Act (22
U.S.C. 2780) and the Omnibus
Diplomatic Security and Anti-Terrorism
Act of 1986 (22 U.S.C. 4801, note). The
countries in this category are: Cuba,

Iran, Iraq, Libya, North Korea, Sudan
and Syria. The same countries are
identified pursuant to section 6(i) of the
Export Administration Act, as amended
(50 U.S.C. App. 2405(j)).

(f) Angola. Consistent with U.N.
Security Council Resolution 864 of
September 15, 1993, an arms embargo
exists with respect to UNITA.
Accordingly, exports subject to this
subchapter are prohibited in accordance
with Security Council Resolution 864,
Executive Order 12865 of September 29,
1993, and the UNITA (Angola)
Sanctions Regulations issued by the
Office of Foreign Assets Control,
Department of the Treasury, on
December 10, 1993 (58 FR 64904).

Date: March 23, 1994.
Lynn E. Davis,
Under Secretary for International Security
Affairs.
(FR Doc. 94-8003 Filed 4-1-94; 8:45 am)
BILLING CODE 4710-25-M

**ENVIRONMENTAL PROTECTION
AGENCY**

40 CFR Part 80

(FRL-4857-0)

Approval of Tennessee's Petition To
Relax the Federal Reid Vapor Pressure
Volatility Standard From 7.8 psi to 9.0
psi

AGENCY: Environmental Protection
Agency (EPA).
ACTION: Direct final rule.

SUMMARY: In this document EPA is
approving as a direct final rule
Tennessee's petition to relax the Reid
Vapor Pressure Standard (RVP)
applicable to gasoline introduced into
commerce from June 1 to September 15
in the former Knox County ozone
nonattainment area from 7.8 pounds per
square inches (psi) to 9.0 psi. Knox
County, Tennessee has met the
requirements for redesignation from
nonattainment to attainment status
contained in section 107(d)(3)(E) of the
Clean Air Act. Tennessee's petition is
based on evidence that the Knox County
area does not need the 7.8 psi standard
to maintain ozone attainment. EPA
believes that further imposition of the
7.8 psi volatility standard would impose
needless costs in light of Tennessee's
attainment of the National Ambient Air
Quality standard. This action is being
taken without prior proposal because
EPA believes that this final rulemaking
is noncontroversial, for the reasons

JOINT STAFF
INFO SERVICE CENTER

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*Change 7
Background*

TO AMEMBASSY PHNOM PENH PRIORITY 8736
INFO SECDEF WASHDC/SO-LIC/HRA// 4479 JOINT STAFF WASHDC/J-3// 4109
USCINCPAC HONOLULU HI//

UNCLAS STATE 225539

*CDR Laegre/
CDR Haggerty*

E.O. 12356: N/A
TAGS: EAID, MASS, PREL, PREF, SOCI, CB
SUBJECT: FY94 DEMINING FMF FOR CAMBODIA

*What is our
next action?
Wk*

AS OF AUGUST 22, 1994, FY94 FOREIGN MILITARY FINANCING (FMF) FUNDS IN THE AMOUNT OF USD 750,000 WILL BE AVAILABLE TO CAMBODIA FOR PROCUREMENT OF DEFENSE ARTICLES, DEFENSE SERVICES, AND TRAINING TO SUPPORT DEMINING TRAINING AND EQUIPMENT NEEDS. LETTERS OF REQUEST FOR EQUIPMENT, SERVICES, AND TRAINING SHOULD BE SUBMITTED TO APPROPRIATE MILITARY DEPARTMENTS. IF FURTHER ASSISTANCE IS NECESSARY, CONTACT THE DEFENSE SECURITY ASSISTANCE AGENCY AT DSN 604-6630 OR COMMERCIAL 703-604-6630. TALBOTT BT

JOINT STAFF V1
ACTION

(U, 8, F)

23

INFO SJS-N(1) CMAS(1), SJS-C(1) NMCC:CWO(1)
J3(3) J3:JODPAC-J(1) NIDS(1) J4(5) QUAL CONTROL(1)
USSOCOMWO(1) USCINCSO LO(1) J6U-J(1) J1:PPPD-J(1)
J5:ASIA-J(1) J5:WTCNP-J(1) J5:WTCTT-J(1)
J36:READY-J(1)
+USCINCSOC INTEL OPS CEN MACDILL AFB FL

SECDEF V2
ACTION

(U, 8, F)

14

INFO SECDEF-N(1) SECDEF-C(1) ATSD:PA(1)
USDP:AP(2) USDP:DSAA(1) USDP:CIS(1) USDP:PK/PE(1)
USDP:DPMO(1) USDP:SO-LIC(1) USDP:FCMA(1) USDP:CP(1)
USDP:HRA(1) USDP:SS(1)
+USDP:DTSA
+SAFE

UNCLASSIFIED

29

*Change 7
Background*

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THE WHITE HOUSE
WASHINGTON

February 18, 1994

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94 FEB 18 3:29 PM

Presidential Determination
No. 94-15

MEMORANDUM FOR THE SECRETARY OF STATE

SUBJECT: Eligibility of Eritrea to be Furnished
Defense Articles and Services Under the
Foreign Assistance Act and the Arms
Export Control Act

Pursuant to the authority vested in me by section 503(1) of the Foreign Assistance Act of 1961, as amended (22 U.S.C. 2311(a)), and section 3(a)(1) of the Arms Export Control Act as amended (22 U.S.C. 2753(a)(1)), I hereby find that the furnishing of defense articles and services to the Government of Eritrea will strengthen the security of the United States and promote world peace.

You are authorized and directed to report this finding to the Congress and to publish it in the Federal Register.

William J. Clinton

*Rec'd in [unclear]
2/18 at 3:09
Saku*

Tab A



DEFENSE SECURITY ASSISTANCE AGENCY

WASHINGTON, DC 20301-2800

*Change 7
Background*

31 OCT 1994

In reply refer to
I-05554/94

MEMORANDUM FOR DIRECTOR FOR SECURITY ASSISTANCE
OFFICE OF THE DEPUTY CHIEF OF STAFF FOR LOGISTICS
DEPARTMENT OF THE ARMY

DIRECTOR, NAVY INTERNATIONAL PROGRAMS OFFICE
DEPARTMENT OF THE NAVY

ASSISTANT DEPUTY UNDER SECRETARY
(INTERNATIONAL AFFAIRS)
DEPARTMENT OF THE AIR FORCE

SUBJECT: Request for Waiver to Use the Defense Transportation
System (DTS) by the Government of Guyana

This responds to the attached USASAC (AMSAC-MA-LA) memorandum
to DSAA, dated 2 August 1994, same subject as above.

Based on circumstances as summarized in the attached
memorandum, Guyana is hereby authorized to use DTS for its security
assistance shipments. This will be reflected in the next change to
the Security Assistance Management Manual, Table 600-1.

Questions or comments may be directed to Mr. Wayne Wells,
DSAA/OPS-MGT, (703) 604-6635, x367.

Edward W. Ross
Director

Security Assistance Operations

Attachment
As stated

CF: Cdr, USASAC (AMSAC-MA-LA)

Pre'd by: Mr. Wells X46635 Ext 367
DSAA/OPS-MGT

Distribution: Orig Addee & cc

MD(1) CC:
OPS-MGT SUBJ
OPS-MGT CHRON
OPS CHRON

PRIORITY/ROUTINE
P R 111903Z MAY 94
FM SECDEF WASHINGTON DC//USDP:DSAA//
TO AIG 8797
HQDA WASHINGTON DC//DALO-SAA//
HQ USAF WASHINGTON DC//SAF-IA//

ZYUW RUEKJCS4245 1311919

DLA CAMERON STATION VA//MMSI//
NAVY IPO WASHINGTON DC//O2C//

DLA *Camron Station VA//O2 D Lms0//*

Rick Kinde
FAX 274 1994

UNCLAS
FROM: DSAA/OPS-MGT
SUBJECT: SAMM TABLE 600-1 UPDATE

Change 7
Background

1. CHANGE 6 TO DOD 5105.38-M, SECURITY ASSISTANCE MANAGEMENT MANUAL, IS EXPECTED TO BE DISTRIBUTED WITHIN TWO WEEKS. THE CHANGE WILL INCLUDE REFINEMENTS TO COUNTRY AND INTERNATIONAL ORGANIZATION INFORMATION IN TABLE 600-1. THE FOLLOWING ADDITIONAL GUIDANCE IS EFFECTIVE IMMEDIATELY AND SHOULD BE POSTED TO TABLE 600-1 FOLLOWING RECEIPT OF CHANGE 6:

- A. BOLIVIA INC (INTERNATIONAL NARCOTICS CONTROL) SHOULD BE CODED D1 (DELTA ONE) VERSUS DI.
- B. MARSHALL ISLANDS SHOULD BE CODED R1 (ROMEO ONE) VERSUS R2.
- C. THREE NEW PSEUDO CODES ARE ADDED TO ASSIST IN MANAGING SALES/TRANSACTIONS UNDER THE FOREIGN ASSISTANCE ACT, ALL SHOULD BE ANNOTATED "NR" UNDER "UCOM" AND "REG"; WITH "FMS", "DU", AND "DTS" LEFT BLANK--

FAA SEC 632 TRANSACTIONS - S4 (SIERRA FOUR)
FAA SEC 607, REIMBURSABLE (DELAYED PAYMENT) - S5 (SIERRA

FIVE)

FAA SEC 607, PAYMENT IN ADVANCE - S6 (SIERRA SIX)

2. THIS SUPERSEDES THAT PART OF GUIDANCE PROVIDED IN DSAA MEMO I-2473/94, 21 APR 94, SUBJ: POLICY REGARDING SUPPORT TRACKING FOR UN BOSNIAN ACTIVITIES, WHICH SPECIFIED EXCLUSIVE USE OF PSEUDO COUNTRY CODE "S5" (SIERRA FIVE) FOR FAA SEC 607 TRANSACTIONS. S5 OR S6 WILL BE USED, BASED ON REIMBURSABLE OR ADVANCE PAYMENT, AS DISCUSSED IN PARA ONE ABOVE. ALSO, INSERT THE WORD "NOT" IN LINE ONE OF THE SECOND NOTE, PARA 4, OF MEMO I-2473/94, MAKING IT READ "NOTE: THE PURCHASER, SHALL NOT, EXCEPT AS MAY...."

3. REQUEST YOU PROVIDE ABOVE INFORMATION TO APPROPRIATE SYSTEMS AND LOGISTICS MANAGEMENT ELEMENTS. DSAA CONTACT IS MR. WAYNE WELLS, DSN 664-6635 OR CML 703-604-6635, X367. BT

JOINT STAFF V1
ACTION

(U,A,7)

23

INFO SJS-N(1) CMAS(1) J1-J(1) DIRM:AIS-J(1)
J3(3) NIDS(1) J4(5) J4:LPEILD3-J(1) J4:MILSEC-J(1)
J5(1) J5:SAB-J(1) J5:NAC-J(1) J5:CACCON-J(1)
J5:CACMIS-J(1) J33:CNOD-J(1) J6F-J(1) J5:WTCTT-J(1)
+NATS PENTAGON WASHINGTON DC
+NACEMEAF

SECDEF V2
ACTION USDP:DSAA(1)

(D,6,F)

4

INFO SECDEF-N(1) SECDEF-C(1) USDP:FILE(1)

DIA V3
ACTION

(U,A,7)

7

INFO USDAT:ADMIN(1) USDP:DEPS(2)
USDP:SO-LIC(1) IPSPG-2(1) J2J-J(1) DIA/MMRB(1)
+COMBINED INTEL CTR CHEYENNE MTN AFB CO//J2V//
+CDRFORSCOM FT MCPHERSON GA//AFOP-OD//
+USCINCSOC INTEL OPS CEN MACDILL AFB FL
+SAFE

Tab B

Change 7

Section 601 - Contractor Preference for Direct Commercial Sales

60101 PURPOSE. This section pertains to U_xS_x contractors and DØD. It identifies the policies and procedures applicable to contractor requests to sell defense articles exclusively through direct commercial sales rather than through FMS.

60102 GENERAL.

A. **Direct Sales Preference.** As used in this section, the terms "direct sales" and "commercial sales" are synonymous, as are "direct sales preference" and "direct commercial sales preference." Direct sales preference is a procedure for recognizing contractor wishes to sell directly to countries approved to receive defense articles and services under the AECA, as opposed to Government-to-Government sales under FMS. The procedure is implemented as a courtesy to industry on a best efforts basis.

B. **DØD Neutrality.** DØD is generally neutral as to whether a foreign country satisfies its requirements for a U_xS_x origin defense article through FMS or on a direct commercial basis. DØD inability or unwillingness to designate an item for direct sale preference should not be construed to reflect DØD preference for sale of an item via FMS.

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

D. **Concurrent FMS and Direct Negotiations.** DØD Components will not, except where such action is specifically approved by DSAA, engage in comparison studies requested by a foreign government of an FMS offer versus a direct commercial sale. Procedures in this section are designed to avoid or control such studies.

E. **USG Approval of Direct Sales.** Agreement by DØD to notify a country of direct sales preference does not constitute a commitment by the USG that a munitions license will be issued or that the use of USG-owned plant and production equipment will be authorized. Disapproval of a contractor request for this preference does not prevent approval of a munitions license for a specific sale or of a contractor request to use USG-owned plant and production equipment.

F. **Sales Activity Communications.** In implementing these procedures, each DØD Component processing LORs or LOAs will keep other Components informed of significant commercial sales activities.

G. **Preference Life Span.** Direct sale preference designations will normally be valid for three years. Confirmation that the article still qualifies will be accomplished prior to reinstatement or designation beyond three years. The responsibility to request continuation of the direct sale preference designation rests with the manufacturer of the article.

H. **Active Preference Summary.** During January each year, DSAA will provide to affected DØD Components a list of approved direct sale preference articles and their commercial

Change 7

producers. DOD Components will use this list and the notifications provided at the time each direct commercial preference is approved in evaluating requests for P&A or an LOA for the articles.

I. **Individual Proposals.** If a request is received by DSAA which does not qualify for direct sale preference but identifies negotiations with one or more foreign countries, consideration will be given to preference for the transaction. A copy of the request for a price quotation from the country must be included. These notifications will be listed for one year as an appendix to the active preference summary.

J. **Extent of DOD Commitment.** The process outlined in this section is a best efforts commitment by DOD to comply with industry preferences. Failure on the part of a DOD Component to comply with these procedures will not invalidate any resultant FMS transaction.

60103 GUIDELINES. The following should be used to help select defense articles for which direct commercial preference will be requested and determine when the preference will be applied:

A. **Defense Article Exclusions.** The following will not be designated for direct sale preference:

1. Article provided on FMS LOA non-defined (dollar) lines or not significant military equipment on the USML. Automated procedures for supply under CLSSA, BO, CSP, or other dollar lines do not lend themselves to the manual process through which direct commercial preference operates.

2. Two or more producers qualified and capable of producing the defense article. This is to avoid guiding purchasers to one manufacturer of an item when there are other qualified producers.

3. Classified article. In most instances, for security reasons, classified articles require special handling which may not allow DOD to agree to a direct commercial preference commitment.

4. Ammunition above 40mm.

5. Article which includes GFE, including GFE manufactured in a Government-Owned, Government-Operated (GOGO) facility, unless authorized for sale to U_XS_X firms under ~~Section~~ ~~603 DODD 4175-1~~. Controls for these items needed to sustain a surge production capacity are more difficult to manage under direct preference.

6. Article where supply exclusively through commercial channels could reasonably ^{be} ~~by~~ expected to adversely affect:

a. Deliveries to meet DOD, including FMS, needs.

b. DOD stockage levels (e.g., a substantial excess condition exists).

7. Article required in conjunction with a system sale.

8. A service. The difficulty in defining services to ensure equitable treatment of potential contractors normally prevents approval for direct commercial preference.

B. **Specific Sale Exclusions.** Under one or more of the following conditions, items which have otherwise been approved for direct sale preference may be sold through FMS procedures:

Change 7

- 1. Sales to the Governments of Thailand and the Federal Republic of Germany. These countries have requested and been granted exceptions to purchase via FMS, articles and services designated for direct sale preference.
- 2. The sale is financed with MAP ^{OR FMF} funds.
- 3. The item has unallocated SDAF or DOD long supply (including MAP disposable) stocks and, in the judgement of the DOD Component concerned, reduction of the stocks is desirable.
- 4. Transfer through commercial channels could adversely effect deliveries under existing contracts.
- 5. The sale is approved by the Director, DSAA.

60104 COMMERCIAL SOURCE RESPONSIBILITIES. The manufacturer must inform DSAA Operations Directorate that it believes it is the sole U.S. producer and prefers to sell an SME item on a direct commercial basis. The notification must provide the following: Article designation or nomenclature, military model number, and NSN (mandatory, will be returned without action if the NSN is not provided), date and number of the most recent contract with DOD, and the DOD recipient under the contract. *

60105 DSAA RESPONSIBILITIES. DSAA will determine whether an article is to be designated for direct sale preference based on the request of the manufacturer and information provided by the cognizant DOD Component. The DOD Component will be provided an information copy of the response to the manufacturer with instructions regarding processing of requests for articles which have been designated for direct sale preference.

60106 DOD COMPONENT RESPONSIBILITIES. Correspondence pertaining to direct commercial preference should be coordinated with DSAA-OPS. *A copy of approved correspondence should be provided to the pertinent CINC and SAO.* +

A. **Requests for Preference.** DSAA will ask the applicable DOD Components to provide input within 30 days for responses to requests for preference. Input should include: *

- 1. Confirmation that the item is SME. In some instances (e.g., certain wheeled vehicles), non-SME items are offered as defined lines on LOAs. Non-SME status should not disqualify the item from direct commercial preference consideration in these instances.
- 2. Contract history with the firm.
- 3. Other sources capable of producing the article.
- 4. Impact of preference designation on U.S. programs (e.g., delayed deliveries or inability to reduce excess stocks.)
- 5. Confirmation that the item is manufactured without GFE or, if applicable, the firm's qualifications to purchase GFE under the provisions of ~~DODD 4175.1~~ *Section 603.* +
- 6. Other comments regarding whether the item qualifies for direct preference based on Section 60103 Guidelines.

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Change 7

B. P&A or LOA Requests. In addition to retaining information within SA organizations, notices of direct commercial sale designation should be held at the item manager level to allow proper screening of P&A and LOA LORs for direct sale preference. Within three weeks of receipt of the LOR, notify the purchaser of any direct preference, using the following letter or message text:

[Company] has advised DOD that it has the capability of providing [article], which you have requested to purchase via FMS, and prefers to market it on a direct commercial basis.

DOD has no preference as to whether this item is procured through FMS or on a direct commercial basis. If a commercial transaction is undertaken, the U.S. Government will not be a party to the contract; therefore, all aspects of contract performance must be between your Government and the company.

Should you not desire to pursue a direct commercial purchase, please advise us of your rationale.

C. P&A or an LOA Versus a Commercial Proposal. SA countries may request FMS data after having solicited bids from contractors. Under these circumstances, data should not be offered until:

1. The country confirms that commercial negotiations have stopped and provides rationale for continuing with FMS.

2. When considered appropriate, ^{GINC, SAO, and} contractor input is obtained. Since only one source usually exists for direct sale preference items, it will normally be presumed that contractor approval for FMS sale, versus no sale, is supported; however, DSAA or the DOD Component should obtain contractor comments prior to issuance of P&A or an LOA where necessary to make an informed FMS data release decision.

3. DSAA has determined, based on the combination of information received from the foreign government, and contractor when possible, whether to satisfy the requirement under FMS.

D. Withdrawal of LOAs. Instances could arise where an SA customer received an LOA and subsequently solicited bids from private industry for the same item. Such action does not automatically require DOD withdrawal of the LOA. DOD Components should query the country as to its intentions and express a predilection for withdrawing the LOA in light of the commercial quotation request.

(60107 Add next under)

35A

60107 FMS Customer Responsibility National policy or specific program circumstances may dictate that both FMS and commercial data must be obtained. The FMS customer is not precluded from first obtaining FMS data and later determining it should request a commercial source price quote. In such instances, the customer should avoid concurrent FMS and commercial requests. If it is determined commercial acquisition is desired after FMS data has been requested, but before receipt of the data, the customer should cancel the LOR prior to requesting commercial data. When a contractor has been granted commercial preference, commercial data should be obtained and evaluated before FMS data are requested. If, after evaluating the commercial data, the decision is made to purchase via FMS, the customer should provide information showing commercial acquisition efforts have ceased and request any commercial preference be waived in order to meet the requirement.

pscwd

MGT *W6*

ROUTINE
R 081553Z NOV 95

ZYUW RUEKJCS1264 3122323

C. WHEN A CONTRACTOR HAS BEEN GRANTED COMMERCIAL PREFERENCE FOR AN ITEM, THE COMMERCIAL DATA SHOULD BE OBTAINED AND EVALUATED BEFORE FMS DATA IS REQUESTED. IF, AFTER EVALUATING THE COMMERCIAL DATA, THE DECISION IS MADE TO PURCHASE VIA FMS, THE COUNTRY SHOULD PROVIDE INFORMATION SHOWING ALL COMMERCIAL ACQUISITION EFFORTS HAVE CEASED AND REQUEST THAT ANY COMMERCIAL PREFERENCE BE WAIVED IN ORDER TO MEET THE REQUIREMENT.

5. A DSAA REP WILL BE AVAILABLE TO DISCUSS THIS ISSUE ON THE MARGINS OF THE 1995 PACSAC. IN THE INTERIM, QUESTIONS OR COMMENTS MAY BE DIRECTED TO MR WAYNE WELLS, DSAA/OPS-MGT, *703* 604-6635, EXT 367. BT

SECDEF WASHINGTON DC//USDP:DSAA/OPS-MGT//
USCINCPAC HONOLULU HI//J45//
CHJUSMAGK//1KAF// SEOUL KOR CINCUSACOM NORFOLK VA//J55//
USCINCENT MACDILL AFB FL//CCJ47-SJ//
USCINCEUR VAIHINGEN GE//ECJ4-SA//
HQDA WASHINGTON DC//DALO-SAA// NAVY IPO WASHINGTON DC//O2C//
HQUSAF WASHINGTON DC//SAF/IA// CDR USASAC//AMSAC-M1//

UNCLAS
DSAA/OPS-MGT
SUBJECT: DIRECT COMMERCIAL SALES *DCS* PREFERENCES AND FORMAL NEGOTIATIONS

REF YOUR 101302Z OCT 95, SUBJ AS ABOVE *U*
1. THIS RESPONDS TO REF MSG, WHICH ENDORSES JUSMAG-K PROPOSALS REGARDING FMS-DIRECT COMMERCIAL SALES PROCEDURES.
2. IT HAS BEEN DOD GENERAL POLICY THAT THE USG WILL NOT KNOWINGLY COMPETE VIA FMS WITH U.S. COMMERCIAL CONCERNS PURSUING FOREIGN SALES. SAMM GUIDANCE SUPPORTING THIS POSITION HAS EVOLVED OVER A NUMBER OF YEARS TO ACCOMMODATE ALL CONCERNED WITH THIS SOMETIMES CONTENTIOUS ISSUE.
3. WITH THE ABOVE IN MIND, WE HAVE REVIEWED PROPOSALS IN REF MSG WITH RESULTS AS FOLLOWS:

A. WE ACCEPT THE PROPOSAL THAT WIDER DISTRIBUTION OF THE PREFERENCE LISTS *PUBLISHED VIA MEMO IN JANUARY EACH YEAR PER SAMM 60102.H. AND I* WOULD BE OF BENEFIT TO SA PERSONNEL OUTSIDE THE MILDEPS; THEREFORE, FUTURE DISTRIBUTION OF THIS INFORMATION WILL INCLUDE THE CINCS. IT WILL BE THE RESPONSIBILITY OF THE CINCS TO DISTRIBUTE THE INFORMATION, AS CONSIDERED APPROPRIATE, WITHIN THE AOR.

1. no change. when distributed, I will add CINCS to present "affected DOD components".

B. IN REGARD TO THE SUGGESTION THAT THE PROCEDURE IN THE SAMM BE CHANGED TO MORE ACTIVELY INVOLVE THE SAO'S IN DETERMINATIONS AS TO WHETHER CONTRACTORS WILL BE GRANTED COMMERCIAL PREFERENCE, WE WILL CHANGE SAMM GUIDANCE TO REQUIRE A COPY OF CORRESPONDENCE PROVIDING NOTICE OF GENERAL DIRECT COMMERCIAL PREFERENCE OR REQUESTING CLARIFICATION OF COUNTRY INTENT RELATED TO INDIVIDUAL NEGOTIATION WHERE COMMERCIAL PREFERENCE BE PROVIDED TO THE CINC AND TO THE PERTINENT SAO. ANY CINC OR SAO INPUT MAY, AT THE OPTION OF THE MILDEP MANAGING THE ACTION, BE CONSIDERED IN DECIDING TO TERMINATE OR CONTINUE DEVELOPMENT OF FMS DATA. THE FINAL DECISION WILL CONTINUE TO LIE WITH THE PERTINENT MILDEP AND DSAA.

2. Add to 60106 and 60106.C.

C. REGARDING WHAT CONSTITUTES NEGOTIATIONS BETWEEN A CONTRACTOR AND A FOREIGN CUSTOMER, WE DO NOT INTEND TO EXPAND CURRENT GUIDANCE. THE SAMM REQUIRES THAT ANY CONTRACTOR REQUESTING COMMERCIAL PREFERENCE ON AN INDIVIDUAL PROPOSAL MUST PROVIDE A COPY OF A REQUEST FOR A PRICE QUOTATION FROM THE COUNTRY. THIS REQUIREMENT HAS PROVEN ADEQUATE IN THE PAST AND WE DO NOT BELIEVE ANY FURTHER CLARIFICATION/DEFINITION WOULD BE USEFUL.

D. FOR INDIVIDUAL PROPOSALS, DEVELOPMENT OF FMS DATA DOES NOT CEASE UNTIL AVAILABLE INFORMATION INDICATES THE COUNTRY IS ACTIVELY ENGAGED IN PURSUING A COMMERCIAL SALE. WE DO NOT INTEND TO CHANGE THIS POLICY. ONCE SUCH INFORMATION SURFACES, BUT THE COUNTRY DOES DESIRE TO PURCHASE VIA FMS, IT IS THE COUNTRY RESPONSIBILITY TO ADVISE THE USG THAT COMMERCIAL ACQUISITION EFFORTS HAVE ENDED. IN ORDER TO AVOID MISUNDERSTANDING, IT ALSO IS RECOMMENDED THAT THE CONTRACTOR BE ADVISED BY THE COUNTRY THAT A COMMERCIAL PROGRAM IS NO LONGER BEING PURSUED.

4. WE UNDERSTAND THAT, AT TIMES, THE POLICIES CONCERNING COMMERCIAL PREFERENCE ARE A SOURCE OF DISAGREEMENT BETWEEN OUR FOREIGN CUSTOMERS AND THE LOCAL SAO. WE ALSO RECOGNIZE THERE ARE THOSE THAT BELIEVE THESE POLICIES FAVOR CONTRACTORS OVER DESIRES OF THE FOREIGN GOVERNMENT. WITH THAT SAID, WE BELIEVE NOT COMPETING WITH U.S. DEFENSE CONTRACTORS IS THE BEST POLICY OVERALL.

A. THIS DOES NOT PRECLUDE THE CUSTOMER FROM FIRST OBTAINING FMS DATA AND THEN DETERMINING LATER THAT IT DESIRES TO CONTACT A COMMERCIAL SOURCE FOR A QUOTATION. IN SUCH INSTANCES THE CUSTOMER SHOULD AVOID CONCURRENT FMS AND COMMERCIAL REQUESTS AND OBTAIN THE FMS DATA PRIOR TO CONTACTING ANY COMMERCIAL SOURCE.

[Handwritten signatures]

B. IF IT IS DETERMINED THAT COMMERCIAL ACQUISITION IS DESIRED AFTER FMS DATA HAS BEEN REQUESTED, BUT BEFORE FMS DATA RECEIPT, THE CUSTOMER SHOULD CANCEL THE LOR PRIOR TO REQUESTING COMMERCIAL DATA.

3. Add as new 60107.

SECDEF V2
ACTION USDP:DSAA(1)
INFO SECDEF-C(1) USDP:FILE(1)

(D,6,8,F)

350

1. Sales to the Governments of Thailand and the Federal Republic of Germany. These countries have requested and been granted exceptions to purchase via FMS articles and services designated for direct sale preference.

2. The sale is financed with MAP funds. ^{OR FME}

3. The item has unallocated SDAF or DOD long supply (including MAP disposable) stocks and, in the judgement of the DOD Component concerned, reduction of the stocks is desirable.

4. Transfer through commercial channel could adversely affect deliveries under existing contracts.

5. The sale is approved by the Director, DSAA.

60104 COMMERCIAL SOURCE RESPONSIBILITIES. The manufacturer must inform DSAA Operations Directorate that it believes it is the sole U.S. producer and prefers to sell an SME item on a direct commercial basis. The notification must provide the following: Article designation or nomenclature, military model number, and NSN (mandatory, will be returned without action if the NSN is not provided), date and number of the most recent contract with DOD, and the DOD recipient under the contract.

60105 DSAA RESPONSIBILITIES. DSAA will determine whether an article is to be designated for direct sale preference based on the request of the manufacturer and information provided by the cognizant DOD Component. The DOD Component will be provided an information copy of the response to the manufacturer with instructions regarding processing of requests for articles which have been designated for direct sale preference.

60106 DOD COMPONENT RESPONSIBILITIES. Correspondence pertaining to direct commercial preference should be coordinated with DSAA-OPS.

Requests for Preference. DSAA will ask the applicable DOD Components to provide input within 30 days for responses to requests for preference. Input should include:

1. Confirmation that the item is SME. In some instances (e.g., certain wheeled vehicles), non-SME items are offered as defined lines on LOAs. Non-SME status should not disqualify the item from direct commercial preference consideration in these instances.

2. Contract history with the firm.

3. Other sources capable of producing the article.

4. Impact of preference designation on U.S. programs (e.g., delayed deliveries or inability to reduce excess stocks.)

5. Confirmation that the item is manufactured without GFE or, if applicable, the firm's qualifications to purchase GFE under the provisions of ~~DODD 4175.1~~ Section 603.

6. Other comments regarding whether the item qualifies for direct preference based on Section 60103 Guidelines.



DEFENSE SECURITY ASSISTANCE AGENCY

WASHINGTON, DC 20301-2800

Change 7
Background
15 MAR 1995

In reply refer to:
I-0730/95

MEMORANDUM FOR CHIEF, POLICY DIVISION, ASSISTANT DEPUTY UNDER
SECRETARY (INTERNATIONAL AFFAIRS), DEPARTMENT OF
THE AIR FORCE

SUBJECT: Contractor Preference for Direct Commercial Sales

This responds to SAF/IAX memorandum to DSAA/OPS-MGT, dated 24 February 1995, same subject as above, which requests clarification regarding whether direct commercial preference applies when purchases are funded through foreign military financing (FMF) (attachment 1).

When FMF is to finance the purchase, DSAA's January 1995 "Guidelines for Foreign Military Financing of Direct Commercial Contracts" take precedence over memorandum I-04026/94, dated 8 July 1994, and SMM paragraph 60103. The next change to the SMM will include the new guidelines and the paragraph 60103 adjustment highlighted in attachment 2.

Questions may be directed to Mr. Wayne Wells, (703) 604-6635, extension 367.

H. Diehl McKalip
Acting Director

Attachments
as stated

cc: HQDA (DALO-SA)
Director, Navy IPO (02C)
Commandant, DISAM

Prep'd by: Mr. Wells 46635 x367
DSAA/OPS-MGT
Distribution: Orig Addressee & cc
DSAA
CMD (1)
OPS-MGT SUBJ
OPS-MGT CHRON
OPS CHRON

CC:

pscmr

Change 7

5 October 1995

Memorandum for DISAM

Subject: SAMM Change, FMS Cases Guidance

1. The following should replace paragraph 70002.C in the next SAMM change:

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

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

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

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

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

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

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

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

c. For items to be supplied by DLA, the IA shall submit to DLA requirements information and the appropriate funds as soon as possible after signing of a new arrangement, or when an arrangement is revised.

d. When items subject to CLSSA augmentation are transferred from one DoD component to another, CLSSA program data and funds will be provided to the receiving component, as mutually agreed, during the transfer process.

e. Performance standards and measurement records shall be maintained by the DoD Components, including DLA, in such a manner that overall effectiveness for supplies provided under CLSSAs can be determined and compared with like US forces in a timely and efficient manner. The standards to be used are to be the same as those used for US forces.

f. Demand records shall be reviewed before excess materiel is transferred or declared surplus. If stockage of excess items resulted from CLSSA requirements, Purchasers shall be notified, in a timely manner, of their liability, along with a request for disposition instructions.

g. When a requirement exists to terminate a CLSSA, action shall be taken to ensure close-out is completed within six months. The IA, in coordination with other appropriate DoD components, including managers of items included in the CLSSA, will identify to customers their pro-rata share, in either quantities or dollar value, of stocks on hand and on order, above the level of DoD requirements, that are applicable to weapon systems and equipment being supported.

2. Appendix B:

a. Replace the CLSSA definition with the following --

Cooperative Logistics Supply Support Arrangement (CLSSA) FMSO I pre-stockage and storage and FMSO II consumption LOAs designed to provide responsive standard secondary item supply support for US-origin equipment which is in allied and friendly country inventories. [See SAMM Chapter 7]

b. Delete definitions for Foreign Military Sales Order I or FMSO I and for Foreign Military Sales Order II or FMSO II.

UNCLASSIFIED

Change 7
Background

EX _____
EA MM 604

USDP STAFF SUMMARY SHEET

1. DATE
05 Oct 95

2. I- 05067/95

SUBJECT
Samm Change, CLSSAs

4. CURRENT SUSPENSE DATE

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

ORIGIN: OUSD(P) agreement with OUSD(A&T) that DoD Directive 2000.8 can be rescinded and guidance now in that Directive added to the SAMM.

PURPOSE: Work on DoDD 2000.8, Titled: "Cooperative Logistics Supply Support Arrangements (CLSSA)," has led to OUSD(P) and OUSD(A&T) agreement (Tab A) that 2000.8 guidance can be consolidated with CLSSA guidance in the SAMM. On that basis, the change at Tab B was staffed and OASD(ES), DLA, Army, Navy, Air Force, DSAA Plans and DSAA GC concurred (some with comments, which were considered and most incorporated into Tab C). There were no non-concurrences.

This action is to obtain clearance to include Tab C into SAMM change 7.

RECOMMENDATION: Publish Tab C with the next SAMM change.

Approved for publication W 10-6-95 Other _____

6. ROUTING

	DIR/OFC	COORD	DATE		DIR/OFC	COORD	DATE		DIR/OFC	COORD	DATE
1	Dir, DSAA	<i>approved</i>		9				17			
2	Dep Dir, DSAA		<i>W 10-6-95</i>	10				18			
3	Dir, OPS, DSAA		<i>W 10/6</i>	11				19			
4	Dep Dir, OPS, DSAA			12				20			
5	Ch, OPS-MGT	<i>W</i>	<i>10/5</i>	13				21			
6				14				22			
7				15				23			
8				16				24			

NAME OF ORIGINATOR
Wayne Wells

8. DIRECTORATE/OFFICE
DSAA/OPS-MGT

9. TELEPHONE NUMBER
(703) 604-6635,
x367

10. SIGNATURE
Wayne Wells

UNCLASSIFIED

(40)

Change 7
Background

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

B. Categories of Items and Services.

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

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

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

C. **Standard FMS Cases.** Standard FMS cases are defined order, blanket order, and CLSSA. These cases 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 or services 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 or 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 and ammunition, including all explosives,

(3) Transportation services,

(4) Aircraft ferry,

- and
- (5) Cartridge Activated Devices/Propellant Activated Devices (CAD/PAD),
 - (6) TDPs.

2. **Blanket Order Cases.** BO FMS cases represent an agreement between a foreign country or international organization and the US 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 BO 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. The scope of a BO LOA will be determined by the value of funds made available for ordering. The LOA value for ordering may be increased only during the 12 month period following implementation of the basic LOA. ..

e. Blanket order cases reduce administrative lead time since requirements are submitted directly to the IA. *

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

(2) **Publications.** Forms, catalogs, manuals, stock lists, reports, books, maps, similar items, required to order, maintain and support defense items and services. Technical data will not be provided on a blanket order case.

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

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

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

(6) **Training.** Formal (classroom) or informal (OJT) instruction of foreign students by DoD components, contractors (including instruction at civilian institutions), or by correspondence courses, technical, educational, or informational publications and media of all kinds. OJT is generally structured to suit individual Purchaser requirements related to some form of experience which the student seeks. Contractor training is used to supplement or replace training which may not be available in the US Government at the time the training is required; i.e., flight training at contractor's facilities.

(7) **Training Aid Devices.** These are used principally to supplement information or training programs which the Purchaser uses for educational purposes. Examples are video tapes, slides, film, microfiche, transparencies, and aperture cards.

(8) **Repair of Repairable Items.** Any items of supply of a durable nature which can normally be economically restored, when unserviceable, to a serviceable condition through regular repair procedures can be covered under a blanket order case. Once an LOA is implemented items may be repaired at the request of the Purchaser and with the approval of the appropriate inventory manager. LOAs must clearly identify the items eligible for repair.

g. **Items Restricted from Blanket Order Cases.** Under blanket order FMS cases, certain restrictions are imposed. The following may not be ordered under blanket order FMS cases:

- (1) Classified materiel (Air Force has been granted an exception)
- (2) Navy managed classified publications
- (3) Explosive ordnance items.
- (4) SME, including MDE (see Table 700-6) and initial logistics support which is normally ordered for concurrent delivery with such items
- (5) Commercial items of materiel more readily provided from in-country (e.g., lumber, sand, gravel, household goods)
- (6) TDPs
- (7) Ozone depleting substances (ODS)

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

a. **EMSO 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 US-furnished equipment.

b. **EMSO II.** The FMSO II consists of an LOA covering the Purchaser's estimated withdrawals of materiel from the supply system. 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:** DSAA/OPS-MGT is the central point for CLSSA procedural guidance within DoD. DoD * Instruction 2000.8 prescribes the policies and criteria for establishing CLSSAs. Further details regarding CLSSAs may be found in Chapter 8.]

Change 7
Background

Conventional Arms Transfers - The transfer of nonnuclear weapons, aircraft, equipment, and military services from supplier states to recipient states. The US has viewed arms transfers as a useful foreign policy instrument to: strengthen collective defense arrangements, maintain regional military balances, secure US bases, and compensate for the withdrawal of troops. US arms are transferred by grants, by government-to-government sales under FMS, and by private commercial sales.

Cooperative Logistics Supply Support Arrangements (CLSSA) - Peacetime military logistics support arrangements designed to provide responsive and continuous supply support at the depot level for US-made military materiel possessed by foreign countries and international organizations. The CLSSA is normally the most effective means for providing common repair parts and secondary item support for equipment of US origin which is in allied and friendly country inventories. [SAMM, Ch. 7]

] Review
to
complete
Chap 7

Cooperative Logistics Support Arrangement - The combining term for procedural arrangements (cooperative logistics arrangements) and implementing procedures (supplementary procedures) which together support, define, or implement cooperative logistics understandings between the US and a friendly foreign government under peacetime conditions. [JCS Pub 1]

Cooperative Projects - Jointly managed arrangements between the US and a NATO member country (or countries) or a specific non-NATO country (or countries). These projects, which must be described in a written agreement, provide for the cooperative sharing of the costs of research, development, testing, evaluation, or joint production (including follow-on support) of specific defense articles. With NATO member countries, these projects are designed to further the objectives of standardization, rationalization, and interoperability (RSI). Similar projects with non-NATO member countries serve to enhance the ongoing multinational effort of the participants to improve their conventional defense capabilities. Waivers or reduction of FMS charges (e.g., non-recurring cost recoupment charges, asset use charges and administrative charges are authorized for such projects since they are not normally implemented through the FMS system [Sec. 27, AECA]

Cooperative Research and Development - Any method by which governments cooperate to make better use of their collective Research and Development resources to include technical information exchange, harmonizing of requirements, co-development, interdependent R&D, and agreement on standards.

Coproduction (International) - Method by which items intended for military application are produced or assembled under the provisions of a cooperative agreement that requires the transfer of technical information and know-how from one nation to another. [Draft DoDD 2000.9]

Country Liaison Officer (CLO) - An officer or non-commissioned officer (NCO) of a foreign military establishment selected by his or her government and attached to a MILDEP or DoD agency for the primary purpose of helping administer trainees from his or her country. For administrative purposes, the CLO is considered to be in a trainee status.

Country Team - Senior members of USG agencies assigned to a US diplomatic mission overseas, and subject to the direction and supervision of the Chief, US Mission (Ambassador). Team members coordinate USG political, economic, and military activities and policies in the host country.

Credit - Transactions approved on a case-by-case basis by the Departments of State, Treasury and Defense, which allow repayment of military export sales for periods beyond 120 days after delivery of materiel or performance of service. [Sections 23 and 24, AECA]

Feasibility Study - Carried out by industry, government agencies, or a combination of both to determine the feasibility of developing and producing a defense article within available resources. The study identifies areas of technical risk, recommends characteristics, and gives the optimum balance between performance, cost, and development time. The study also indicates areas where advances are likely to be necessary for success. It indicates the means by which the recommended solution will be achieved, suggests a program for project definition, development, and production with a preliminary estimate of the costs for these stages.

Federal Financing Bank Financed Sale - Sale of defense articles or services financed by credit supplied by the Federal Financing Bank. The sale may be made by DoD or directly by US industry. US industry sales are subject to DoD approval.

Field Training Services or FTS - Engineering and technical services or contract field services.

Financing, Type of - The method by which the USG is authorized to sell defense articles and services under the AECA (e.g., cash with acceptance, dependable undertaking, credit). The type of financing is reflected through entry of the proper term(s) of sale on the LOA.

Five-Year Defense Program or FYDP - The program summarizing the SECDEF's plans and programs for DoD.

Foreign Affairs Administrative Support or FAAS - Provides, on a reimbursable basis at the Washington level, administrative services to USG offices, including SAOs, located overseas. Services are provided by FAAS personnel of DoS, including: personnel, budget and fiscal, general services, communications, security and guard, and management. The specific services required are the basis of an agreement between State and the requesting agency. Charges are based on the amount of service received with each agency, including State, paying its share.

Foreign Liaison Officer or FLO - An official representative, either military or civilian, of a foreign government or international organization stationed in the US normally for the purpose of managing or monitoring SA programs.

Foreign Military Sales or FMS - That portion of US security assistance authorized by the AECA, as amended, and conducted on the basis of formal contracts or agreements between the USG and an authorized recipient government or international organization. FMS includes government-to-government sale of defense articles or defense services, from DoD stocks or through purchase under DoD-managed contracts, regardless of the source of financing.

Foreign Military Sales Order I or FMSO I - Provides for pipeline capitalization of a CLSSA, which consists of stocks *on hand* and *on order* by which the participating country buys equity in the US supply system. Even though stocks are not moved to a foreign country, delivery (equity) takes place when the country pays for the LOA.

Foreign Military Sales Order II or FMSO II - Provides for replenishment of withdrawals of consumption-type items from the DoD supply system to include applicable charges.

Foreign Military Trainees or FMT - Foreign military and associated civilian defense personnel receiving training under FMS or IMET, also referred to as International Military Students (IMS).

Delete
(Expanded
in chap.
7)

*Change 7
Background*

POLICY

PRINCIPAL DEPUTY UNDER SECRETARY
OF DEFENSE
2100 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-2100



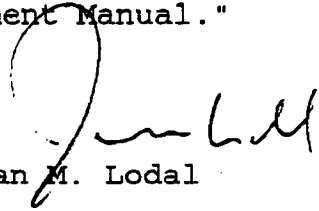
In reply refer to
I-95/38898

MAY - 8 1995

MEMORANDUM FOR ASSISTANT SECRETARY OF DEFENSE, ECONOMIC SECURITY

Subject: Draft DoDD-2000.8, "Cooperative Logistics Supply Support Arrangements (CLSSA)"

We have reviewed subject draft and feel that, for the reasons stated in the attached memorandum from the Director, Defense Security Assistance Agency, the current DoDD 2000.8 should be rescinded, rather than reissued. The DSAA staff will work closely with yours to ensure appropriate CLSSA guidance is included in DoD 5105.38-M, "Security Assistance Management Manual."


Jan M. Lodal

Attachment
As Stated

cc:
Director, DSAA

Tab A



(46)

*Change 7
Background
In process - proceed to change
SAMM.*

(DUTP&IP)

MEMORANDUM FOR DIRECTOR, INSPECTION, GAO AND AUDIT FOLLOWUP, DODIG

SUBJECT: Followup on OIG Report No. 95-031, "Management of Cooperative Logistics Supply Support Arrangements (CLSSA) for Foreign Military Sales," November 21, 1994

This is in reply to your memorandum of June 12, 1995, requesting the status of the revision of DoD Directive 2000.8 on CLSSA.

During the coordination process for the revised directive, the Director, Defense Security Assistance Agency (DSAA), pointed out that all significant activities under the CLSSA directive could be managed by DSAA through procedures in its Security Assistance Management Manual (SAMM) (DoD 5105.38-M). This position was supported by the Principal Deputy Under Secretary of Defense for Policy (see Attachment).

After discussions with DSAA staff, we agreed to rescind the CLSSA directive and assist DSAA in ~~the next revision of~~ the SAMM, ~~which will include CLSSA procedures.~~ *appropriate changes to*

A. Volkman
Principal Director for Armaments
Cooperation

Attachment

G. Thinn 7/19/95

B. Gillette 7/20/95

*Bruce Gillette agreed with
DoD change 7/20/95*

*who actually cancels 2000.8
is pending.*

*Publish draft 2000.8 as integration
w/ current SAMM CLSSA guidance.*



DEFENSE SECURITY ASSISTANCE AGENCY

WASHINGTON, DC 20301-2800

01 MAY 1995

In reply refer to:
I-38898/95

*Change 7
Background*

MEMORANDUM FOR OFFICE OF DEPUTY UNDER SECRETARY OF DEFENSE
(POLICY) POLICY SUPPORT (MR. WETHERILL)

SUBJECT: Draft DoDD 2000.8, "Cooperative
Logistics Supply Support Arrangements (CLSSA)"

This responds to USD/P Form 01, dated 11 April 1995, subject as above, which requests comments to the attachment. Based on a review of the draft and discussions with OUSD(A&T) (ES) representatives, there is agreement in principle that DoDD 2000.8 should be rescinded. Considerations were as follows:

- Of the three types of Letters of Offer and Acceptance (LOAs)--defined line, blanket order, and CLSSA--only CLSSA has a DoD directive. The directive served a useful purpose several decades ago when cooperative logistics was an unproven concept. Its importance declined as CLSSAs were fully integrated into the DoD logistics and security assistance programs.
- The value of the directive is limited in its published form and the attached draft mostly restates other DoD guidance. For example, financial and logistics guidance may be found in DoD 7000.14-R and DoD 5105.38-M, requisition processing in military standard (MILSTRIP, MILSTRAP, etc) guidance, and organizational responsibilities in guidance such as DoDD 5105.38.
- Since CLSSAs are one small aspect of the larger FMS program, any unique CLSSA guidance in DoDD 2000.8 can be included in DoD 5105.38-M, Security Assistance Management Manual.

It is recommended that OUSD(P) support rescission of DoDD 2000.8, subject to addition of any unique policy aspects of the directive to DoD 5105.38-M. Changes to DoD 5105.38-M would be made in consultation with OASD(ES), DLA, and the MILDEPs.

Questions or comments may be referred to Mr. Wayne Wells, DSAA/OPS-MGT, (703) 604-6635, x367.

Thomas G. Rhame

Thomas G. Rhame
Lieutenant General, USA
Director

Attachment
as stated



DEFENSE SECURITY ASSISTANCE AGENCY

WASHINGTON, DC 20301-2800

Change 7
~~Change 7~~ ~~SEE~~
07 SEP 1994 ~~17002.C~~

In reply refer to ~~reference~~
I-04030/94ct

MEMORANDUM FOR DIRECTOR, DEFENSE LOGISTICS AGENCY

Background
(70002.C revised)

DIRECTOR FOR SECURITY ASSISTANCE
OFFICE OF THE DEPUTY CHIEF OF STAFF FOR LOGISTICS
DEPARTMENT OF THE ARMY

DIRECTOR, NAVY INTERNATIONAL PROGRAMS OFFICE
DEPARTMENT OF THE NAVY

ASSISTANT DEPUTY UNDER SECRETARY
(INTERNATIONAL AFFAIRS)
DEPARTMENT OF THE AIR FORCE

SUBJECT: Blanket Order Letters of Offer and Acceptance

- References:
- (a) Memorandum, USASAC (AMSAC-MP(12-8a)) to DSAA, 20 June 1994, subject as above
 - (b) Memorandum, DSAA to multiple addressees, 14 July 1994, subject as above

Reference (a) proposed that guidance in DoD 5105.38-M, paragraph 70002.C.2.d, on adding funds to blanket order (BO) LOAs more than one year after LOA implementation, should be changed to allow addition of funds as required by the customer country. On the basis of that proposal and responses to reference (b), the following will replace paragraph 70002.C.2.d in the next change to the SAMM:

Incorporated in 70002.C revision

"d. The scope of a BO LOA will normally be determined by the value of funds made available for ordering. A time period for support will normally not be included unless requested by the customer."

The above guidance is effective immediately. Questions or comments may be directed to Mr. Wayne Wells, DSAA/OPS-MGT, (703) 604-6635, x367.

Thomas G. Rhame

Thomas G. Rhame
Lieutenant General, USA
Director

cc: CDR, USASAC (AMSAC-MP(12-8a))
CDT, DISAM
DFAS/DE (SAAC)

Pre'd by: Mr. Wells X46635 ext 367
DSAA/OPS-MGT
Distribution: Orig Addee & cc
DSAA
CMD(1) CC: PLANS
OPS-MGT SUBJ
OPS-MGT CHRON
OPS CHRON

polmat

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. The scope of a BO LOA will be determined by the value of funds made available for ordering. The LOA value for ordering may be increased only during the 12 month period following implementation of the basic LOA.

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

(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.

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

(6) Training. Formal (classroom) or informal (on the job (OJT)) instruction of foreign students by DOD components, contractors (including instruction at civilian institutions),

Replace w: if almost

**

2. **Sec 36(b), AECA Applicability.** When the parent LOA requires Sec 36(b) AECA reporting, the LOI must be approved by the Director, DSAA. If the LOI data fall within parameters for Sec 36(b) reporting, such reporting must be completed in the same manner as would be accomplished for an LOA, and prior to any LOI implementing action.

3. **IA Signature and DSAA Approval.** DSAA countersignature is required following IA signature and prior to submission of an LOI to the Purchaser and before implementation of an LOI amendment. If Congressional notification must be completed before the LOA can be issued, the following note will be added to the LOI: "It is understood that United States law requires that the United States Congress must be afforded a formal opportunity to review the proposed sale before the sales offer may be issued to the Purchaser and that a law may be enacted to prohibit such issuance. The Purchaser shall bear the risk that the offer may not be issued for reasons such as enactment of a prohibition."

4. **LOI Preparation.** Deviations from the format in Table 700-4 are not authorized. Deviations from the format in Table 700-3 may be recommended to DSAA, but should be carefully justified and kept to a minimum. The LOI uses the same designator as the parent LOA. Items to be provided should include the line item number and line (including MASL) data from the LOA. Terms of payment and payment schedule information should be included in the defense articles and services field. If available space is inadequate, an attachment should be used.

5. **LOI Amendment.** Amendments, in Table 700-5 format, are processed as country requests, reviewed, approved and signed by the LOA IA, and recommended to DSAA for countersignature. "Acceptance" occurs upon DSAA countersignature and completion of any changes in the LOI financial arrangements. *A copy of the basic LOI and any previous amendment(s) must accompany each LOI Amendment recommended for countersignature.*

Faxed DK # 6255 1747 (1547) 11/2

Change 7

MEMORANDUM FOR THE CHAIRMAN, JOINT CHIEFS OF STAFF
ASSISTANT SECRETARY OF DEFENSE
(ECONOMIC SECURITY), OUSD(A&T)

X
X

SUBJECT: Security Assistance Request [Insert Country or International Organization] (*)

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

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

Request that you review the Government of [Country] request. Comments should be provided

(*) ~~If you have any views or recommendations regarding this request, please advise DSAA~~ by [Normally 15 days from date of this memo]. My point of contact for this action is [Name, office symbol, and phone of DSAA contact.]

(Leave space for signature by)
(Director/Deputy Director, DSAA)

Attachment[s]
← As stated

~~Copy Furnished~~

- cc: OJCS, Director, J-5
- DUSD ~~(ISA)~~ (TSPD)
- OASD(ISA)
- Applicable SAO
- Applicable DoD Component
- Applicable Unified Command

*Memoranda will be classified if applicable.

X



TABLE 700-2. Memorandum -- Subject: Security Assistance Request for MDE or Sensitive Articles.

52

DEFENSE SECURITY ASSISTANCE AGENCY
OPERATIONS DIRECTORATE
Management Division

Change 7
Background

DATE: 30 OCT 1995

MEMORANDUM FOR: LTG BHAME
MR. MCKALIP
MR. ROSS *10/31*
COL ANTHONY
MR. BRANDT *WB*

EX
EA Wm 31 Oct

Recommend as changed.
Still should provide options
for DSAA to move action if
It stf w/leg
does not
respond.

SUBJECT: SA Request for MDE or Sensitive Articles

This responds to your note at Tab A pertaining to phraseology in SA coordination memos. The DSAA standard format is published as SAMM Table 700-2.

Prior to publication, the Joint Staff and OUSD(A&T) concurred in Table 700-2 wording. The JS and A&T liked the option to avoid a reply to the DSAA memo when, for example, we sell a few M16 rifles or M113 APCs, or a few rounds of 20mm ammo, to a NATO country.

Based on Tab A, re-wording of the last paragraph is proposed, to say:

"Request that you review the Government of [Country] request. ~~and provide Any~~ *should be provided* Comments by [15 days from date of this memo]. My point of contact for this action is [Name, office symbol, and phone of DSAA contact]."

If approved, the above can be included in SAMM Change 7, now being prepared for publication.

Tab A is hereby cleared for publication *OK Wm*

Other _____

Wayne Wells
Wayne Wells
x367

Attachments
as stated

Noted
11-1-95

FROM: Wright, George

TO: OPS_ALL

DATE: 05-03-94

TIME: 11:17

SUBJECT: DTSA Address for Request for SA Memo

PRIORITY:

ATTACHMENTS:

*Change 7
Background*

DTSA called this morning asking that I pass on their request to change the address used to send them copies of the memorandum for coordination of requests for P&A or LOA -- reference SAMM page 700-9, paragraph C. and Table 700-2, page 700-13. (This is the memoradum sent to JCS and OUSD(A) which advises of a request from a country and asks for views and recommendations within 15 days.)

Instead of DUSD(TSP) and/or DUSD/DTSA(TSP/TCS)

use DTSA/TSPD for the Copy Furnished address for DTSA.

TNX,
Kork

53

Change 7

Purchaser name and address

UNITED STATES DEPARTMENT OF DEFENSE
LETTER OF INTENT

* [self-explanatory]

* _____ *
Purchaser's reference LOA Identifier

A The Government of *, acting through its Ministry of Defense (hereafter referred to as the Purchaser) hereby declares its firm intent to procure, under United States Arms Export Control Act (AECA) procedures, from the Government of the United States (USG), items pertaining to the following: X

*[use line item numbers and line data from the LOA. Include terms of payment and LOA dependable undertaking payment schedule.]

B Standard Terms and Conditions - United States (US) Department of Defense (DoD) Letter of Intent (LOI), attached, are hereby made part of this agreement. In order to permit the USG to proceed immediately with the purchase described herein and to cover associated administrative expenses, the US DoD is herewith authorized to incur obligations and expend up to the sum of \$ * (which includes estimated administrative and termination costs) on a Foreign Military Sales dependable undertaking basis, to be exceeded only in the event of a decision by either a Court or Board which increases the contractor's entitlement.

[Use the applicable section C version shown below. The first version is to be used when the LOA has not yet been provided to the Purchaser. The second is to be used when the LOA has been issued to the Purchaser.]

C It is understood that the US Department of the * [Army, Navy, or Air Force] plans to present to the Purchaser a Letter of Offer and Acceptance within * days after signature of the Letter of Intent. [Add AECA Sec 36(b) note if applicable (Paragraph 70003.D.3)] ←
OR

C A Letter of Offer and Acceptance that includes items in Section A was issued to the Purchaser X by the US Department of the *[Army, Navy, or Air Force] on * [date LOA released]. Purchaser intends to sign said Letter of Offer and Acceptance not later than * [date by which the LOA is expected to be signed, normally not later than the expiration date].

D The undersigned are authorized representatives of their governments and hereby commit X their governments to this Letter of Intent (LOI):

* _____ US Signature	* _____ Date	** _____ Purchaser Signature	** _____ Date
* _____ Typed name and title		** _____ Typed name and title	
* _____ Implementing Agency		** _____ Agency	
*** _____ DSAA	*** _____ Date		
*** _____ Typed name and title			

* Data entered by IA
** Entered by Purchaser
*** Entered by DSAA, Office of Comptroller

TABLE 700-3. US DoD Letter of Intent.

54

* [Purchaser letterhead]

* [date]

* [DoD Military Department address]

which we signed

Reference is made to the Letter of Intent between the Government of * [purchasing country] and the United States Department of the * [Army, Navy, or Air Force], ~~dated~~ * [date of the LOI], identified by LOA designator * [two character country code; code B, P, or D; and three character LOA identifier]. The Government of * [purchasing country] desires to * [show change desired] and herewith authorizes the Department of the * [DoD Military Department] to incur obligations and expend up to the sum of \$ * [revised LOI value] on a Foreign Military Sales dependable undertaking basis for said Letter of Intent.

* [Purchaser signature]

* [Purchaser typed name and title]

** (MILDEP signature and date)

** (MILDEP typed name and title)

*** (DSAA Office of Comptroller signature and date)

*** (DSAA Office of Comptroller typed name and title)

- | |
|---|
| <p>* Completed by the Purchaser in consultation with the DoD Military Department
** Completed by the implementing US DoD Military Department
*** Completed by DSAA, Office of the Comptroller</p> |
|---|

TABLE 700-5. Amendment to US DoD Letter of Intent.

DISAM - Please change at points into
 annotations. w.

DOD 5105.38-M

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<u>ITEM DESCRIPTION</u>	<u>APPROVED CHARGE</u>	<u>EFFECTIVE DATE/NOTES</u>
<u>CATEGORY I - FIREARMS</u>		
GUN, MACHINE, M2, 50 CAL. (A)	2	28MAR89 (B)
GUN, MACHINE, M240 SERIES (A)	65	28MAR89 (B)
GUN, RIFLE, M16 SERIES, 5.56MM (A)	8	25MAR80
<u>CATEGORY II - ARTILLERY AND PROJECTILES</u>		
GUN, 20MM, M61 (AF)	1,342	06DEC84
GUN, 30MM, GAU-8 (AF)	27,881	22JAN81
GUN POD, 30MM, GPU-5/A (AF)	60,239	11AUG82
HOWITZER, M101A1, TOWED, 105MM (A)	850	11JUN87
<u>CATEGORY III - AMMUNITION</u>		
CARTRIDGE, 20MM (A)		(D)
CARTRIDGE, 30MM GAU-8 (AF)	0.50	28MAR89(B)
CARTRIDGE, 40MM, HE (A)	0.11	28MAR89(B)
CARTRIDGE, 40MM, M385 DUMMY (A)	0.19	15MAY91
CARTRIDGE, 40MM, M406 HE (A)		(D)
CARTRIDGE, 40MM, M433 FXD HEDP, SNGL RD 72/BX (A)	0.43	15MAY91
CARTRIDGE, 60MM, HE (A)	0.47	28MAR91
CARTRIDGE, 60MM, M49A2/A3/A4 HE (A)		(D)
CARTRIDGE, 60MM M720 HE W/FMO M734 (LAP) (A)	5.00	15MAY91
CARTRIDGE, 81MM, M301 ILLUM (ONLY) (A)	0.04	07MAY81
CARTRIDGE, 81MM, M374A2/A3 HE (A)		(D)
CARTRIDGE, 81MM, M374A3 HE W/M567 FUZE (A)	3.24	15MAY91
CARTRIDGE, 105MM, M393A2 HE, HEP-T (A)		(D)
CARTRIDGE, 105MM, M456 HEAT-T MP (A)	3.59	07MAY81
CARTRIDGE, 105MM, M490 (A)	0.57	07MAY81
CARTRIDGE, 105MM, M724A1 (A)	1.42	07MAY81
CARTRIDGE, 105MM, M774 APFSDSD-5 2/BX (A)	24.00	15MAY91
CARTRIDGE, 105MM, M833 APFSDS-T (A)	88.00	05JUL91
CARTRIDGE, 105MM HE (A)	0.87	21MAY79
CARTRIDGE, 120MM, M829 APFSDS-T (A)	126.60	02DEC88
CARTRIDGE, 120MM, M830 HEAT MP-T (A)	293.59	02DEC88
CARTRIDGE, 120MM, M831 HEAT TP-T (A)	83.03	02DEC88
CARTRIDGE, 120MM, M865 TPCSDS-T (A)	37.82	02DEC88
CARTRIDGE, 4.2", M329 HE (A)		(D)
CARTRIDGE, 4.2", M329A2 HE W/O FUZE W/OLD OBTURATOR (LAP) (A)	4.08	15MAY91
CARTRIDGE, 4.2", M335 ILLUM (INCLUDES M577 FUZE) (A)	4.03	20JAN82
CARTRIDGE, 4.2", HE (A)		(D)

TABLE 700-6. Major Defense Equipment List (MDEL) (Page 1 of 14)

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PROJECTILE, 155MM, M107 (A)	3.22	21MAY79	
PROJECTILE, 155MM, M483/M483A1 (A)	2.20	02MAR82	
PROJECTILE, 155MM, M549 HE RAP (A)	13.76	05FEB81	
PROJECTILE, 155MM, M692/M731 HE ADAM (A)	111.00	30MAY86	
PROJECTILE, 155MM, M712 CLGP COPPERHEAD (A)	4,152.00	17SEP81	
PROJECTILE, 155MM, M718/M741 RAAMS (A)	57.00	30MAY86	
PROJECTILE, 155MM, M864 HE (A)	47.00	10AUG93	(A)
PROJECTILE, 175MM, M437 HE (A)	2.33	26MAR80	
PROJECTILE, 5"/38 CAL (N)	15.60	09JUL84	
PROJECTILE, 5"/54 CAL (N)	74.42	04MAY84	
PROJECTILE, 8" M106 HE (A)	0.04	21MAY79	
PROJECTILE, 8" M509 HE ICM (A)			(D)
PROJECTILE, 8" M650 HE (A)	83.04	21MAY79	
PROJECTILE, 8" HE ICM (A)	15.48	21MAY79	

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

BOMB, BLU-109 (AF)	747	18MAY89	
BOMB, CBU-87 COMBINED EFFECTS BOMBLETS (AF)	1,080	06DEC84	
BOMB, CBU-89 CLUSTER, TMD/GATOR MINES (N)			(D)
BOMB, CBU-90 ANTI-ARMOR CLUSTER MUNITION (AF)	3,351	28MAR89	(B)
BOMB, MK20, CLUSTER BOMB ROCKEYE (N)	117	25MAR83	
BOMB, MK82 500# GENERAL PURPOSE (N)	3	25MAR83	
BOMB, MK83 1000# GENERAL PURPOSE (N)	10	25MAR83	
BOMB, MK84 2000# GENERAL PURPOSE (N)	13	25MAR83	
BOMB, M117, 750#, GENERAL PURPOSE (AF)	20	06DEC84	
BOMB, GUIDED, WALLEYE SERIES (N)	6,183	06DEC84	
COUNTERMEASURE, MK214/MK216 SEA GNAT (N)	145	01APR92	
GRENADE, M42 (A)	0.01	10MAY91	
GUN MOUNT, M75, 76MM GUN (N)	62,749	06DEC84	
GUN MOUNT, MK45 MOD 1, 5"/54 (N)	142,566	01OCT84	
LAUNCHER, MK13 (MOD 0 TO MOD 3) (N)	78,125	17NOV78	
LAUNCHER, MK41 VERTICAL LAUNCHING SYSTEM (VLS) (29 OR 61 CELLS) (N)	1,232,863	14DEC87	
SYSTEM (VLS) (8 CELL VARIANT)	154,108	24NOV89	
MINE, CANNISTER M87 (VOLCANO) (A)	270	15MAY91	
MISSILE, AGM-45 SHRIKE (N)	4,890	11AUG78	
MISSILE, AGM-65A/B MAVERICK (AF)	3,722	03FEB81	
MISSILE, AGM-65D MAVERICK (AF)	5,343	03NOV87	
MISSILE, AGM-65E LASER MAVERICK (AF)	24,213	06DEC84	
MISSILE, AGM-65F/G MAVERICK (AF)	6,331	03NOV87	
MISSILE, AGM-78 STANDARD ARM (N)			(D)
MISSILE, AGM-88 HARM (N)	21,249	20APR82	
MISSILE, AIM-4A-G, FALCON (AF)	3,321	12MAR82	
MISSILE, AIM-7 SKYFLASH PORTION (N)	820	07MAY81	
MISSILE, AIM-7, C/D/E SPARROW (N)	2,733	07MAY81	

TABLE 700-6. Major Defense Equipment List (MDEL) (Page 2 of 14)

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MISSILE, AIM/RIM-7F/M SPARROW (N)	7,646	02JUN82	
MISSILE, AIM/RIM-7P SPARROW (N)	40,258	24APR91	
MISSILE, AIM-9H SIDEWINDER (N)	3,457	03OCT78	
MISSILE, AIM-9 J/P/N SIDEWINDER (AF)	134	12MAR82	
MISSILE, AIM-9L SIDEWINDER (N)	2,604	18MAY78	
MISSILE, AIM-9M SIDEWINDER (N)	6,368	25MAR83	
MISSILE, AIM-54A-C PHOENIX (N) (INCLUDES FRONT END - 35,019; AFT END - 36,276)	71,295	10JAN83	
MISSILE, MIM-72 CHAPARRAL SERIES (A)	2,100	16DEC88	
MISSILE, RGM-66D STANDARD ARM (N)			(D)
MISSILE, RIM-66B/B-2, RIM-66E RIM-67A-13 STANDARD 1 (SM-1) BLOCK V STANDARD (N)	12,602	15SEP77	
MISSILE, RIM-66D AND RIM-67B STANDARD 2 (SM-2) (N)	89,651	06DEC84	
MISSILE, RIM-66D AND RIM-67B STANDARD 2 (SM-2) BLOCK II (N)	40,253	21APR89	
MISSILE, RIM-66G/H/I STANDARD 2 (SM-2) BLOCK I (N)	64,192	22JUL91	
MISSILE, RIM-66G/H/I STANDARD 2 (SM-2) BLOCK II (N)	25,423	22JUL91	
MISSILE, RIM-66G/H/I STANDARD 2 (SM-2) BLOCK III (N)	38,465	22JUL91	
MISSILE, X-RIM-116A, 5" ROLLING AIRFRAME, RAM (N)			(D)
MISSILE, DRAGON, HEAT AND PRACTICE (A)	378	24MAR80	
MISSILE, I-HAWK SERIES (A)	7,053	12NOV80	
MISSILE, LANCE (A)	76,205	21MAY79	
MISSILE, NIKE HERCULES (A)	448,055	28MAR89(B)	
MISSILE, PERSHING SERIES (A)	128,378		
MISSILE, REDEYE (A)			(D)
MISSILE, TOMAHAWK (N)			(D)
MISSILE, NATO SEASPARROW SURFACE MISSILE SYSTEM (NSSMS) (N)			(D)
MISSILE SYSTEM, AMRAAM (AF)			
MISSILE, AIM-120	114,182	22JAN92	
MISSILE, AIM-120 AIR VEHICLE INSTRUMENTED (AAVI) (AF)	114,182	22JAN92	
LAUNCHER, LAU-127/A (F/A-18)	3,530	22JAN92	
LAUNCHER, LAU-128/A (F-15)	3,530	22JAN92	
LAUNCHER, LAU-129/A (F-16)	3,530	22JAN92	
MISSILE SYSTEM, ARMY TACTICAL (ATACMS) (A)	148,275	31OCT88	
MISSILE SYSTEM, HARPOON (N)			
LAUNCHER, AN/SWG-1(V) BASELINE	80,562	20JAN78	
LAUNCHER, HARPOON SHIPBOARD COMMAND AND LAUNCH CONTROL SYSTEM, AN/SWG-1A(V) (HSCALCS)	109,603	11DEC86	
MISSILE, AGM-84 (RGM/UGM)	44,083	20JAN78	

TABLE 700-6. Major Defense Equipment List (MDEL) (Page 3 of 14)

Change 7

MISSILE SYSTEM, AGM-114 HELLFIRE (A)		14MAY85	
LAUNCHER, HELLFIRE	14,715		
MISSILE, HELLFIRE, HEAT AGM-114A/B/C HELLFIRE	4,124		
MISSILE, HELLFIRE, DUMMY NMDE	531		
MISSILE, HELLFIRE, TRAINING NMDE	2,719		
MISSILE SYSTEM, PATRIOT, MIM-104 (A)	3,700,725	18NOV82	
ANTENNA MAST SET	131,906		
ELECTRICAL POWER PLANT (EPPII)	339,464		
ENGAGEMENT CONTROL SYSTEM (ECS)			
AN/MSQ-104	548,311		
LAUNCHER	214,782		
MISSILE W/CANISTER	82,836		
RADAR, AN/MPQ-53	2,383,426		
MISSILE SYSTEM, ROLAND (A)		24SEP80	
FIRE CONTROL, AN/GSG-11 MISSILE SYSTEM, (MFCS)	324,828		
LAUNCHER	324,828		
MISSILE	4,422		
MISSILE SYSTEM STINGER (A)		03MAY91	
MISSILE/TUBE, STINGER BASIC	3,800		
MISSILE/TUBE, STINGER POST	66,100		
MISSILE/TUBE, RMP	3,000		
MISSILE SYSTEM, TOW (A)			
LAUNCHER	3,029	16SEP77	
MISSILE, BGM-71A BASIC TOW			
HEAT AND PRACTICE	293	16SEP77	
MISSILE, BGM-71D TOW 2	658	19DEC83	
MISSILE, BGM-71E TOW 2A			
MISSILE, M65 SUBSYSTEM AIRBORNE TOW	27,800	17MAY89	
MISSILE, I-TOW (Basic + Warhead)	487	03NOV81	
ROCKET, 2.75" SERIES (A)	0.87	26MAR80	
ROCKET, M72 SERIES, LIGHT ANTTANK WEAPON (LAW), 66MM (A)	1.32	28MAR89	(B)
ROCKET, ANTISUBMARINE, (ASROC) (N)	885	20DEC84	
ROCKET, VERTICAL LAUNCH ANTISUBMARINE (ASROC) (VLA) (N)	98,926	14DEC87	
ROCKET SYSTEM, M77, MULTIPLE LAUNCH (MLRS), TACTICAL, PRACTICE, TRAINING (A)		02DEC85	
LAUNCHER	173,000		
ROCKET (6 ROCKETS PER POD)	615		
TORPEDO, MK46 MOD 2 (N)	8,993	28MAR89	
TORPEDO, MK46, NEARTIP O/A KIT (CONVERTS MK46 MODS 1/2 TO MOD 5 (N))	3,795	26JAN80	
TORPEDO, MK46 MOD 5 (N)	9,308		
TORPEDO, MK48 (N)	86,255	21JUL77	
TORPEDO, MK48 ADCAP KIT (N)	103,322	25NOV80	
WEAPON, FUEL AIR EXPLOSIVE, FAE II (N)			(D)

TABLE 700-6. Major Defense Equipment List (MDEL) (Page 4 of 14)

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CATEGORY V - PROPELLANTS, EXPLOSIVES AND INCENDIARY AGENTS

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

CATEGORY VI - VESSELS OF WAR AND SPECIAL NAVAL EQUIPMENT

CG- GUIDED MISSILE CRUISER (N)			(D)
DD-963, DESTROYER (N)			(D)
DD - DESTROYER (N)			(D)
DDG - GUIDED MISSILE DESTROYER (N)			(D)
FF - FAST FRIGATE, GARCIA CLASS (N)			
FF-1041 USS BRADLEY	754,810		
FF-1043 USS EDWARD MCDONNELL	767,515		
FF-1047 USS VOGEL	1,597,365		
FF-1048 USS SAMPLE	703,430		
FF-1050 USS ALBERT DAVID	689,885		
FF-1051 USS O'CALLAHAN	629,895		
FFG - GUIDED MISSILE FRIGATE, FFG-7 CLASS (N)	2,975,714 3,591,379	18OCT78	21 Sep 95
FFG - GUIDED MISSILE FRIGATE, BROOKE CLASS (N)		21APR89	
FFG-1 USS BROOKE	1,276,485		
FFG-2 USS RAMSEY	1,101,730		
FFG-3 USS SCHOFIELD	1,104,670		
FFG-4 USS TALBOT	1,059,345		
FFG-5 USS RICHARD L. PAGE	886,235		
LCAC - LANDING CRAFT AIR CUSHION (N)			(D)
LHD - AMPHIBIOUS ASSAULT SHIP (N)			(D)
LPD - AMPHIBIOUS TRANSPORT DOCK (N)			(E)
LSD - DOCK LANDING SHIP (N)			(E)
LST - TANK LANDING SHIP (NEWPORT CLASS) (N)	824,840	25JAN84	
LKA - AMPHIBIOUS CARGO SHIP (N)			(E)
LPA - GENERAL PURPOSE AMPHIBIOUS ASSAULT SHIP (N)			(E)
MSO - MINESWEEPER, OCEAN, NONMAGNETIC (N)			(E)
PHM - PATROL COMBATANT MISSILE (NATO) HYDROFOIL (N)	1,000,000	28MAR89	(B)
PHM - PATROL COMBATANT MISSILE (FRG VARIANT) HYDROFOIL (N)	1,250,000	28MAR89	(B)
SS - SUBMARINE, CONVENTIONALLY POWERED (N)			(E)

CATEGORY VII - TANKS AND MILITARY VEHICLES

AIR DEFENSE SYSTEM, M163 AND M167 SERIES, VULCAN (A)	29,439	26MAR80
GUN, M107 SELF-PROPELLED, 175MM (A)	40,258	26MAR80

TABLE 700-6. Major Defense Equipment List (MDEL) (Page 5 of 14)

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Change 7

HOWITZER, M109A1-A3		
SELF-PROPELLED, 155MM, (A)	8,771	23JUN87
(INCLUDES CANNON ASSEMBLY)	7,447	23JUN87
(WITHOUT CANNON ASSEMBLY)		
HOWITZER, M110A SELF-PROPELLED, 8" (A)	14,371	26MAR80
HOWITZER, M110A1 SELF-PROPELLED, 8" (A)	16,975	26MAR80
HOWITZER, M110A2 SELF-PROPELLED, 8" (A)	21,069	26MAR80
HOWITZER, M198 TOWED, 155MM (A)	47,483	14FEB86
TANK, M1 ABRAMS (A)	114,443	27OCT88
TANK, M1A1 (A)	226,725	27OCT88
TANK, M1A2 (A)	248,001	07JAN93 (A)
TANK, M48A1 (A)	1,479	
TANK, M48A3 (A)	5,521	
TANK, M48A5 (A)	12,849	
TANK, M60A1 (A)	14,083	03MAR80
TANK, M60A3 (A)		
W/Thermal Tank Sights	31,427	03MAR80
W/O Thermal Tank Sights	21,939	03MAR80
TANK ENGINE, AGT-1500	18,714	07JAN93 (A)
(M1 TANK SERIES)(A)		
TANK ENGINE, AVDS-1790		
(M60A1 TANK) (A)	2,066	03MAR80
TRANSMISSION, HMPT 500-3 BRADLEY (A)	3,564	05APR91
VEHICLE, AAV7A1/AAVAI ASSAULT		
AMPHIBIOUS (N)	91,426	20APR82
VEHICLE, LAV-25 SERIES LIGHT		
ARMORED (LAV) (N)		17JUN91
LAV-25 (INCLUDES LAV-25 TURRET)	2,818	
LAV-LOGISTICS	7,610	
LAV-RECOVERY	26,305	
LAV-MORTAR	14,383	
LAV-CMD/CONTROL	16,723	
LAV-ANTITANK (INCLUDES LAV-25 TURRET)	13,473	
LAV-BASELINE	800	
LAV-25 TURRET	1,600	
VEHICLE, M2 INFANTRY FIGHTING (IFV) (A)	51,989	22NOV89
M2A1 (IFV)	74,937	
M2A1 (MINUS) (IFV)	57,580	
M2A2 (IFV)	106,593	
VEHICLE, M3 CALVARY FIGHTING		
VEHICLE (CFV) (A)	50,549	22NOV89
M3A1 (CFV)	73,497	
M3A1 (MINUS) (CFV)	56,140	
M3A2 (CFV)	106,113	
VEHICLE, M88/M88A1 RECOVERY (A)	8,460	01NOV88
VEHICLE, M113 SERIES, ARMORED		
PERSONNEL CARRIER (APC)	688	11SEP78
FAMILY OF VEHICLES (FOV) (A)		
CARRIER, M106A1/2 MORTAR		
CARRIER, M548 SERIES, CARGO		
CARRIER, M577 SERIES, COMMAND POST		
CARRIER, M667 LANCE		

 TABLE 700-6. Major Defense Equipment List (MDEL) (Page 6 of 14)

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CARRIER, M727 HAWK		
CARRIER, M730 CHAPARRAL		
CARRIER, M741 VULCAN		
VEHICLE, M551 ARMORED		
RECONNAISSANCE ASSAULT (A)	33,213	
VEHICLE, M578 RECOVERY (A)		(D)
VEHICLE, M723 MECHANIZED		
INFANTRY COMBAT (A)		(D)
VEHICLE, M728 COMBAT		
ENGINEERING (CEV) (A)		(D)
VEHICLE, M981 FIRE SUPPORT		
TEAM (FISTV) (A)	68,476	03FEB86
VEHICLE, M992 FIELD ARTILLERY		
AMMUNITION SUPPORT (FAASV)(A)	12,805	22NOV89
VEHICLE, M998 SERIES, HIGH		
MOBILITY MULTI-PURPOSE		
WHEELED (HMMWV) (A)		
CARRIER, M996 TOW MISSILE	232	26OCT90
CARRIER, M1025 ARMAMENT, BASIC ARMOR	232	26OCT90
CARRIER, M1026 ARMAMENT, BASIC ARMOR	232	26OCT90
CARRIER, M1036 TOW MISSILE, BASIC	232	26OCT90
CARRIER, M1043 ARMAMENT, SUPPLEMENTAL	232	26OCT90
CARRIER, M1044 ARMAMENT, SUPPLEMENTAL	232	26OCT90
CARRIER, M1045 TOW MISSILE, SUPPLEMENTAL	232	26OCT90
CARRIER, M1046 TOW MISSILE, BASIC	232	26OCT90
VEHICLE, FIRE DIRECTION CONTROL		
CENTER (FDCV) (A)	3,382	21MAY86

CATEGORY VIII - AIRCRAFT, SPACECRAFT AND ASSOCIATED EQUIPMENT

AIRCRAFT

767 AWACS (AF)	8,700,000	11AUG92
BASIC CONFIGURATION (\$6,900,000)		
INFORMATION SYSTEM,		
JTIDS (\$1,600,000)		
RADIO, HAVE QUICK (\$200,000)		
A-NET SYSTEM		
A-4A (N)	15,165	20OCT83
A-4B (N)	12,864	20OCT83
A-4C (N)	15,523	20OCT83
A-4E (N)	27,929	20OCT83
A-4F (N)	33,226	20OCT83
A-6 (N)		(D)
A-7 (W/O FLIR) (N)	243,881	08SEP83
A-10 (W/O TF-34 ENGINE) (AF)	388,786	12MAR82
A-37 (AF)	19,651	28MAR89 (B)
AV-8B HARRIER (W/O UK ASSESSMENT) (N)	867,373	26JUN81
C-5A GALAXY (AF)	12,661,728	12MAR82
C-130 HERCULES W/4 T-56		
ENGINES (AF)	102,520	03AUG83

TABLE 700-6. Major Defense Equipment List (MDEL) (Page 7 of 14)

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C-141A/B STARLIFTER (AF)	892,254	12MAR82
E-2B (W/ENGINES) (N)	298,400	22JUN89
E-2C (N)	2,625,904	18MAY78
E-3 AWACS (AIRBORNE WARNING AND CONTROL SYSTEM) (AF)		
ENHANCEMENTS (SPECIAL RECOUPMENT, EXP. 01JUL94)	461,797	28SEP90
MEMORY UPGRADE MODIFICATION	1,674,841	08NOV89
E-3A SENTRY, US/NATO STANDARD (AF)	33,021,000	26OCT81
(TOTAL US NC CHARGE \$27.43M; TOTAL NATO NC CHARGE \$5.59M)		
EA-6 (N)		(D)
F-4A (N)	129,712	20OCT83
F-4B (N)	70,450	20OCT83
F-4J (N)	122,089	20OCT83
F-4E (N) (W/ ENGINES) (25% DISCOUNTED FOR USEFUL LIFE) (N)	159,408	20OCT83
F-4G WILD WEASEL (MOD ONLY) (AF)	667,241	12MAR82
F/RF-5A TIGER (W/O 2 J-85 ENGINES) (AF)	40,000	01NOV71
F/RF-5E TIGER II (W/O 2 J-85 ENGINES)(AF)	68,000	01NOV71
F/RF-5F TIGER II (W/O 2 J-85 ENGINES) (AF)	207,000	25NOV75
F-8 CRUSADER (N)	56,859	12MAY81
F-14 (W/ENGINE) (N)	1,600,000	29NOV76
F-15A/B EAGLE (W/O ENGINES, AN/APG-63 RADARS, MSIP, & TEWS) (AF)	1,849,611	05FEB92
F-15C/D EAGLE (W/O ENGINES, AN/APG-63 RADARS, MSIP, & TEWS) (AF)	1,897,460	05FEB92
F-15E EAGLE (W/O ENGINES, AN/APG-63 RADARS, MSIP, & TEWS) (AF)	3,938,594	05FEB92
F-16 A/B FIGHTING FALCON (W/O EPG SPECIAL NC \$85,000) (AF)	640,000	04JUN80
F-16C/D (W/ ENGINES) (AF)	1,018,050	24FEB89
F-18 Airframe (N)	1,117,281	30MAR87
F-20 (AF)	941,504	30MAR87
F-100A (AF)	37,840	06DEC84
F-100C (AF)	25,800	06DEC84
F-100D (AF)	25,440	06DEC84
F-100F (AF)	27,840	06DEC84
F-101B/F (AF)	65,560	06DEC84
F-102 (AF)	38,320	06DEC84
F-104A STARFIGHTER (AF)	42,080	06DEC84
F-104B/C/D (AF)	91,040	06DEC84
F-104G/J (AF)	54,360	27NOV87
F-105B THUNDERCHIEF (AF)	168,000	06DEC84

TABLE 700-6. Major Defense Equipment List (MDEL) (Page 8 of 14)

Change 7

F-105D/F (AF)	78,400	06DEC84	
F-106A/B DELTA DART (AF)	159,200	06DEC84	
F-111A/C/D/E/F (AF)	605,320	06DEC84	
KC-10 EXTENDER (AF)	1,176,667	12MAR82	
KC-135A STRATOTANKER (AF)	217,034	12MAR82	
OV-1A/B/C MOHAWK (A)	119,229	23JUN82	
OV-10 (W/O ENGINE) (N)	41,930	09JAN78	
P-3A/B (W/ENGINE) (N)	382,750	03JAN78	
P-3C (N)	592,219	03JAN78	
AEW&C	1,761,974	25FEB87	
UPDATE III	1,044,128	17MAY89	
RF-4B (N)	104,566	20OCT83	
RF-4C PHANTOM (AF)	108,000	06DEC84	
S-2 (W/ENGINE) (N)	85,449	28AUG81	
S-2A/US-2 (W/O ENGINE) (N)	18,987	20OCT83	
S-2C (W/O ENGINE) (N)	23,497	20OCT83	
S-2D (W/O ENGINE) (N)	38,448	20OCT83	
S-2E (W/O ENGINE) (N)	35,950	20OCT83	
S-3A VIKING (N)	3,502,643	26JUN81	
T-2 (N)	39,968	10JAN78	
TA-4F (W/O ENGINE) (N)	28,110	20OCT83	
TA-4J (W/O ENGINE) (N)	51,176	20OCT83	
T-33A (AF)	2,857	12MAR82	
T-37 (AF)	19,651	28MAR89	(B)
T-38A (AF)	80,972	12MAR82	
TH-55 OSAGE (A)	6,000	11JUN87	
VEHICLE, REMOTELY PILOTED (RPV)			
ACQUILA (A)			(D)

HELICOPTERS

AH-1J AIRFRAME, SEACOBRA (N)	52,245	11OCT85	
AH-1S COBRA (W/T-53-L-703 ENGINE) (A)	147,604	17MAY89	
(W/T-53-L-703 ENGINE, M65 AIRBORNE TOW MISSILE AND C-NITE SYSTEM)	163,860	17MAY89	
AH-1T AIRFRAME, SEACOBRA (N)	486,665	11OCT85	
AH-1W AH-1W SUPER COBRA (W/2 T-700-GE-401 ENGINES) (N)	326,461	18JUN90	
AH-64 APACHE (W/2 T-700 ENGINES) (A)	1,045,566	30DEC83	
CH-47A/B/C (INCLUDES T-53-L-11A ENGINE) (A)	100,000	07NOV70	
CH-47D CHINOOK (W/O T-55 ENGINES) (A)	144,279	07AUG91	
CH-53E/MH-53E (W/O T-64 ENGINE) (N)	1,023,079	12MAY83	
H-3E (N)			(D)
H-46 (N)			(D)
H-53 (S-65) (N)	166,029	27FEB79	
OH-6 CAYUSE	18,000	11JUN87	
OH-58A KIOWA (A)	22,000	11JUN87	

TABLE 700-6. Major Defense Equipment List (MDEL) (Page 9 of 14)

Per Dime
Lands 10/27/95
no visit E.
@ 10/10/27

OH-58C KIOWA (A)	48,000	11JUN87	
OH-58D KIOWA (W/MAST MOUNTED SIGHTS) (A)	663,082	10AUG93	(A)
SH-2/2D/2F LAMPS, MARK I (W/2 T-58-GE ENGINES) (N)	325,423	06DEC84	
SH-2G (W/2 T-700-GE-401 ENGINES) (N)	607,149	03JUN91	
SH-60B AIRFRAME (N)	689,944	15OCT82	
(LAMPS, MARK III AIRFRAME W/O T-700-GE-401 ENGINES)	859,636		
MINIMUM AVIONICS SUITE	366,236		
MISSION AVIONICS SUITE	1,063,400		
SHIP ELECTRONICS	1,131,227		
TH-55 OSAGE	6,000	11JUN87	
UH-1H IROQUOIS (A)	4,501	01MAY81	
UH-1N (N)	48,032	12JUL85	
UH-60A BLACKHAWK AIRFRAME (A)	169,692	03OCT81	

ENGINES

CFM-56 (AF)	20,000	25MAY89	
CFM-56 ENGINE INTEGRATION, E-3 (AF) (SPECIAL RECOUPMENT, EXP. 01JUL94)	3,257,810	28SEP90	
CT7-2A/2D (N)	29,697	21DEC88	
CT7-5A/7A (N)	25,777	21DEC88	
CT7-6/9 (N)	9,236	21DEC88	
F100-PW-100/200 ALTERNATE FIGHTER ENGINE (AFE) (AF)	284,001	27JAN92	
F100-PW-220 ALTERNATE FIGHTER ENGINE (AFE) (AF)	364,783	27JAN92	
F100-PW-229 INCREASED PERFORMANCE ENGINE (IPE) (AF)	637,802	27JAN92	
F101 (AF)			(D)
F101X (AF)			(D)
F107 (N)			(D)
F-109-GA-100 TURBOFAN (AF)	86,546	14MAY91	
F110-GE-100 ALTERNATE FIGHTER ENGINE (AFE) (AF)	364,783	27JAN92	
F110-GE-129 INCREASED PERFORMANCE ENGINE (IPE) (AF)	637,802	27JAN92	
F404 (N)	63,840	30MAR87	
F404-GE-400/402	164,222	09OCT92	(A)
J47 (AF)	2,168	12MAR82	
J52P-6A/B (N)	7,370	08SEP83	
J52P-8A/B (N)	30,658	08SEP83	
J52P-408 (N)	33,106	08SEP83	
J57P-6B (N)	4,600	08SEP83	
J57P-10 (N)	4,120	08SEP83	
J60P-3/3A (N)	2,520	08SEP83	
J75 (AF)	28,999	12MAR82	
J79-GE-8/10 (N)	6,400	08SEP83	
J79-GE-17/17A/119 (AF)	27,464	01OCT83	

TABLE 700-6. Major Defense Equipment List (MDEL) (Page 10 of 14)

Change 7

J85 (AF)	17,901	23MAR83	
RM-12	110,029	09OCT92	(A)
T33-P-100 (AF)			(D)
T53 (N)	1,542	07MAY81	
T53-L-703 (A)	2,220	17MAY89	
T55 (A)	3,200	06NOV70	
T56 (AF)	13,313	12MAY83	
T58 (N)	20,045	11JUN87	
T64 (N)	38,578	12MAY83	
T700-GE-700 (A)	29,697	21DEC88	
T700-GE-401 (NC ADDITIVE TO T700-GE-700 ENGINE) (N)	78,039	15OCT83	
T700-GE-401/401A (N)	29,697	21DEC88	
T700-GE-401C (N)	25,450	21DEC88	
T700-GE-701/701A/701A1 (A)	29,697	21DEC88	
T700-GE-701C (A)	25,450	21DEC88	
TF30 (N)	43,866	20JUN79	
TF34 (N)	20,705	12MAR82	
TF39 (AF)	441,707	12MAR82	
TF41-A-2A/2B/400/402/402B (N)	48,249	06DEC84	

CATEGORY IX - MILITARY TRAINING EQUIPMENT

NO ITEMS IN THIS CATEGORY ARE DEFINED IN THE US MUNITIONS LIST AS SIGNIFICANT MILITARY EQUIPMENT.

CATEGORY X - PROTECTIVE PERSONNEL EQUIPMENT

NO ITEMS IN THIS CATEGORY ARE DEFINED IN THE US MUNITION LIST AS SIGNIFICANT MILITARY EQUIPMENT.

CATEGORY XI - MILITARY AND SPACE ELECTRONICS

CENTER, AN/TYQ-23, TACTICAL AIR OPERATIONS (TAOC) (N)	198,000	17MAY89	
CENTER, TAOC-85, TACTICAL AIR OPERATIONS (N)			(D)
CENTER, MODULAR TACTICAL COMMUNICATIONS (MTCC) (A)			(D)
CENTER, TACTICAL FLAG COMMAND (N)			(D)
COMMUNICATION, AN/TSC-86 SATELLITE (SATCOM) GROUND SYSTEM (AF)			(D)
COUNTERMEASURE, AN/ALQ-119 (AF)	6,138	09DEC75	
COUNTERMEASURE, AN/ALQ-126, SPJ SYSTEM (N)	26,631	05JUN85	
COUNTERMEASURE, AN/ALQ-131 (W/RECEIVER) (AF)	26,970	28SEP79	
COUNTERMEASURE, AN/ALQ-131 (W/O RECEIVER) (AF)	24,108	28SEP79	
COUNTERMEASURE, AN/ALQ-165, ASPJ (N)	111,425	06DEC84	
COUNTERMEASURE, AN/SLQ-32(V)1 (N)	115,000	25APR86	

TABLE 700-6. Major Defense Equipment List (MDEL) (Page 11 of 14)

Countermeasure, AN/ALQ-119 (AF)

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*no change per D. Lando
Carter Consulting
WFC, O'Brien
1/28/95*

change 7

COUNTERMEASURE, AN/SLQ-32(V)2 (N)	250,350	25APR86	
COUNTERMEASURE, AN/SLQ-32(V)3 (N)	381,803	25APR86	
COUNTERMEASURE, TORPEDO EX SET 1 SYSTEM (N)			(D)
ELECTRONIC WARFARE SUPPORT, TACTICAL (TEWS) SYSTEM (AF)	225,434	05FEB92	
EQUIPMENT, VERSATILE AVIONICS SHOP TEST (VAST) (AN/USM-247(V) (N)			(D)
INFORMATION SYSTEM, JOINT TACTICAL, INFORMATION DISTRIBUTION SYSTEM (JTIDS) (AF)	1,600,000	11AUG92	(A)
INFORMATION SYSTEM, OCEAN SURVEILLANCE (OSIS), BASELINE UPGRADE (OBU) (N)	6,551,852	27JAN92	
OSIS, REMOTE GRAPHIC WORKSTATION	5,874,074	27JAN92	
MAPPING SYSTEM, MK90 DIGITAL (DMA)	35,102,998	18MAY89	
DATA EXTRACTION MODULE	324,248		
DATA SERVICES MODULE	34,254,561		
PRODUCT GENERATION MODULE	91,898		
SOURCE PREPARATION MODULE	432,291		
POSITIONING SYSTEM, NAVSTAR GLOBAL (GPS) (AF)	1,000	28OCT87	
RADIO, AN/ARA-54 (A) C	40	28MAR89	
RADIO, AN/PRC-119 SINGARS (A)	803	26JAN90	
RADIO, AN/TRC-170 (AF)	60,622	15FEB84	
RADIO, AN/VRC-12 SERIES (12, 43 THROUGH 49) (A) C	70	15FEB84	
RADIO, AN/VRC-87 THROUGH 92 SINGARS (A)	803	26JAN90	
RADIO, RT-1439 RECEIVER/TRANSMITTER (A)	296	26JAN90	
RADIO, HAVE QUICK A-NET SYSTEM (AF)	200,000	11AUG92	(A)
SONAR, AN/SQQ-32 MINE HUNTING	1,562,119 119 124	13OCT92	(A)
SONAR, AN/SQR-18A (N)	267,069		
SONAR, AN/SQR-18A(V)1 (N)	601,837	24MAY84	
SONAR, AN/SQR-19, COMPLETE SYSTEM (N)	1,756,900	21MAR90	
SHIPBOARD ELECTRONIC SYSTEM (SES)	1,071,800	21MAR90	
TOWED ARRAY GROUP (TAG)	359,400	21MAR90	
SONAR, AN/SQS-56 (N)	173,193	19JUL88	
SONAR SYSTEM, AN/UQQ-2(V)1 SURTASS (COMBINED SHIP AND SHORE SYSTEM) (N)	3,029,374	28AUG89	
SONAR SYSTEM, AN/UQQ-2(V)1 SURTASS, SHIPBOARD SYSTEM (N)	1,785,000	28AUG89	
TELEPHONE, AN/TTC-38, CENTRAL (A)			(D)
TELEPHONE, AN/TTC-39 (A)			(D)
TELEPHONE, AN/TTC-42, UNIT LEVEL CIRCUIT SWITCH (N)			(D)

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

FIRE CONTROL, AN/GSG-10 DIRECTOR, TACFIRE (A)	740,331		
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TABLE 700-6. Major Defense Equipment List (MDEL) (Page 12 of 14)

Change 7

FIRE CONTROL, AN/GSG-11 DIRECTOR, TACFIRE (A)			(D)
FIRE CONTROL, MK1A COMPUTER (N)			(D)
FIRE CONTROL, MK25 RADAR (N)			(D)
FIRE CONTROL, MK37 GUN SYSTEM (N)	24,800	06DEC84	
FIRE CONTROL, MK51-2 DIRECTOR (N)			(D)
FIRE CONTROL, MK56 GUN SYSTEM (N)	15,400	06DEC84	
FIRE CONTROL, MK68 GUN SYSTEM (N)	60,000	06DEC84	
FIRE CONTROL, MK74 MOD-4 MISSILE SYSTEM (MFCS) (N)			(D)
FIRE CONTROL, MK86 GUN SYSTEM (N)			(D)
FIRE CONTROL, MK92 MISSILE SYSTEM (MFCS) (N)			(D)
FREQUENCY, AN/TSC-85 AND AN/TSC-93 SUPER HIGH (SHF) SYSTEM, MULTICHANNEL			(D)
GUIDED BOMB UNIT, GBU-10/12 (AF)	203	15JUN87	
GUIDED BOMB UNIT, GBU-15 (AF)	12,528	11MAY81	
GUIDED BOMB UNIT, GBU-16 (AF)			(D)
LANTIRN NAVIGATION AND TARGETING SYSTEM (AF)			
NAVIGATION POD, AN/AAQ-13	217,453	18MAY89	
TARGETING POD, AN/AAQ-14	201,057	18MAY89	
TARGETING POD, SUPPORT EQUIPMENT (FMS) NMDE	1,418,320	18MAY89	
MANPACK, AN/PSC-1 AND AN/PSC-7 SINGLE CHANNEL UHF SYSTEM (A)			(D)
MANPACK, AN/PSN-6 LOREN			(D)
MISSION PAYLOAD SUBSYSTEM (MPS) DAYLIGHT (A)			(D)
MISSION PAYLOAD SUBSYSTEM (MPS) FORWARD LOOKING INFRARED (FLIR) (A)			(D)
NIGHT VISION, AN/PVS-5 GOGGLES (A)			(C)
NIGHT VISION, AN/PVS-7A/B GOGGLES (A)	50	19JUN91	
POSITION LOCATION REPORTING SYSTEM, (PLRS) (A)	11,775,783	30NOV88	
BASIC USER UNIT, RT-1343/TSQ-129	41,298		
MASTER STATION, AN/TSQ-129	1,179,261		
RADAR, AN/APG-63 (AF)	410,407	28MAR89	
RADAR, AN/APG-65 (F-18) (N)	29,471	30MAR87	
RADAR, AN/APG-65 (EPA MOU ONLY)	23,543	21APR89	
RADAR, AN/APG-66 (F-16A/B) (AF)	30,400	12APR84	
RADAR, AN/APG-68 (F-16C/D) (AF)	101,120	12APR84	
RADAR, AN/APS-138 (AN/APS-145) ANTENNA (N)	162,047	25FEB87	
RADAR, AN/APS-145 (N)	1,078,582	25FEB87	
RADAR, AN/AWG-9 PHOENIX (N)	338,403	28MAR89	(B)
RADAR, AN/FPS-117 (AF)	883,053	20APR89	
RADAR, AN/FPS-118, OVER-THE-HORIZON BACKSCATTER (OTH-B) (AF)	93,682,000	07JUN91	
PRIME SECTOR	89,098,000		
SECOND SECTOR	3,534,000		
THIRD SECTOR	1,050,000		

TABLE 700-6. Major Defense Equipment List (MDEL) (Page 13 of 14)

Change 7

RADAR, AN/MPS-39 MULTIPLE OBJECTS TRACKING RADAR (A)	320,471	21JAN93	(A)
RADAR, AN/SPS-40B (N)	216,746	07MAY82	
RADAR, AN/SPS-46 (N)			(D)
RADAR, AN/SPS-48E (N)			(D)
RADAR, AN/SPS-49(V)1-4 (N)	143,460	12APR90	
AN/SPS-49(V)5	149,146	12APR90	
AN/SPS-49(V)6	143,460	12APR90	
AN/SPS-49(V)7	149,146	12APR90	
RADAR, AN/IPQ-36 (A)	252,968	05JUL91	
RADAR, AN/IPQ-37 (A)	920,149	05JUL91	
RADAR, AN/TPS-43 (W/BASIC ANTENNA) (AF)	27,462	05FEB86	
RADAR, AN/TPS-63 (USMC BASELINE) (N)	45,557	07MAY87	
RADAR, AN/TPS-71 RELOCATABLE OVER THE HORIZON (ROHTR) (N)	15,076,923	20APR90	
SIGHT, MAST MOUNTED (A)	209,265	10AUG93	(A)
SYSTEM, MARINE INTEGRATED FIRE AND AIR SUPPORT SYSTEM (MIFASS) (N)			(D)
TARGET ACQUISITION, MK23 MOD-0/8, SYSTEM (TAS) (A)			(D)
TARGET ACQUISITION DESIGNATION SIGHT (TADS) (A)	202,591	30DEC83	
TARGET DESIGNATOR, AN/AVQ-26 LASER PAVE TACK (AF)	643,071	11JUN87	
TERMINAL, AN/GSC-39(V) DSCS MEDIUM (A)			(D)
TERMINAL, LIGHT FOR AN/TSC-86 (A)			(D)
TERMINAL, SINGLE SUBSCRIBER (SST) (A)			(D)
WEAPON SYSTEM, MK7, AEGIS, (W/O STANDARD MISSILE AND MK41 VERTICAL LAUNCH SYSTEM) (N)	16,288,000	25FEB87	
WEAPON SYSTEM, CLOSE IN (CIWS), PHALANX (NC IS PER GUN MOUNT) (N)	287,842	28OCT78	

CATEGORY XIII - AUXILIARY MILITARY EQUIPMENT

NO ITEMS IN THIS CATEGORY ARE DEFINED IN THE US MUNITIONS LIST AS SIGNIFICANTLY MILITARY EQUIPMENT.

NOTES

- A. NEW SINCE 12AUG92.
- B. THE EFFECTIVE DATE OF 28MAR89 HAS BEEN ASSIGNED TO ITEMS WHERE ONE CHARGE EXISTS WITHOUT AN EFFECTIVE DATE IDENTIFIED
- C. NO CHARGE
- D. IF THERE HAS BEEN AN INVESTMENT IN NONRECURRING COST AND THE CALCULATION OF THE CHARGE HAS NOT BEEN COMPLETED AND A SALE IS PENDING, CONTACT DSAA TO OBTAIN THE REQUIRED CHARGE.
- E. FOR OLDER SHIP DESIGN, A PERCENTAGE CHARGE (3.5%) FOR RECOUPMENT OF NONRECURRING COST WILL BE ESTABLISHED AT A TIME OF ACTUAL DEMAND FOR FMS OR COMMERCIAL SALE PROPOSALS.

~~F. S.M.E. DOLLAR THRESHOLD NOT REACHED FOR MDE.~~

TABLE 700-6. Major Defense Equipment List (MDEL) (Page 14 of 14)

*[see pg 565]
Parent system "Navy" 11/28/94*

(56M)

Change 7

D. Qualifications Regarding Validity of Data. Deviations from the LOR, extraordinary reservations concerning the price quoted, and the extent to which either the price or availability is dependent on action to be taken by the USG (e.g., selection of equipment for US forces) are examples where further explanation should be included.

E. PCS and TDY Clearance With US Chief of Mission. The IA will notify the SAO by message of any requirements for assignment of PCS (but not TDY) personnel to Purchaser country, including projected start date and duration, number by rank or grade and specialty, and in-country location. DSAA Operations, the unified command, SecState (FMP/MP and PM/DRSA), and the embassy will be information addressees. The SAO will coordinate with the US chief of mission and report PCS personnel support cost data, as well as obstacles to their acceptance or support, to the IA. The IA will include PCS personnel support costs in the LOA and will advise of the PCS requirement and of any support problems in the cover letter when the LOA is submitted to DSAA for countersignature. LOAs which include PCS or TDY personnel should specify, to the extent known:

1. The number of personnel who will perform the task.
2. Planned dates of arrival and departure.
3. In-country destination and "home station."
4. Extent of in-country travel required.

F. Personnel Protection and Related Costs. For the purpose of performing services ** outside the US, "US personnel" as discussed below and in Table 701-7 pertains to personnel involved in the performance of actions under the LOA.

1. In carrying out LOA programs, it is desirable that US personnel operate to the extent possible in safety and immunity in US-type conditions. A government-to-government SOFA is the ~~normal means~~ ^{commonly} for acquiring safety and immunity for US personnel. Where the MILDEP General Counsel (GC) indicates a SOFA (see Table 701-8) or SOFA-like agreement exists, that agreement ~~should~~ ^{may} be referenced in the LOA and noted in the countersignature cover memo in order to highlight to DSAA that DSAA/DoD GC approval may be required.

, which is pertinent to the SA case at hand

2. The DoD GC has advised that inclusion of SOFA-like status provisions in an LOA requires that the LOA be staffed through DoD in accordance with procedures for staffing international agreements in DoDD 5530.3 (see Section 140103). Since these procedures are complex and require the development of specialized supporting documentation, inclusion of status provisions in LOAs should be avoided if possible. Status provisions will not normally be used to require compliance when authority to ensure compliance is outside the Purchaser's defense establishment. Individual situations should be brought to the attention of DSAA for coordination during LOA preparation.

3. Provisions for recouping costs associated with in-country duty (e.g., currency revaluation, unanticipated import/export charges) are covered in LOA Standard Terms and Conditions and do not normally require special LOA provisions. Where it is envisioned that failure by the Purchaser to abide by existing SOFA or other status provisions may result in increased costs associated with an FMS program, Table 701-7 shows sample terms and conditions and required Purchaser actions which can be used as a guide.

G. Separate MOU or Detailed Statement of Work (SOW). Major programs may call for an MOU or SOW, which should be referenced or attached to the LOA. For routine LOAs, a detailed SOW can be avoided by providing the following information:

As of 15 May 1992, the United States has entered into ~~formal~~ SOFAs with the following ~~countries, the existence of the SOFA itself being unclassified.~~ on other agreements pertaining to status of personnel whose duties include work in the listed country

~~COUNTRIES HAVING A FORMAL SOFA WITH THE UNITED STATES~~
 [Numerical references are to the published Treaties and Other International Act Series (T.I.A.S.) of the Department of State] (S)

Antigua and Barbuda (9054)
 Australia (5349)
 Italy (2846)
 Bahamas
 Bahrain (8632)
 Belgium (2846)
 Canada (2846, 3074)
 Denmark (2846, 4002)
 Diego Garcia [with the United Kingdom] (6196, 8230)
 Dominican Republic
 Egypt (10238)
 Federated States of Micronesia [in Compact with US]¹ France (2846)
 Germany (2846, 5351, 5352, 7759)
 Greece (2846, 3649)
 Honduras
 Iceland (2295)
 Japan (4510)
 Korea (6127)
 Luxembourg (2846)
 Marshall Islands [in Compact with US]¹ again
 The Netherlands (2846, 3174)
 New Zealand (4151)
 Norway (2846, 2950)
 Panama (10032)
 Papua New Guinea
 Philippines (1775, 5851, 9224, 10585)
 Portugal (2846) [Lajes Agreement is unpublished]
 Singapore
 St. Kitts and Nevis
 St. Vincent and the Grenadines
 Spain (2846, 10589)
 Turkey (2846, 3020, 3337, 6582, 9901)
 United Kingdom (2846, 6196) See also, Visiting Forces Act²
 Western Samoa

1. For both the Federated States of Micronesia and the Marshall Islands see: *Compact of Free Association Act* of 1985, Pub. L. No. 99-239 (January 14, 1986). The SOFA was concluded pursuant to Section 323 of the Act and has been reprinted in the *Compilation of Agreements Between the Government of the United States and the Freely Associated States of the Federated States of Micronesia*, The President's Personal Representative for Micronesian Status Negotiations, 1987.

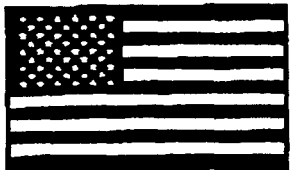
2. The 1952 *Visiting Forces Act* is a unilateral British statute enacted to implement the NATO SOFA within the United Kingdom. Britain has elected this approach, rather than conclude a supplementary agreement to the NATO SOFA with the United States as sending state. Unfortunately, the Visiting Forces Act does not fully agree with the NATO SOFA and this has led to disputes from time to time.

led

Table 701-8. Status of Forces Agreements

Note: note in LOA is info only (does not change SOFA/other agreements). SAAMM changed to show clearly note is optional -

Change 7
Background



Deputy Under Secretary of the Air Force
International Affairs

FROM: Lt Col A. J. Vaughn
Country Director, Singapore
SAF/IAP

Pacific Division, Rm. 5A334
1080 Air Force Pentagon
Wash, DC. 20330-1080

DSN 227-0822 COMM (703) 697-0822 FAX 223-8891 COMM (703) 693-8891
INTERNET: VAUGHNA.IAP@SAF-IA.HQ.AF.MIL

DESTINATION FAX: 011-65-338-5789
DESTINATION PHONE: 011-65-338-0251 Ext. 321

PAGE 1 OF 3

DATE: 3 Apr 95

TO: SAO, AMEMBASSY
ATTN: LT COL FOWLER
REF: LOA - PERSONNEL PROTECTION / SOFA

Flap,

I know you recognize the subject, it came up during the final thrashing last summer on the F-16C/D LOA. This subject needs to be addressed and I need your opinion on how to proceed. I have attached 2 pages out of the SAMM, Change 6, which specifies if the US has a SOFA or SOFA type agreement with a Country that it will be listed in LOA's for safety and immunity for US personnel. The Sings took exception with this, they felt the change was just for them, that we were trying to pull a fast one, and that it was related to the Fay case. As you know, this was not the case. We made an exception on the last LOA, however, the guidance is still in the SAMM. I need an input on the Sings concern/objection to the reference, something in writing either from them or from the country team. If you need/think I should send a message through PACAF/CINCPAC and open that can of worms, I will - however, first I wanted your input. I need support to either remove the reference from the SAMM or convince the Sings that its applicable across the board...

Regards,

change 7

to: w/pt of ltr

ROUTINE
R 171033Z APR 95
FM SECDEF WASHINGTON DC//USDP:DSAA//
TO DA WASHINGTON DC//DALO-SA// NAVY IPO WASHINGTON DC//O4A//
OSAF WASHINGTON DC//SAF/IA// HQ DMA FAIRFAX VA//IO//
DFAS-DENVER CENTER DENVER CO//I//
DISAM WRIGHT PATTERSON AFB OH
INFO CDRUSASAC ALEXANDRIA VA//AMSAC-MP//
AFSAC WRIGHT PATTERSON AFB OH//XM//
AFSAT RANDOLPH AFB TX AFSAT WASHINGTON DC//OLA//
CDRUSASAC NEW CUMBERLAND PA//AMSAC//

UNCLAS

SUBJ: AUTOMATED CASE APPROVAL SYSTEM (ACAS)

FROM: DSAA/COMPT-FMPD

REF: (A) SECURITY ASSISTANCE MANAGEMENT MANUAL (CHAPTERS 7 AND 8)
(B) DSAA MEMO I-01688/95 DTD 31 MARCH 1995, SUBJECT AS ABOVE

1. THIS MESSAGE INCORPORATES REFERENCED GUIDANCE REGARDING THE ACAS. REF (B) SHOULD BE CHANGED AS SHOWN BELOW.
2. THE FIRST SENTENCE IN SECT. 70103.G SHOULD BE CHANGED TO READ "UNLESS SPECIFICALLY EXEMPTED (E.G., SECT. 70103.H AND LOA AMENDMENTS AND MODIFICATIONS EXEMPTED IN SECTION 804), ALL LOA'S, AMENDMENTS, MODIFICATIONS, AND LOI'S REQUIRE DSAA COUNTERSIGNATURE."

3. ADD THE FOLLOWING AS ~~SAMM SECT. 70103.H~~

"H. AUTOMATED CASE APPROVAL SYSTEM (ACAS). ACAS IS DESIGNED TO EXPEDITE DOS CLEARANCE FOR CERTAIN LOA'S, AMENDMENTS, AND MODIFICATIONS. IF A CASE DOES NOT REQUIRE CLEARANCE BY DOS, ACAS PROCESSING IS NOT APPLICABLE.

"1. ACAS WILL NOT BE USED FORX DEFINED LINE LOA'S, AMENDMENTS, AND MODIFICATIONS. OTHER THAN FOR TRAINING; LOA'S, AMENDMENTS, OR MODIFICATIONS INCLUDED IN AECA SECT. 36(B) NOTIFICATIONS: OFFERING SDAF, EDA, OR TDP'S; OR CASES INVOLVING FMF, INCLUDING RESIDUAL MAP MERGER, OR THIRD COUNTRY FINANCING; LOAS WITH WAIVED COSTS (EXCEPT WHERE PREVIOUSLY APPROVED); COUNTRY-CASH FINANCING BY EL SALVADOR, GREECE, HONDURAS, JAPAN WITH DUAL PAYMENT SCHEDULES, JORDAN, KUWAIT BASIC CASES, PAKISTAN, SAUDI ARABIA, TAIWAN, OR TURKEY.

"2. WITH EXCEPTION OF EXCLUSIONS LISTED ABOVE, AND FOLLOWING DOS APPROVAL, IAS/MAY ISSUE TO THE PURCHASER ACAS-PROCESSED BO, CLSSA, AND DEFINED LINE TRAINING LOA DOCUMENTS. THIS INCLUDESX BASIC LOA'S, AMENDMENTS WITH AN OVERALL DOLLAR VALUE INCREASE; CONCURRENT NOTICES OF MODIFICATION; AND SCOPE INCREASES, IRRESPECTIVE OF DOLLAR VALUE. FOR HARDWARE CASES WHERE COSTS ARE INCREASED BY \$13M OR MORE, A STATEMENT MUST BE INCLUDED THAT "THIS CASE CONTAINS NO MDE". WHEN SERVICES INVOLVING TRAVEL TO THE RECIPIENT COUNTRY (SUCH AS A TAFT) ARE INCLUDED, A STATEMENT MUST SHOW "THIS CASE CONTAINS NO PCS PERSONNEL". THESE STATEMENTS, WHEN APPROPRIATE, SHOULD FOLLOW THE ITEM DESCRIPTION.

"3. IAS SHOULD ANNOTATE THE LOA ON THE DSAA COUNTERSIGNATURE LINE "SAMM 70103.H". THE DSAA COUNTERSIGNATURE LINE DATE SHOULD REFLECT THE DATE OF DOS APPROVAL OR LATER.

"4. THE IAS WILL PROVIDE ONE COPY OF EACH LOA ISSUED TO A FOREIGN GOVERNMENT OR INTERNATIONAL ORGANIZATION, ALONG WITH APPLICABLE TERMINATION LIABILITY WORKSHEETS (TLW'S) TO DSAA/COMPT-FMPD AND DFAS."

4. ADD THE FOLLOWING TO THE LAST SENTENCES OF SECTS. 80402.C (PAGE 804-2) AND 80403.C (PAGE 804-4): ", AND 5" (SECT. 80402.C) AND ", AND 7" (SECT. 80403.C).

5. ADD THE FOLLOWING TO SECTS. 80402.C (PAGE 804-2) AND 80403.C (PAGE 804-4) AS PARAS 5. AND 7., RESPECTIVELY: "CHANGES TO LOAS WHICH QUALIFY FOR PROCESSING UNDER ACAS (SEE SECT. 70103.H)."

6. AMENDMENTS/MODIFICATIONS PROCESSED THROUGH ACAS SHOULD BE ANNOTATED ON THE DSAA COUNTERSIGNATURE LINE WITH THE APPROPRIATE REFERENCE ("SAMM 80402.C" FOR AMENDMENTS OR "SAMM 80403.C" FOR MODIFICATIONS). THE DSAA COUNTERSIGNATURE LINE DATE SHOULD REFLECT THE DATE OF DOS APPROVAL OR LATER.

7. CHANGE THE LAST SENTENCE ON TABLE 804-1 (PAGE 804-5) TO READ: "THE DSAA COUNTERSIGNATURE LINE "DATE" SHOULD REFLECT THE DATE THE NO-COUNTERSIGNATURE DETERMINATION WAS MADE BY THE IA OR, IN THE CASE OF ACAS AMENDMENTS/MODIFICATIONS, THE DATE OF DOS APPROVAL OR LATER."

8. DSAA POC IS MS. P. MURPHY, COMPT-FMPD, DSN 667-6575, (CML) (703) 804-6575, X245. BT

Insert as shown next under

Samm 80402.C.5

Samm 80403.C.7

SECDEF V2
ACTION USDP:DSAA(1)
INFO SECDEF-C(1) USDP:FILE(1)

(D,6,7,F)

60

(2) Termination liability, to cover the financial liability of the USG should the contract be terminated.

3. TLWs are not required for CLSSA, BO, source code "S", or "Cash with Acceptance" LOAs.

4. IAs will attach two copies of the TLW with the cover letter forwarding the LOA package to DSAA COMPT FMSCRD for countersignature. FMSCRD will provide one copy to COMPT FMD and the other to DFAS-DE/I (SAAC) with the advance copy of the LOA. DFAS-DE will ensure the TLW is retained after the Purchaser signed copy of the LOA is received. The TLW must be loaded into DIFS prior to implementation. For any LOA, Amendment, or Modification exempt from countersignature, IAs should provide TLW copies to DSAA COMPT and SAAC.

G. Countersignature. Unless specifically exempted (e.g., LOA Amendments and Modifications exempted in Section 804), all LOAs, Amendments, Modifications, and LOIs require DSAA countersignature. Those exempted will show, in the countersignature block, the pertinent SAMM section or other authority for exemption.

1. Upon finalization, or five days prior to the expiration of the Congressional review period for AECA Sec 36(b) notifications, IAs will forward the signed original documents plus two copies (three when FMF or MAP funded) to DSAA. DSAA COMPT will forward all submissions to DSAA Operations for coordination.

2. Subsequent to countersignature, DSAA COMPT will return the original to the IA for processing to the prospective Purchaser; forward a copy to SAAC with the TLW if applicable; and retain a copy in order to enter appropriate information into the DSAA FMS data base.

H. 70104 PREPARING THE LETTER OF OFFER AND ACCEPTANCE. A sample completed LOA is included in Table 701-1. Information which is not part of the basic format is bracketed and in bold type for emphasis (brackets should be excluded, and normal type used, in actual LOAs). The following guidance also applies.

A. LOAs reported under AECA Sec 36(b) will include at the end of Terms of Sale on page one the DSAA transmittal number used in the statutory Congressional notification (e.g., Congressional notification 92-15).

B. An expiration date of 85 days (25 days for additional administrative processing and 60 for country review) following IA signature should be used. A note should explain any instances when the Purchaser will have less than 60 days for review; for example, where the Purchaser requested expedited shipment or the quote is contingent on award by a certain date.

C. The blank entry in "This page through page ___ attached are..." will be the total pages of the LOA, excluding the Standard Terms and Conditions and courtesy Information.

D. The LOA should be signed for the US prior to forwarding to DSAA for countersignature or, when applicable, directly to the requestor. The US Signature is an authorized IA representative. The date is the day, month, and year the LOA is forwarded.

E. The Items to be Supplied information should show the following--

1. The LOA will contain a separate line for each article that is measured in units (U/I "EA" in Section 1503). For LOAs with more than one significant article or service, number each consecutively, normally grouping items and support from most to least substantial (e.g., determined by line dollar value, sequence of phased execution, or other organized breakout). Sub-

← subject:
Automated
Case
Approval
System
(ACAS)

Change 7

4. Amendment is outside parameters in C. below.

C. DSAA Countersignature Not Required. Copies of Amendments which are exempt from countersignature as indicated below will be provided to SAAC by the IA at the time of release to the FMS Purchaser. As an exception to B. above, Amendments where the LOA has been the subject of Congressional notification [Sec 36(b) AECA] are exempt from countersignature in the case of items 1.a., 3., and 4.

1. Any of the following, provided the change does not extend delivery of defense articles or completion of services more than 12 months beyond that in the basic LOA--

a. Changes in performance periods of services LOAs, such as training or technical assistance, and changes in requirements for training LOAs.

b. Addition of supporting articles (non-SME) or services, or definitization of undefined support lines.

c. Minor increases in quantity of a defined line LOA for non-SME items.

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

3. A change in transportation delivery code(s) which does not cause an overall value increase.

4. Changes to FMSO LOAs which do not change LOA values or the range of items to be ordered.

5. *changed to LOAs which qualify for processing under ACAS (see 70103.H).* 80403 MODIFICATION OF LOAs. Show "SAMM 80402.C.5" and date of DOS approval or later in the ~~consideration~~ "DSAA" and "Date" spaces respectively.

A. General.

1. Modifications (see Table 804-1) are used for US unilateral changes. They record modifications to existing LOAs which do not constitute an increase or decrease in scope when acceptance of the change by the Purchaser is not required.

2. Acknowledgement of receipt of the Modification, while not required for implementation, confirms that the Modification has been received by an authorized Purchaser official.

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

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

b. As a minimum, the US is committed to apply best efforts to provide the Purchaser a Modification when one of the following conditions exist:

Change 7

1. Price increases not otherwise requiring countersignature as discussed in B above.
2. Price decreases resulting from price reductions.
3. Changes to transportation codes due to the requirement to use the DTS (e.g., shipment of hazardous or sensitive cargo).
4. Addition to or revision of clarifying notes.
5. Changes in payment schedules where MAP, FMF Credit, SDAF, or third country financing are not involved.
6. Changes in Generic or MASL coding to correct an administrative error only. There should be no change to the configuration (or description) of articles or services to be sold.

7. Changes to LOAs which qualify for processing under ACAS (see 70103.H). Show "SAMAN 80403.C.7" and date of DOS approval or later in the "DSAA" and "Date" spaces respectively.

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TABLE 804-1

**Preparing the Amendment or Modification
to the Letter of Offer and Acceptance**

Information in this Table is designed to assist in completing an LOA Amendment or Modification after the decision is made, based on guidance in section 804, that one or the other is applicable. Guidance in section 701 for the basic LOA should also be helpful in completing these LOA changes. A sample completed LOA Amendment and Modification is included in this Table, with additions to the standardized format bracketed for emphasis. Information in the basic LOA should be repeated only to the extent necessary to ensure clarity for those reviewing the Amendment or Modification documents; e.g., to correlate the current Amendment or Modification to the basic LOA and previous changes and to accurately describe the revision(s). The following guidance also applies:

A. The "This Amendment (or Modification) is for:" section must include "Basic LOA was accepted (date)" and a concise and clear purpose of the Amendment or Modification, using the following guidelines.

1. Identify the major program involved (e.g., "change to Apache program").
2. This section provides an overview of the Amendment or Modification. Actual changes are shown in detail subsequent to page 1.
3. Enter references to specific parts of the basic LOA, Amendments, or Modifications; e.g., Basic LOA, Item 1, Atchmt 2; Amendment 2, Item 3. Show if the action is an addition, modification, or deletion, increase, or decrease. This must show whether value increases (line or total LOA) are due to scope or price changes.
4. If a previous Amendment offer has expired, note that Amendment (number) was not accepted and state that data prior to the Amendment is being used herein. The unaccepted Amendment number should not be reused.
5. Include the DSAA transmittal used in the statutory Congressional notification (e.g., Congressional Notification 92-15) when applicable.

B. The Amendment expiration date is normally 85 days after the US Signature Date.

C. Amendments or Modifications determined to not require DSAA Countersignature should show one of the following on the "DSAA" line--

1. Amendments. "SAMM 80402.C applies"
2. Modifications. "SAMM 80403.C applies"

The DSAA countersignature line "Date" should reflect the date the no-countersignature determination was made by the IAon, *for ACAS Amendments/modifications,* the date of DOS approval or later. ←

Table 804-1, Preparing the Amendment or Modification. Page 1 of [8] pages.

Change 7

3. **Security Assurances.** As appropriate, the following note should be included in LOAs:

a. For LOAs with NATO Commands or Agencies -

All US classified material or information (to include plans, designs, specifications, and technical data) provided under this Letter of Offer and Acceptance shall be protected as NATO classified information of an equivalent classification level in accordance with the policy and procedures contained in NATO Document C-M(55)15 (Final), 'Security Within the North Atlantic Treaty Organization'.

b. For Purchasers who propose to take custody of classified materiel in the US, and who comply with the provisions of Paragraph 50111.C.1, the IA will incorporate the transmission instructions (an alternative for shipment of classified materials) or the requirement for an approved transportation plan (see Table 503-4) into the security requirements of the LOA.

4. **Offset Costs.** LOAs with industry offset administrative costs as discussed in Section 140107 must include:

DoD policy authorizes administrative costs associated with the implementation of offset agreements between the US contractor and foreign customer to be included in the price of the items offered in this LOA. The price of FMS contracts awarded in support of this LOA may include administrative costs associated with implementation of the customer's offset requirement from US industry. DoD is not a party to such offset arrangements and assumes no obligation to satisfy the offset requirement or to bear any of the associated costs.

replace entirely with attached first under

5. **Shipment Consolidation.** LOAs shall contain the following note when substantial shipment consolidation of the articles thereon is anticipated:

This is supplemental to LOA Standard Terms and Conditions provision 5.4. If the USG determines that delivery was delayed more than 90 days following passage of title due to shipment consolidation, the date of the shipment from the consolidation location may be used as the start point in determining the one year period for claim eligibility only.

6. **OT&E Incomplete.** If the LOA includes developmental systems which have not yet been approved for US production [i.e., Defense Acquisition Board full rate production, following successful final OT&E (Milestone 3.b), has not been approved], a note will be added which concisely summarizes the potential effects on the program if the system does not receive production approval.

7. DISAM - add circled words page 32

M. **Acceptance Process.** The Purchaser should sign the LOA and complete the Typed Name, Title, Agency, and Information to be Provided by the Purchaser portions. Copies should be forwarded to the IA and to DFAS-DE/I along with the required initial deposit before the expiration date.

1. Normally, the greater the period of time between Offer and Acceptance, the greater the likelihood of decreased accuracy of data. Requests for extension of the expiration date by the Purchaser will be honored only after a review by the IA. The Purchaser should be authorized to make any pen and ink change to the expiration date via message, with a copy to DFAS-DE/I. All concerned should be advised of the consequences of extension.

to DISAM - do not add to change 7 interim

* issued as change 21 Oct 94

(I-04177/94)

Change 7

SAMM CHANGES: OFFSET ADMINISTRATIVE COSTS

Replace Section 70105.L.4 with:

4. Offset Administrative Costs. All LOAs will contain the following note:

"The DoD is not a party to any offset agreements/ arrangements which may be required by the Purchaser in relation to the sales made in this LOA and assumes no obligation to administer or satisfy any offset requirements or bear any of the associated costs."

(When a contractor requests inclusion of offset administrative costs in the line item unit cost, see Section 140107.)

change 7

g. That responsibility for monitoring all aspects of the agreement is clearly assigned within the organization. Since the majority of the agreements will involve the coproduction of U_XS_X defense equipment, it is expected that overall responsibility will normally rest with the program manager or project manager within a MILDEP.

h. Since many agreements are complex and involve numerous DOD functional area responsibilities, the monitoring and implementation of individual aspects of the agreements will be the responsibility of the cognizant DOD component for that functional area. Accordingly, implementing arrangements will clearly identify such individual responsibilities.

i. That procedures are established to assure compliance with all elements of the agreement. Issues of noncompliance will be addressed expeditiously. DSAA will be provided with an information copy of any correspondence issued or received relative to MOU/MOA compliance matters.

j. Data on the status of the foreign country's production line and the quantities produced will be maintained. This data will be included in the summary report submitted to DSAA on a semi-annual basis

k. Assure that production facilities are visited by DOD personnel, if required, consistent with the provisions of the MOU/MOA. During such visits, the personnel will, as a minimum, review production records and validate production and retransfer reports. Findings will be recorded in a trip report and distributed to all involved agencies. The visits may be conducted by knowledgeable personnel in conjunction with other regularly scheduled visits.

5. DSAA Responsibilities. Under the provisions of DODD 5503.3, DSAA is the OSD point of contact for coproduction and SA MOUs/MOAs; i.e., MOUs/MOAs that will/may be implemented under the provisions of the SA program, and for providing the authority to negotiate and conclude such agreements.

a. DSAA will receive requests from DOD components for authority to negotiate and conclude coproduction and SA MOUs/MOAs. Prior to providing such authority, DSAA will staff the MOUs/MOAs with the appropriate DOD components, within OSD, and with the Department of State.

b. DSAA is responsible for providing policy guidance on coproduction and SA MOUs/MOAs, when required, and for conducting any necessary staffing of such guidance within OSD and with the Department of State.

c. DSAA is responsible for staffing and providing to the Congress certain notifications required by legislative provisions; e.g., AECA Section 36(b).

d. DSAA is responsible for initiating appropriate action within DOD and with the Department of State when issues of MOU/MOA non-compliance are identified.

e. DSAA/OPS E is the point of contact within DSAA for all issues relative to MOU/MOA compliance. A point of contact within Operations will be identified to all involved organizations regarding all matters concerning the MOU/MOA. This identification will be provided to the DOD component responsible for the MOU/MOA.

MGT

6. SAO Responsibilities. As a part of its program management and oversight function, the SAO has certain responsibilities relative to all SA agreements. To accomplish these responsibilities, the SAO will:

Change 7

a. Identify the specific individual within the SAO who will be familiar with the agreement and who is responsible for monitoring the status of the agreement in country. This will include maintaining contact with the cognizant DOD component. Provisions will be made for continuity of the requirement after departure of the first individual identified.

b. Be responsive to all requests for information from the program manager or DSAA regarding any security assistance program MOU/MOA.

c. Provide to all involved organizations any information on problems with an MOU/MOA or information on potential or alleged non-compliance brought to the SAOs attention.

d. When required, to serve as the conduit for production status information from the country to the responsible DOD component.

QUISD(AIT) DUTP & IP

F. Status Report of Coproduction Programs. The cognizant DOD Component will provide to DSAA a ~~semi~~ annual update of the status of coproduction programs under its purview, with a copy to OSDA (IP). DSAA Reports Control Symbol DSAA 1226 is established for this report. The following information is required on a ~~semi~~ annual basis as of 30 June and 31 December (The report will be submitted not later than 31 July and 31 January respectively):

1. Country/International Organization

2. Date of MOU/MOA

3. Expiration of MOU/MOA

4. Item(s) and Quantity(s) authorized for production in MOU/MOA

5. Status of foreign country's production; i.e., items in production, quantities produced during previous six months, quantity produced to date.
the reporting period

6. Third Country Sales authorized, if any, specifying country and quantity involved.

7. Identification/summary of any reports of MOU/MOA noncompliance received during the previous six months (if none, state none).
reporting period

8. Source of information for data provided under Sections 5, 6, and 7 of the report, and a summary of monitoring actions taken during the previous six months.
reporting period

9. Name, organization, and telephone number of the assigned project officer.

10. Status/summary of technology flowback received and its use.

NOTE: these are IAW I-005500/94 - further changes will be made prior to change 8.
DISA - For info only - Do not use in change 7 w.

140106 COOPERATIVE PROJECTS UNDER THE AECA, SECTION 27.

A. General.

1. One of the components of the DOD relationship with its allies, within the arena of defense cooperation, involves NATO Cooperative Projects. These projects are authorized by Section 115 of the International Security and Development Cooperation Act of 1985 which amends Section 27 of the AECA and, by Section 1102 of the DOD Authorization Act of 1986 which adds a new Section 2407 to Title 10 of the USC.

* Pass on to VISA E. 10/23/95

Change 7

c. An estimate of the full cost of the cooperative project, with an estimate of the part of the full cost to be incurred by the USG for its participation in such a cooperative project, including an estimate of the costs to be incurred as a result of waivers of charges which would otherwise be required under AECA Secs 21(e)(1)(A) and 43(b) and an estimate of that part of the full costs to be incurred by the other participants;

d. An estimate of the dollar value of the funds to be contributed by the US and each of the other participants on behalf of such a cooperative project;

e. A description of the defense articles and defense services expected to be contributed by the US and each of the other participants on behalf of such a cooperative project;

f. A statement of the foreign policy and national security benefits anticipated to be derived from such a cooperative project; and,

g. To the extent known, whether it is likely that prime contracts will be awarded to particular prime contractors or that subcontracts will be awarded to particular subcontractors to comply with the proposed agreement.

5. Pursuant to the requirements of Executive Order 11958, DSAA will consult with the Departments of State and Treasury regarding implementation of cooperative projects under AECA Sec 27 including waiver or reduction of charges, prior to Congressional certification.

140107 REQUESTS FOR OFFSET PROCUREMENT.

Replace entirely with attached. *

A. DoD Policy. It is DoD policy not to enter into government-to-government offset arrangements because of the inherent difficulties in negotiating and implementing such arrangements. Any foreign government requesting offset should be informed that the responsibility for negotiating any offset arrangements resides with the US contractor involved. The USG will not involve a US contractor in an offset commitment without having its prior concurrence.

B. Offset Costs. Examples of offset administrative costs which will be allowable have been published in DFARS 225.7303-2(a)(2)(iii). Costs which are allowable under the DFARS, including offset administrative costs, are appropriately reimbursed to the contractor if the costs are reasonable and allocable. The DoD contracting officer will determine the reasonableness and allocability of offset administrative costs. Industry administrative costs arising from the implementation of an industry-to-foreign government offset arrangement directly associated with an FMS LOA item may be included in the LOA, subject to the following conditions:

1. Offset administrative costs must be included in the applicable LOA line item unit cost.
2. May only be included under LOAs wholly financed with cash or repayable FMF Credits. No FMF Grant or MAP Merger funds may be used to cover any part of LOAs which include these costs.
3. Must be provided by the contractor, normally through the contracting officer, for inclusion in the LOA. Any contractor or subcontractor manufacturer of an item for which the Purchaser has requested an offset may quote offset administrative costs for inclusion in the LOA. The costs will not be added following countersignature of the LOA.
4. A note must be added to the LOA when these costs are included (see Section 701). If offset administrative costs are included in the estimated costs of the LOA, or may be included in the price of the contract to be awarded in support of the LOA, the note must be

DISAM - Do not include (Info)
* issued as interim
change 21 Oct 94
(I-04177/94)

~~included. It is inappropriate to discuss offset administrative costs with the customer. Questions which a customer might have related to offset administrative costs should be directed to the contractor.~~

Change 7

Replace Section 140107 with:

140107 REQUESTS FOR OFFSET PROCUREMENT

A. Policy. USG agencies may not enter into or commit US firms to any offset agreement. This policy also prohibits the use of USG funds to finance offsets. Any foreign government requesting offset arrangements in conjunction with FMS should be informed that the responsibility for negotiating offset arrangements and satisfying all related commitments resides with the US firm involved.

B. Offset Administrative Costs.

(1) DFARS 225.7303-2 allows US contractors to recover, under FMS contracts based on LOAs financed wholly by customer cash or repayable FMF credits, offset administrative costs of any offsets which are associated with those contracts. These costs should be included, as part of the applicable line item unit cost, in P&A data and in estimated prices quoted in the LOAs (see also Section 70105.L).

(2) It is the contractor's responsibility to inform the IA when estimated offset administrative costs have been included in the FMS pricing information provided; these costs should be included as early as possible, but before submittal of the LOA. Requests to include these costs after LOA acceptance will require LOA modification.

(3) It is the responsibility of the IA to specify to DSAA, in the transmittal of an LOA (and of any subsequent modification or amendment to that LOA), when offset administrative costs have been included in a line item unit cost.

(4) It is inappropriate to discuss with the foreign government the nature or details of an offset arrangement with a US contractor; however, the fact that offset administrative costs have been included in the P&A or LOA price estimate will be confirmed, should the customer inquire. The customer should be directed to the US contractor for answers to all questions regarding its offset arrangement, including the cost of administering the arrangement. IA involvement in any discussion of these costs with the customer (beyond confirmation of their inclusion in price estimates) requires case-by-case review and approval by DSAA.

Change 7

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 unless such fees have been waived or are exempted. This fee will be the established NC 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 LOA will clearly state (on the first page after identification of the item) the purpose of the TDP, as follows:

1. "This TDP is for production purposes."
2. "This TDP is for study purposes only - no production is authorized."
3. "This TDP is for operation and maintenance only - no production is authorized."

G. **Annotating Defense Trade Control Export Licenses.** For items where the technical data or TDP is owned by the USG (see Para 140107.B above) and the program is for the recipient country's indigenous requirements, the Defense Trade Control Export License(s) for proposal/evaluation/marketing data will be annotated with a proviso stating the requirement for the actual production technical data/TDP to be requested via FMS channels. This requirement does not apply to licenses pertaining solely to marketing data, nonproduction technical data, or data not owned by the USG.

H. **Sale of TDPs for Operation and Maintenance Purposes.**

1. **General.** TDPs will normally not be sold for the purpose of conducting O&M of US equipment. It will be sold for O&M only if there is no other viable means of ensuring that the US origin equipment can be maintained. TDPs will not be sold for this purpose unless the MILDEP is able to verify that the specific item of US equipment was provided to the foreign country through authorized transfer.

2. **Data Required by the DSAA.** If release of a TDP is requested for purposes of operation and maintenance of an item of US equipment which has been approved for sale to the requestor, DoD component having cognizance over the item will provide the Director, DSAA, information shown at Table 1401-1, for use in making a release determination. The data sheet should be forwarded to DSAA with the LOA.

3. **LOA Provisions.** The following note should be placed in those LOAs involving the sale of a TDP for operation and maintenance purposes only:

The technical data package offered herein is provided only for the purpose of operation and maintenance of the (defense equipment) transferred to (country) with USG approval. Should any new operation or maintenance procedures be developed by (country) for the (defense equipment), they will be shared without charge with the US program manager. In offering this FMS case to (country), the US Government makes no prior commitment or authorization for (country) to manufacture the defense equipment described therein. Separate US Government approval is required for such manufacture. The purchaser agrees that unless specific authorization is provided in writing from the US Government, the TDP will not be used for production.

**

Change 7

I. Sale of TDPs for Production Purposes or Study Purposes.

1. **General.** If the item requested to be produced in a foreign country is in excess or long supply position in a MILDEP inventory or if foreign production would result in an adverse impact on the US mobilization base for items currently being produced in the US requests for technical data for foreign production or evaluation of the item will normally be denied. Referrals of requests to DSAA for production authorization should include the appropriate information relevant to the intended end use of the TDP. An official written communication is required from the Purchaser that states the intended end use of the TDP in every case. An LOA for release of TDPs for study purposes will not be offered unless DoD is willing to release the TDP for production purposes also.

2. **Data Required by DSAA.** In the event a TDP is requested for purposes of foreign production of an item of US defense equipment, the MILDEP having cognizance over the item will provide the Director, DSAA, the information shown at Table 1401-2, for use in making a release determination. The data sheet should be forwarded to DSAA with the LOA. *

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 unless such fees have been waived or are exempted. Procedures on royalty fee computations, LOA presentation, collection, and waiver considerations are included in Paragraph 140108 below.

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 or 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 US Government makes no prior commitment or authorization for [country] to manufacture the defense equipment described therein. Separate US Government approval is required for such manufacture. ~~An LOA Amendment will be issued for the provision of a certified production technical data package and the applicable charges for its use for manufacture.~~ *(If requested and approved, an*

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. *

(2) Any manufacture in excess of this quantity for indigenous defense purposes will require separate approval of the US Government and the execution of an LOA Notice of Modification. *

(3) The information furnished under this LOA, and the product derived from the use of such information, shall not be disclosed or transferred to any third country, person, or organization without the prior written consent of the US Government and, where required, the execution of an LOA Modification. *

Change 7

4. Notwithstanding 1., 2., and 3. above, if [country] incorporates an existing commercial item without modification of either the item or the [defense equipment] and if: (i) the item is not based in whole or in part on US technical data or on US design; and (ii) the item is not in whole or in part funded or financed by [country] directly or indirectly; and (iii) there is no development contract or subcontract between [country] and the supplier, then [country] will only be required, to the extent that it has the right to do so without incurring liability to others, to provide the US Government sufficient information for the US Government to evaluate the item, to procure it, to incorporate it into the system, and to operate, maintain, repair, overhaul, and modify it.

(b) Right to Use - [country] will grant or cause to be granted to the US Government a non-exclusive, irrevocable, royalty-free license to use and have used for US defense purposes, including security assistance, the technical data defined in (a) 1, 2, and 3 above and any inventions (whether or not patentable) made in the course of activities covered by this LOA. Additionally, [country] will use its best efforts to obtain licenses on fair and reasonable terms to the US Government to use and have used the technical data defined in subparagraph (a) 4 and patented inventions depicted in such technical data for US defense purposes, including security assistance.

(c) Contract Provisions - [country] will include suitable provisions in all pertinent program contracts, including a requirement to include those same provisions in all subcontracts, to meet the requirements of this section.

c. TDPs for Production Purposes which Authorize Third Country Sale:

(1) The technical data package offered herein is provided for the manufacture of [quantity] [defense equipment] in [country] for indigenous purposes only and [quantity] of [defense equipment] in [country] for subsequent transfer to [country name(s)]. Such manufacture may be accomplished either by the Government of [country] in its own government-owned or government-operated facilities or in designated in-country private commercial facilities.

(2) Any manufacture in excess of this quantity for indigenous defense purposes and as authorized in note (a) herein will require separate approval of the US Government and the execution of an LOA Modification ~~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 other than the Government(s) of [country names(s)] without the prior written consent of the US Government and, where required, the execution of an LOA Modification.

(4) The use of technical data which will be provided under this LOA will be limited to that required for the manufacture of the equipment specifically authorized herein and its operation and maintenance. Information which has been acquired by the US Government without the unencumbered right to use and convey to others will not be furnished.

M
not include - Info
this change is for
conformity only - see
140108.I.4.b(2) - p. 1401-18

Military Supply and Transportation Evaluation Procedures or MILSTEP - provides a standard method for the preparation and collection of basic data necessary to measure supply system performance and transportation effectiveness. [DoDD 4000.25]

Mission Analysis - A process to determine the operational capabilities of military forces that are required to carry out assigned missions, roles, and tasks in the face of the existing or postulated threat with an acceptable degree of risk. Having ascertained the military forces required, a comparative assessment is made between those available and those required in order to identify the qualitative and quantitative deficiencies that may be related to the element of risk involved.

Mission Area - A mission area is a grouping of military activities by mission-related functions.

Mission Need - A statement based on a mission analysis identifying in broad outline a quantitative or qualitative operational deficiency that cannot be solved satisfactorily with existing or planned forces or equipment.

Mobile Training Team or MTT - Team of US DoD personnel on temporary duty in a foreign country for the purpose of training foreign personnel in the operation, maintenance, or support of defense equipment, as well as training for general military operations. MTTs may be funded from either FMS or IMET Programs. [AFM 50-29]

Modification, LOA - An administrative or price change to an existing LOA, without revising the scope.

Munitions List - The USML is an enumeration of defense articles and defense services published in the ITAR (22 CFR 121).

N

NDP-1 or National Policy and Procedures for the Disclosure of Classified Military Information to Foreign Governments and International Organizations (U)
Short Title: National Disclosure Policy - National policy, including disclosure criteria and limitations, definitions of terms, release arrangements, and other guidance required to release classified US military information to foreign governments and international organizations. Provides for interagency procedures for implementation of that policy.

O

Obligational Authority or OA - Under FMS, authority in DD Form 2060 format for a given FMS case, passed from DFAS-DE to the IA which allows obligations to be incurred against a

Offset Agreement An agreement, arrangement, or understanding between a US supplier and a non-US Purchaser under which the supplier agrees to purchase or acquire, or to promote the purchase or acquisition by other US persons of, goods or services produced, manufactured, grown, or extracted, in whole or in part, outside the US in consideration for purchases of defense articles or services from the supplier. A US person means an individual who is a national or permanent resident alien of the US and any corporation, business association, partnership, trust, or other judicial entity incorporated, or permanently residing, in the US. (reference Sec 732, PL 103-236)

Offer Date - The date which appears on the offer portion of LOAs and which indicates the date on which an FMS offer is made to a foreign buyer.

Change 7
Background

DEFENSE SECURITY ASSISTANCE AGENCY
Operations Management Division

Date: 28 July 1995

MEMO FOR: W²

SUBJECT: SAMM Change 7

Here is my humble input to Change 7.

As I did last year, I note that Section 1401 contains a number of passages regarding NC and royalty fees - these should be reviewed by whomever is now our resident expert ('tain't me!!). The most significant section is 140109, but there are also references at 140106.C.2, 140801.E.4, 140108.F, and 140108.I.3...there may be more.

A request: could you furnish me with the text of 1401 on disk??? Done

Maggie (M.)
Z

Attachment
as stated

Note
Passed
to
Compt
FMSPD
FPP
Branch



WASHINGTON, DC 20301-2800

21 OCT 1994

In reply refer to:

I-04177/94

*Change 7
Background*

MEMORANDUM FOR DIRECTOR FOR SECURITY ASSISTANCE
OFFICE OF THE DEPUTY CHIEF OF STAFF FOR LOGISTICS
DEPARTMENT OF THE ARMY

DIRECTOR, NAVY INTERNATIONAL PROGRAMS OFFICE
DEPARTMENT OF THE NAVY

ASSISTANT DEPUTY UNDER SECRETARY
(INTERNATIONAL AFFAIRS)
DEPARTMENT OF THE AIR FORCE

DIRECTOR, DEFENSE LOGISTICS AGENCY

SUBJECT: Offset Administrative Costs

Reference: Departmental Letter No. 94-012, dated 28 September
1994

Reference Departmental Letter amends Section 225.73 of the DFARS. The amendment eliminates the inclusion of a special note in the LOA as a prerequisite for a contractor to recover the costs of administering an offset arrangement with a foreign government.

On the basis of this amendment to the DFARS, the attached provisions will replace sections 70105.L.4 and 140107, respectively, in the next change to the SAMM.

The attached guidance is effective immediately. Questions or comments may be directed to Ms. Maggie Smith, Operations Management Division, 703-604-6635, ext. 366.

H. Diehl McKalip
Deputy Director

Attachment
as stated

cc: CDT, DISAM
DFAS/DE (SAAC)

76

DEFENSE SECURITY ASSISTANCE AGENCY

WASHINGTON, DC 20301-2800

24 APR 1995

In reply refer to:
I-003900/95

*Change 7
Background*

Mr. Teo Guan Hock
Head Purchasing Department
Defence Procurement Division
Republic of Singapore
1st Storey, LEO Building, Paya Lebar Airport
MINDEF General COMCEN, Singapore 2366

Dear Mr. Teo:

The attached interim SAMP change, effective as of 24 October 1994, and the following comments are provided in response to your 5 April 1995 letter (MINDEF DPD 3-02/31-3-2) to LtCol Fowler.

In your letter, you raise essentially two questions on the matter of offset administrative costs, the first being the applicability of the cited SAMP provision. The note at Section 70105.L.4 (see attached) has been determined to be applicable in the broadest sense to all LOAs, as it reflects both presidential policy and congressionally enacted statute; it does not signal the presence of specific offset arrangements. Eventually the note will be incorporated into the Standard Terms and Conditions. Until then, it will continue to appear in all types of LOAs with all customers.

The second question (combining items 4(b) and (c) of your letter) requests that the amount of offset administrative costs included in P&A or LOA price estimates be broken out up front and in sufficiently clear detail to allow DPD to evaluate them. The interim SAMP change advises the Implementing Agencies (IAs) that "it is inappropriate to discuss with the foreign government the nature or details of an offset arrangement with a US contractor; however, the fact that offset administrative costs have been included in the P&A or LOA price estimate will be confirmed, should the customer inquire". The SAMP change further advises that the customer should be directed to the U.S. contractor for answers to all questions regarding its offset arrangement, including the cost of administering the arrangement.

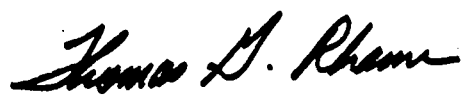
In fact, more often than not, the IAs do not know what portion of the line item price estimate is offset administrative costs, since the contractor is not required to break out those costs when providing the estimate. A rough order of magnitude may become evident during subsequent contract negotiation, but actual costs will not be known until the contractor requests recovery of those costs, in accordance with the DFARS, at the

*Change 7
Background*

time of contract settlement. The Department of Defense applies the same cost accounting standards in determining the allowability, reasonableness, and allocability of offset administrative costs as are applied to all contract costs.

I trust that this explanation eases your concerns. I assure you that these procedures apply to all FMS customers and are to be followed consistently by each IA. If I can answer any additional questions, please do not hesitate to pass them along through LtCol Fowler.

Sincerely,



Thomas G. Rhame
Lieutenant General, USA
Director

Attachment
as stated

Change 7
Background

USDP STAFF SUMMARY SHEET

1. DATE
28 Jun 95

2. I- 04433/95

3. **ACT**
Change, TOW-2B Missiles

4. CURRENT SUSPENSE DATE
—

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

ORIGIN: Based on SecDef meeting and subsequent Army, DoS, and USD(P) clearances highlighted at Tab A, a two part action is proposed:

1. FMS Provide guidance requiring Army to include, for certain TOW-2B missile sales, an LOA note allowing physical inventory of the missiles. This would be implemented through the proposed memo at Signature Tag and would be added in the next change to the SAMP.

2. Commercial Staff within DSAA, as part of each ENDP or export license request, a decision showing when a specific TOW-2B missile sale, being processed through commercial channels, must be made through FMS. This would be implemented informally, with Plans having the lead for determining, with Operations concurrence, if an FMS-only proviso should be added for the ENDP or license action.

PURPOSE: To obtain Director, DSAA approval to implement the above procedures, including signature of a memo to Army.

RECOMMENDATION: Approve procedures discussed in ORIGIN above and sign t memo at the Signature Tag.

CC: DSAA GC

EX _____
EA 1/11/25/95

6. ROUTING

	DIR/OFC	COORD	DATE		DIR/OFC	COORD	DATE		DIR/OFC	COORD	DATE
1	Dir, DSAA	<i>[Signature]</i>	31 Jul	9	DALO-SA 614-3762 VERBAL	C. Adams	7/27/95	17			
2	Dep Dir, DSAA			10	DSAA GC MIS/2-10		6/28/95	18			
3	Dir, Operations	<i>[Signature]</i>	7/27	11				19			
4	Dep Dir, Operations	<i>[Signature]</i>	7/27	12				20			
5	Ch, OPS/MGT	<i>[Signature]</i>	7/27	13				21			
6	Plans, DSAA On File	Mr. B.	6/29	14				22			
7	OPS-ERP On File	Mr. [Signature]	6/28	15				23			
8	OPS-ERP File	Mr. Rowe	6/28	16				24			

7. **OF ORIGINATOR**
Mr. Wayne Wells

8. **DIRECTORATE/OFFICE**
DSAA OPS-MGT

9. **TELEPHONE NUMBER**
703-604-
6635, x367

10. **SIGNATURE**
Wayne Wells

Change 7

W
W

mst

ROUTINE
R 031935Z JUN 94
FM SECDEF WASHINGTON DC//USDP:DSAA//
TO AIG 8797

ZYUW RUEKJCS2518 1541950

UNCLAS

FROM: DSAA/COMPT-FMSCRD

SUBJ: SECURITY ASSISTANCE MANAGEMENT MANUAL (SAMM), INTERIM CHANGE

1. SECTION 732 OF PL 103-236 AMENDED SECTION 36(B) OF THE AECA, EFFECTIVE 30 APRIL 1994, BY INITIATING A NEW CONGRESSIONAL REPORTING REQUIREMENT REGARDING OFFSET AGREEMENTS WHICH MAY BE ENTERED INTO BY U.S. COMPANIES INVOLVED IN PROPOSED FMS SALES. THE NEW LAW REQUIRES THAT 36(B) NOTIFICATIONS INDICATE WHETHER ANY OFFSET AGREEMENT IS PROPOSED TO BE ENTERED INTO IN CONNECTION WITH THE SALE BEING NOTIFIED. THE FOLLOWING SAMM CHANGE PROVIDES REVISED POLICY AND PROCEDURES WHICH IMPLEMENT THE AMENDMENT, IS EFFECTIVE IMMEDIATELY
2. THE FOLLOWING SHOULD BE ADDED TO APPENDIX B OF THE SAMM. "OFFSET AGREEMENT. FOR PURPOSES OF SECTION 36(B) REPORTING AND AS DEFINED IN PL 103-236,

(A) THE TERM "OFFSET AGREEMENT" MEANS AN AGREEMENT, ARRANGEMENT, OR UNDERSTANDING BETWEEN A U.S. SUPPLIER OF DEFENSE ARTICLES OR DEFENSE SERVICES AND A FOREIGN COUNTRY UNDER WHICH THE SUPPLIER AGREES TO PURCHASE OR ACQUIRE, OR TO PROMOTE THE PURCHASE OR ACQUISITION BY OTHER U.S. PERSONS OF, GOODS OR SERVICES PRODUCED, MANUFACTURED, GROWN, OR EXTRACTED, IN WHOLE OR IN PART, IN THAT FOREIGN COUNTRY IN CONSIDERATION FOR THE PURCHASE BY THE FOREIGN COUNTRY OF DEFENSE ARTICLES OR DEFENSE SERVICE FROM THE SUPPLIER."

5.

TO DISAM: Use wording at 5 next under.

(B) THE TERM "UNITED STATES PERSON" MEANS

1. AN INDIVIDUAL WHO IS A NATIONAL OR PERMANENT RESIDENT ALIEN OF THE UNITED STATES; AND

2. ANY CORPORATION, BUSINESS ASSOCIATION, PARTNERSHIP, TRUST, OR OTHER JURIDICAL ENTITY.

3. SECTION 70302 STATUTORY PROVISIONS, PAGE 703-1, (CHANGE NO. 5), PARA A, SUB PARA 1, LINE 24. INSERT AFTER THE SENTENCE ENDING WITH THE WORD TECHNOLOGY THE FOLLOWING NEW SENTENCE: "EACH SUCH NUMBERED CERTIFICATION SHALL CONTAIN AN ITEM INDICATING WHETHER ANY OFFSET AGREEMENT IS PROPOSED TO BE ENTERED INTO IN CONNECTION WITH SUCH LETTER OF OFFER TO SELL (IF KNOWN ON THE DATE OF TRANSMITTAL OF SUCH CERTIFICATION)."

1.

4. SECTION 70302 STATUTORY PROVISIONS, PAGE 703-2, (CHANGE NO. 3), PARA A, 3.C. INSERT AFTER THE WORD "SOLD" "AND A DESCRIPTION FROM SUCH CONTRACTOR OF ANY OFFSET AGREEMENTS PROPOSED TO BE ENTERED INTO IN CONNECTION WITH SUCH SALES."

2.

5. TABLE 703-4 MILITARY JUSTIFICATION DATA, PAGE 703-17, (CHANGE NO. 3), PARA 5. INSERT AFTER THE SENTENCE ENDING WITH THE WORD "RATIONALE." THE FOLLOWING NEW SENTENCE: "INDICATE WHETHER ANY OFFSET AGREEMENT IS PROPOSED TO BE ENTERED INTO IN CONNECTION WITH SUCH LETTER OF OFFER TO SELL."

3.

6. TABLE 703-6C STATUTORY NOTIFICATION DATA ON ENHANCEMENT OR UPGRADE OF CAPABILITY OR SENSITIVITY OF TECHNOLOGY, PAGE 703-23, (CHANGE NO. 3), PARAGRAPH 1 I. INSERT THE FOLLOWING NOTE AFTER THE WORD "TECHNOLOGY:" "INDICATE WHETHER ANY OFFSET AGREEMENT IS PROPOSED TO BE ENTERED INTO IN CONNECTION WITH SUCH LETTER OF OFFER TO SELL."

4.

BT

JOINT STAFF V1

ACTION

INFO SJS-N(1) CMAS(1) SJS-C(1) J1-J(1) J3(3)
NIDS(1) J4(5) J4:LPEILD3-J(1) J4:MILSEC-J(1)
J4:SMEDSUST-J(1) J5(1) USCINCSO LO(1) J5:NAC-J(1)
J5:CACCON-J(1) J5:CACMIS-J(1) J33:CNOD-J(1)
J5:WTCTT-J(1)
+NATS PENTAGON WASHINGTON DC

(U,A)

23

*Doc: dm. A) Waban
DSAA Compt FMSCRD*

SECDEF V2

ACTION USDP:DSAA(1)

INFO SECDEF-N(1) SECDEF-C(1) USDP:FILE(1) USDP:(1)

(D,6,F)

5

TA V3

ACTION

INFO USDAT:ADMIN(1) USDP:CIS(1) DIA/MMRB(1)
+COMJSOC FT BRAGG NC//J2//
+SAFE

(U,A)

3

80

Change 7
Background

<p align="center">SECTION 703 - CONGRESSIONAL SECTION 36(b) NOTIFICATIONS AND REPORTS OF FOREIGN MILITARY SALES</p>
--

70301 PURPOSE. The purpose of this section is to provide DOD components with the procedures to be followed during the processing of an LOA, DD Form 1513, when that LOA meets or exceeds the thresholds established for Congressional notification in the AECA and Congressional reporting in AECA, Section 36(b). This section enumerates the requirements of the AECA, Section 36(b), under which Congressional notifications and reports must be submitted; defines the criteria, responsibilities, and procedures established for the submission of these Congressional notifications and reports; and prescribes the data elements, format (to include classification), and procedures for the submission of information to DSAA required for Congressional notifications and reports.

70302 STATUTORY PROVISIONS, EXECUTIVE REQUIREMENTS, AND EXCEPTIONS.

A. Statutory Provisions.

1. Section 36(b)(1) of the AECA requires that, in the case of any LOA to sell any defense articles or services under the Act for \$50 million or more, any design and construction services for \$200 million or more, or any MDE for \$14 million or more, before such LOA is issued, a numbered certification must be submitted to the Congress indicating (a) the foreign country or international organization to which the defense article or service is to be offered for sale, (b) the dollar amount of the offer to sell and the number of defense articles to be offered, (c) a description of the defense article or service to be offered, and (d) the U.S. Armed Forces or other agency of the U.S. which is to make the offer to sell or, in the case of a sale of design and construction services, the following must be shown: (a) the purchaser, (b) the U.S. department or agency responsible for implementing the sale, (c) an estimate of the dollar amount of the sale, and (d) a general description of the real property facilities to be constructed pursuant to such sale. In either type of submission, the certification must contain a description of any contribution, gift, commission, or fee paid or offered or agreed to be paid in order to solicit, promote, or otherwise to secure such LOA, including (a) the name of the person who made or will make such payment, contribution, gift, commission, or fee; (b) the name of any sales agent or other person who is to receive or has received such payment, contribution, gift, commission, or fee; (c) the date and amount of such payment, contribution, gift, commission, or fee; (d) a description of the sale in connection with which such payment, contribution, gift, commission, or fee was or will be paid; and (e) the identification of any business information considered confidential by the person submitting it which is included in the report. Such numbered certifications shall also contain an item, classified if necessary, identifying the sensitivity of technology contained in the defense articles, defense services, or design and construction services proposed to be sold, and a detailed justification providing the reasons necessitating the sale of such defense articles or services in view of the sensitivity of such technology. The AECA, Section 36(b), Paragraph (4) requires that each certification cite any quarterly report submitted under Section 28 of the Act which listed a P&A estimate or a request for LOA, which was a basis for the proposed sale. The FAA, Section 620C(d), requires a special certification for notifications of proposed sales to either Greece or Turkey. The International Security and Development Cooperation Act of 1985, Section 130(c), requires a special certification for notifications of proposed sales to Jordan pertaining to U.S. advanced aircraft, new air defense systems, or other new advanced military weapons. These Jordan certifications, prepared by the State Department and signed by the President, will be appended to Section 36(b)(1) notifications to the Congress involving such items.

Each such numbered certification shall contain an item indicating whether any offset agreement is proposed to be entered into in connection with such letter of offer ~~to~~ to sell (if known on the date of certification submittal).

2. The AECA, Section 36(b)(1) states that the LOA shall not be issued to NATO, any NATO member country, Japan, Australia, or New Zealand, if the Congress, within 15 calendar days after receiving such certification, or to any other country or organization, if the Congress within 30 calendar days after receiving such certification, adopts a joint resolution stating that it objects to the proposed sale, unless the President states in his certification that an emergency exists which requires such sale in the national security interests of the U.S. If the President states in his certification that an emergency exists he shall set forth in the certification a detailed justification for his determination, including a description of the emergency circumstances which necessitate the immediate issuance of the LOA and a discussion of the national security interests involved.

3. In addition, the President shall, upon the request of the Committee on Foreign Relations of the Senate or the Committee on Foreign Affairs of the House of Representatives, transmit promptly to both such committees a statement setting forth:

a. A detailed description of the defense articles, defense services, or design and construction services to be offered, including a brief description of the capabilities of any defense article to be offered;

b. An estimate of the number of officers and employees of the United States Government and of United States civilian contract personnel expected to be needed in such country to carry out the proposed sale;

c. The name of each contractor expected to provide the defense articles, defense services, or design and construction services proposed to be sold (if known on the date of transmittal of such statement);

and a description from such contractor of any offset agreements proposed to be entered into in connection with such sale

d. An evaluation, prepared by the Director of the Arms Control and Disarmament Agency in consultation with the Secretary of State and the Secretary of Defense, of the manner, if any, in which the proposed sale would:

- (1) Contribute to an arms race;
- (2) Increase the possibility of an outbreak or escalation of conflict;
- (3) Prejudice the negotiation of any arms controls; or
- (4) Adversely affect the arms control policy of the United States;

e. The reasons why the foreign country or international organization to which the sale is proposed to be made needs the defense articles, defense services, or design and construction services which are the subject of such sale and a description of how such country or organization intends to use such defense articles, defense services, or design and construction services;

f. An analysis by the President of the impact of the proposed sale on the military stocks and the military preparedness of the United States;

g. The reasons why the proposed sale is in the national interest of the United States;

h. An analysis by the President of the impact of the proposed sale on the military capabilities of the foreign country or international organization to which such sale would be made;

i. An analysis by the President of how the proposed sale would affect the relative military strengths of countries in the region to which the defense articles, defense services,

Change 7
Background

TABLE 703-4
MILITARY JUSTIFICATION DATA

(CLASSIFICATION)

MILITARY JUSTIFICATION (U)

(* One-sentence paragraph identifying all defense articles and/or services proposed for sale and the estimated total cost of the offer to be made to the prospective purchaser.

(* One or two-sentence paragraph describing broadly the contribution which the sale will make toward achieving the foreign policy and national security objectives of the United States.

(* A short paragraph on foreign policy and military developments in the region affecting the sale, whether comparable weapons exist in the region, and the effect of the sale on the regional military balance.

(* A short paragraph describing why the prospective purchaser needs the articles and how it intends to use them. This paragraph is to address the ability of the prospective purchaser to absorb the articles and the effect of the sale on the prospective purchaser's military capabilities. If the sale was due in part to the results of a U.S. survey, this is to be brought out in this paragraph.

(* Identification and location of the prime contractor or principal contractor, if not applicable, provide rationale. *Indicate whether any offset agreement is proposed to be entered into in connection with this sale.*

3
(P. 2)

(* Estimate of the number of additional U.S. Government personnel and U.S. contractor representatives required in the territory of the prospective purchaser to implement the proposed sale and the number of months during which each category of personnel will be needed.

(* Any impact on U.S. defense readiness which would result from the proposed sale.

CLASSIFIED BY: (See DOD 5105.38-M, Chapter 7, Section 703.)

(CLASSIFICATION)

(* Indicate required security classification paragraph markings per Chapter 7, Section 703.

NOTE: The above outline is a guide for preparing the typical justification. It need not be followed rigidly when variations will produce a clearer presentation; however, each aspect listed is to be considered and addressed.

TABLE 703-4. Military Justification Data.

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TABLE 703-6C

STATUTORY NOTIFICATION DATA ON ENHANCEMENT OR UPGRADE
OF CAPABILITY OR SENSITIVITY OF TECHNOLOGY

(CLASSIFICATION)

MEMORANDUM FOR (OR LETTER TO) THE COMPTROLLER, DSAA (ATTN:
FMSCD) (U)SUBJECT: Data for Statutory Section 36(b)(1) AECA Notification of Enhancement or
Upgrade of Capability or Sensitivity of Technology, Section 36(b)(5)(C) (U)1. The following supporting data are provided in accordance with Chapter 7, DOD 5105.38-M,
regarding items or services that are proposed to be added to a previously notified sale.

A. (*) Prospective Purchaser:

B. (*) DOD Component and Case Designator(s):

C. (*) Original Congressional Notification number and previously notified dollar value:

D. (*) Estimated net cost of enhancement or upgrade of capability or sensitivity of
technology:E. (*) Description and quantity of the items and/or services for which enhancement or
upgrade of capability or sensitivity of technology is proposed (which items are being enhanced?):
Include all major defense equipment, defense articles or services; or design and construction
services, segregating them by dollar values:F. (*) Description of enhancement or upgrade of capability or sensitivity of technology
(what is being done to provide the enhancement or upgrade?):G. (*) Expected security classification of the sale of the enhancement or upgrade in
capability or sensitivity of technology (if it is to be classified, cite rationale and attach justification):H. (*) Sales commission, fee, etc., paid, offered, or agreed to be paid on the
enhancement or upgrade in capability or sensitivity of technology (if none, so state):

I. (*) Identification and location of the prime contractor or principal contractor of the
enhancement or upgrade in capability or sensitivity of technology.
(Also indicate whether any offset agreement is proposed to be entered into in
connection with this sale.)

(*) Estimate of the number of additional U.S. Government personnel and U.S.
contractor representatives required in the area of the prospective purchaser to implement the
proposed enhancement or upgrade of capability or sensitivity of technology and the number of
months each category of personnel will be needed:

(4.)
(Add)TABLE 703-6C. Statutory Notification Data on Enhancement or Upgrade of
Capability or Sensitivity of Technology.

(84)

1) Israel's Diplomatic Status - expresses the sense of Congress that the SecState should urge countries receiving US assistance to establish diplomatic relations with Israel. Countries would include Afghanistan, Algeria, Bahrain, Bangladesh, Botswana, Burundi, Cape Verde, Chad, Djibouti, Ghana, Guinea, Guinea-Bissau, Indonesia, Jordan, Laos, Lebanon, Madagascar, Maldives, Mauritania, Morocco, Namibia, Niger, Oman, Pakistan, Rwanda, Senegal, Somalia, Sri Lanka, Tanzania, Tunisia, Uganda and Yemen.

2) Policy on Middle East Arms Sales - Adds to the list of issues the President should consider when making military sales to the region whether a country participates in the Arab boycott of Israel.

3) Prohibition on Certain Sales and Leases - Prohibits the sale or lease of any defense articles or services to any country or international organization that, as a matter of policy or practice, sends letters to US firms requesting compliance with the Arab boycott of Israel. The President may waive this prohibition for a one-year period subject to a national security interest determination. Additional one-year extensions are allowed subject to notification. This provision will take effect one year after enactment (i.e., 30 April 1995).

ACDA Revitalization (Sec 701): This provision contains a toned-down version of the so-called "arms sales veto" power for ACDA. Decisions on export licenses need only be coordinated with the ACDA Director in this toned-down version.

EDA Limitation (Sec 731): This Bingaman Amendment was retained in conference. It adds to FAA Sections 516, 517, and 519 and AECA Sections 21 (sales from stocks) and 61 (leases of defense articles) the requirement that the President, before transferring defense articles under any of these authorities must "consider the effects of the transfer...on the national technology and industrial base, particularly the extent, if any, to which the transfer reduces the opportunities of entities in the national technology and industrial base to sell new equipment to the country or countries to which the excess defense articles are transferred."

Offset Reporting Requirement (Sec 732): This Feingold Amendment was retained with major changes. The original provision would have required quarterly reporting of all offset agreements proposed to be entered into in connection with the sale of any defense article or defense services as well as inclusion of a description of such offsets as part of 36(b) notifications. The conference substitute deletes the requirement to report quarterly and only requires that 36(b) notification indicate whether any offset agreement is proposed to be entered into (rather than a full description of that agreement). The State Department is required to collect offset descriptions from contractors and must provide offset agreements to the HFAC and SFRC upon request.

Prohibition on Incentive Payments (Sec 734): This Feingold Amendment was also retained with changes. The original provision would have prohibited approval of any defense sales in which third-party incentive payments are offered to any US company or person to induce that party to purchase foreign goods for the purpose of

that are excess to the stocks of the Department of Defense, the President shall first consider the effects of the sale of the articles on the national technology and industrial base, particularly the extent, if any, to which the sale reduces the opportunities of entities in the national technology and industrial base to sell new equipment to the country or countries to which the excess defense articles are sold."

(e) Leases under Arms Export Control Act.--Section 61(a) of the Arms Export Control Act (22 U.S.C. 2796(a)) is amended--

- (1) by striking "and" at the end of paragraph (2);
- (2) by redesignating paragraph (3) as paragraph (4);
- (3) by inserting after paragraph (2) the following new paragraph (3):

"(3) the President first considers the effects of the lease of the articles on the national technology and industrial base, particularly the extent, if any, to which the lease reduces the opportunities of entities in the national technology and industrial base to sell new equipment to the country or countries to which the articles are leased; and"; and

(4) in the matter following paragraph (4) (as redesignated by paragraph (2) of this subsection) by striking "paragraph (3)" each place it appears and inserting "paragraph (4)".

~~SEC. 2776. REPORTS UNDER THE ARMS EXPORT CONTROL ACT.~~

(a) Numbered Certifications With Respect to Government-To-Government Sales.--Section 36(b)(1) of the Arms Export Control Act (22 U.S.C. 2776(b)(1)) is amended--

(1) by inserting after the second sentence the following new sentence: "Each such numbered certification shall contain an item indicating whether any offset agreement is proposed to be entered into in connection with such letter of offer to sell (if known on the date of transmittal of such certification)."; and

(2) in subparagraph (C) by inserting "and a description from such contractor of any offset agreements proposed to be entered into in connection with such sale" after "sold".

(b) Numbered Certifications With Respect to Commercial Exports.--Section 36(c)(1) of the Arms Export Control Act (22 U.S.C. 2776(c)(1)) is amended--

(1) by inserting after the first sentence the following new sentence: "Each such numbered certification shall also contain an item indicating whether any offset agreement is proposed to be entered into in connection with such export (if known on the date of transmittal of such certification)."; and

(2) in the third sentence by inserting "and a description from the person who has submitted the license application of any offset agreement proposed to be entered into in connection with such export (if known on the date of transmittal of such statement)" after "Secretary of Defense".

(c) Definitions.--Section 36 of the Arms Export Control Act (22 U.S.C. 2776) is amended by adding at the end the following:

"(e) For purposes of this section--

"(1) the term 'offset agreement' means an agreement, arrangement, or understanding between a United States supplier of defense articles or defense services and a foreign country under which the supplier agrees to purchase or acquire, or to promote the purchase or acquisition by other United States persons of, goods or services produced, manufactured, grown, or extracted, in whole or in part, in that foreign country in consideration for the purchase by the foreign country of defense articles or defense service from the supplier; and

"(2) the term 'United States person' means--

"(A) an individual who is a national or permanent resident alien of the United States; and

"(B) any corporation, business association, partnership, trust, or other juridical entity--

The committee of conference is fully aware that ACDA, in its more than 30 years of existence, has many accomplishments to its credit. At the same time, ACDA has suffered from periods of neglect and disinterest. The committee of conference hopes that this legislation will serve to get ACDA on the right track to full revitalization in the Clinton Administration, as well as in administrations to follow. The committee of conference notes that as the Main State Building is renovated, consideration is being given to moving ACDA to the Columbia Plaza building. The committee of conference believes that ACDA should consider carefully the benefits of moving. The increased space thus provided should be weighed against the benefit of timely interaction derived from staying in the Main State Building. The House Committee on Foreign Affairs and the Senate Committee on Foreign Relations intend to follow ACDA activities closely to ensure that the implementation of this legislation is handled well and has the full support of the executive branch, and that ACDA takes the necessary steps on its own to fulfill the promise inherent in the new charter given it in this legislation.

Item 461: (16) PART B--AMENDMENTS TO THE ARMS EXPORT CONTROL ACT Limitation on authority to transfer excess defense articles

PART B--AMENDMENTS TO THE ARMS EXPORT CONTROL ACT

Limitation on authority to transfer excess defense articles

The Senate amendment (sec. 756) amends sections 516(b), 517(f) and 519(b) of the Foreign Assistance Act, and sections 21 and 61(a) of the Arms Export Control Act. Section 756 of the Senate amendment specifies that the President must first consider the effects of the transfer of excess defense articles on the national technology and industrial base before entering into any agreement to transfer excess defense articles pursuant to sections 516(b), 517(f) and 519(b) of the Foreign Assistance Act, and Sections 21 and 61(a) of the Arms Export Control Act.

The House bill contains no comparable provision.

The conference substitute (sec. 731) is identical to the Senate amendment.

Item 462: (31) Reports under the Arms Export Control Act

Reports under the Arms Export Control Act

The Senate amendment (sec. 715) amends section 36 of the Arms Export Control Act and requires that information on any offset agreement entered into in connection with the sale of any defense article or defense service subject to congressional notification pursuant to the Arms Export Control Act be included in the quarterly reports filed pursuant to section 36(a) of that Act and included with the information provided to Congress pursuant to section 36(b) and 36(c) of that Act when the specific sale or commercial export license is being considered.

The House bill contains no comparable provision.

The conference substitute (sec. 732) is similar to the Senate amendment, but deletes the requirement with respect to the quarterly reports filed pursuant to section 36(a) of the Arms Export Control Act. The conference

stitute modifies the Senate amendment to clarify that the numbered certifications provided to Congress pursuant to section 36(b) and 36(c) of the Arms Export Control Act shall contain an item indicating whether any offset agreement is proposed to be entered into in connection with such sale or license, rather than a description of any such offset agreement. The conference substitute further provides that a description of any such offset agreement shall be provided to the Committee on Foreign Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate upon the request of either such committee. The conference substitute requires the Department of State to obtain such offset descriptions from the contractor expected to sell the defense article, defense service, or design and construction service in a government-to-government sale or from the applicant for a export license in a commercial export. The conference substitute further clarifies that such information shall only be required to the extent known at the time of the transmission of the certifications or at the time of response to a request made by the respective committees.

am 463: (60) Prohibition on incentive payments

Prohibition on incentive payments

The Senate amendment (sec. 716) amends section 39 of the Arms Export Control Act by creating a new section 39A which prohibits the approval of any sale of defense articles and defense services in which third-party incentive payments are offered to any United States company or person to induce that company or individual to purchase foreign articles, services or equipment for the purposes of satisfying in whole or in part, any offset agreement that is entered into in connection with the sale of such defense articles or defense services.

The House bill contains no comparable provision.

The conference substitute (sec. 733) is similar to the Senate amendment. The conference substitute prohibits the use of incentive payments in the form of direct monetary compensation made by a United States supplier of defense articles and services to any other United States person to induce or persuade that person to purchase or acquire goods and services from the foreign purchaser of such defense articles and defense services in order for the specified United States supplier to secure an offset credit against a previously agreed to offset agreement. In prohibiting such activities, the conference substitute authorizes the imposition of civil sanctions subject to the same terms and conditions as provided for pursuant to the Export Administration Act of 1979. The committee of conference notes that direct monetary compensation includes cash payments, payments made by checks and the extension of credit or inducements to encourage the extension of credit from a bank at lower interest rates.

The committee of conference notes for example, if company x, a United States person, were interested in buying a product, a defense contractor is prohibited from offering to company x a payment by cash or check as an incentive to purchase that product from a foreign company rather than an American company so that the defense contractor can satisfy an offset agreement made in connection with an arms sale. Similarly a defense contractor is prohibited from inducing or persuading a financial institution from extending a lower line of credit or reduced interest rates to company x with the intention of inducing or persuading company x to purchase a product from a foreign company to satisfy the defense contractor's offset agreement.

In citing this example, the committee of conference further notes that it

2. Reallocation of contingency line authority for scope increases must be accomplished by LOA Amendment. Modifications may be used for contingency line reallocations due to price increases.

~~70203 CAS PERFORMED OUTSIDE THE US. A separate line will be used in the LOA for CAS performed outside the US. The LOA line must be directly charged for CAS performed by a DoD organization established in a foreign country to meet a unique FMS customer requirement. CAS functions include contract audit, quality assurance and inspection, and other contract administration services. Other actual costs in support of the CAS organization and its personnel will also be chargeable to the LOA CAS line.~~

(delete
para.)

(89)



DEFENSE SECURITY ASSISTANCE AGENCY

WASHINGTON, DC 20301-2800

Background

0 8 APR 1993

In reply refer to:
I-01642/93

MEMORANDUM FOR DIRECTOR FOR SECURITY ASSISTANCE
OFFICE OF DEPUTY CHIEF OF STAFF FOR LOGISTICS
DEPARTMENT OF THE ARMY

DIRECTOR, NAVY INTERNATIONAL PROGRAMS
DEPARTMENT OF THE NAVY

ASSISTANT DEPUTY UNDER SECRETARY
(INTERNATIONAL AFFAIRS)
DEPARTMENT OF THE AIR FORCE

CHIEF, SECURITY ASSISTANCE OFFICE, SUPPLY
OPERATIONS, DEFENSE LOGISTICS AGENCY

DIRECTOR, DEPUTATE FOR SECURITY ASSISTANCE
DEFENSE FINANCE AND ACCOUNTING SERVICE (DFAS)
- DENVER CENTER

SUBJECT: Contract Administration Services (CAS) Performed
Outside the U.S.

REFERENCE: (a) Volume 15, Chapters 7 and 8, DoD 7000.14-R,
DoD Financial Management Regulation
(formerly DoD 7290.3-M)

(b) DoD 5105.38-M, Security Assistance
Management Manual

Effective FY 1994, the costs for CAS performed outside
the U.S. will be recovered through the CAS percentage
surcharge (1.5 percent) applied by the DFAS Denver Center to
new FMS procurements. This policy is currently reflected in
reference (a) (copy of the pertinent sections is attached)
and will be included in the next change to reference (b).



For existing FMS cases, the current overseas CAS lines
should be reduced to reflect the discontinuance as a direct
charge to the FMS case beginning FY 94. Please note that an
amount to cover FY 93 billings for prior year overseas CAS
efforts should be retained in the overseas CAS line. If
there have been no overseas CAS performed on existing FMS
cases, the CAS line should be eliminated from the case. All
modifications/amendments to FMS cases that involve overseas
CAS will be coordinated with the office of the DSAA
Comptroller. Prior commitments concerning established
exceptions/waivers on existing FMS cases will continue. If

*4/18/93 - Kay confirms SAMM 70203 should ^{have} been deleted per
this memo - passed to Bob Luck, DCMAU Dayton (DSN 986-6635).*

Background

there is a need to reinstate exempted CAS amounts, please advise DSAA to determine if restoration is necessary.

For new FMS cases, a separate line will not be used in Letters of Offer and Acceptance (LOAs) for CAS performed outside the U.S. CAS will continue to be performed as delegated by the Implementing Agency (IA). Therefore, an IA must continue to contact the Defense Contract Management Command International for a tailored personnel and other resource safeguard statement to be included in an LOA. Statements must be tailored for each specific case due to varying country laws.

?

Questions on this matter may be directed to my point of contact Ms. Kay O'Brien. She may be reached on DSN 227-7483 or (703) 697-7483.

GLENN A. RUDD
ACTING DIRECTOR

Attachment

Copy to:
DLA/FO
DCMCI



DEFENSE SECURITY ASSISTANCE AGENCY

WASHINGTON, DC 20301-2800

Change 7

31 JUL 1995

In reply refer to
I-04433/95

MEMORANDUM FOR DIRECTOR FOR SECURITY ASSISTANCE
OFFICE OF THE DEPUTY CHIEF OF STAFF FOR LOGISTICS
DEPARTMENT OF THE ARMY

SUBJECT: SAMP Change, TOW-2B Missiles

The guidance below is effective immediately and will be added as paragraph 70105.L.7 in the next change to the Security Assistance Management Manual (SAMP), DoD 5105.38-M. It is designed to increase controls on transfers of Tube-Launched, Optically Tracked, and Wire Command-Link Guided model 2B (TOW-2B) anti-armor missiles. Following coordination with your office, these controls were cleared by Department of State and approved by the Under Secretary of Defense for Policy via DSAA memorandum I-001961/95, dated 8 June 1995, classified confidential, subject: Inventory Procedures for the TOW-2B.

"7. **TOW-2B** For each FMS offer of TOW 2B missiles, the applicable DSAA country director will be consulted regarding the need to add the following LOA note:

Physical Security and Accountability The [SAO] will be permitted, at its discretion, to conduct an inspection and physical inventory of all missiles transferred under this LOA. Upon request, the inventory and accountability records maintained by the Purchaser will be made available to the US personnel conducting this inspection."

Any questions or comments may be directed to Mr. Wayne Wells, DSAA/Operations-Management, (703)604-6635 or DSN 664-6635, extension 367; FAX (703) 604-6541.

Thomas G. Rhame
Lieutenant General, USA
Director

cc: Dir, DLA
Dir, Navy IPO (02C)
HQ USAF (SAF/IA)
Commandant, DISAM
Director, DFAS/DE

Prep'd by: Mr. Wells 46635 x367
DSAA/OPS-MGT

Distribution: Orig Addressee & cc
DSAA CHRON

CMD (1)
OPS-MGT SUBJ
OPS-MGT CHRON
OPS CHRON

CC:

92

Change 7

17 March 1995

Memorandum to DISAM

Subject: SAMM Change

The following should replace paragraph 70105.M.2 in the next change to the SAMM, DoD 5105.38-M:

"2. Pen and ink changes should be kept to a minimum, with processing as follows:

"a. Minor changes, made prior to implementation of a Modification or Purchaser signature of an LOA or Amendment, may be approved by the IA. This may include insignificant technical corrections such as a small arithmetic change which does not increase total value and administrative changes such as an address correction, initial deposit or payment schedule adjustment, or extension of the offer expiration date.

"b. More significant changes, such as an increase in program scope (including a revision of the terms of sale or total costs), Modification changes other than those in paragraph a. above, and any change to an LOA or Amendment which has been signed by the Purchaser, require DSAA (through Compt-FMPD) concurrence. Changes initiated after a Modification has been implemented will normally be completed in another Modification versus a pen and ink change. Changes initiated after LOA or Amendment Purchaser signature will normally be accomplished through a corrective Amendment implemented subsequent to the basic LOA or Amendment.

"c. In conjunction with these changes, the IA must (1) formally confirm all authorized pen and ink changes, prior to the expiration date, to the Purchaser with a copy to document distribution addresses; (2) submit appropriate S3 transactions (Section 1500) for expiration date changes; (3) following acknowledgment of receipt of Modification or Purchaser signature of the LOA or Amendment, furnish those documents, altered by authorized pen and ink changes, to their distribution addresses; and (4) furnish revised TLWs (Para 70103) if applicable.

"When an LOA or Amendment is signed by the Purchaser and returned to the IA with unauthorized pen and ink changes, it will normally be processed as a counter-offer. Re-statement and re-offer, or cancellation and a new LOA or Amendment, will be the routine courses of action."

Compt FM&PD Concur
(P. Murphy, x245, 3/17/95)

70105m2

93

Change 7

2. Except for DSAA issued changes to financing terms and minor arithmetic errors discussed below, pen and ink changes to Modifications are not authorized. Pen and ink changes to LOAs or Amendments are only authorized prior to acceptance, and only when the changes are minor, administrative, or corrective, such as extension of the offer expiration date or adjustment to the initial deposit or payment date. Extensive changes and those affecting the scope or terms of sale are made by issuance of an Amendment. As an exception, if the change provides for correction of a minor arithmetic error (e.g., addition, multiplication, transposition) that will result in either no change or a decrease to total value, DSAA will authorize pen and ink changes to LOAs, Amendments, and Modifications not yet implemented by DFAS-DE/I. Pen and ink changes to correct minor arithmetic errors that result in an increase to the total value may be made only with the prior concurrence of DSAA Compt FMSCRD, which will coordinate with DSAA-OPS prior to authorization. The IA must confirm authorized pen and ink changes, prior to the expiration date, by message or letter to the Purchaser with a copy to DFAS-DE/I and DSAA. The IA must submit appropriate changes to the 1200 System (Chap 15) whenever a pen and ink change to the expiration date of LOAs is authorized. Copies of LOAs, Amendments, and Modifications, including revised TLWs if applicable, that have been altered by pen and ink changes must be distributed to DFAS-DE/I and other organizations following Purchaser acceptance or acknowledgement of receipt.

Replace
(See
memo
for
DISAM)

3. When accepted, distribution will be made in accordance with instructions in the LOA.

4. Each SAO will immediately advise DSAA COMPT and the IA by priority message when the LOA has been accepted or rejected. When LOAs are accepted for a foreign country or international organization not served by an SAO, or where LOAs are often routinely signed without direct SAO involvement, the LOA will have an annotation requiring the signature authority to immediately notify DFAS-DE/I and the IA by message showing the acceptance date. If notice of acceptance is not received within ten calendar days after the expiration date, the LOA, even though accepted, may be cancelled.

N. Central FMS Transaction Processing Activities.

Army Action Address -
 Department of the Army
 US Army Security Assistance Command
 5001 Eisenhower Avenue
 Alexandria VA 22333-0001
 Messages - CDR USASAC Alexandria VA//AMSAC//

Information Address -
 Headquarters, Department of the Army
 Directorate for Security Assistance
 Washington DC 20310-0512
 Messages - DA WASHINGTON DC//DALO-SA//

Navy Department of the Navy
 Navy International Programs Office
 Washington DC 20350-5000
 Messages - NAVY IPO WASHINGTON DC

Air Force Communications, Electronics, Aircraft, and
Missile Systems - TAX
 Headquarters, US Air Force (SAF/EA) X
 Washington DC 20330-1000

94

UNCLASSIFIED

JOINT STAFF
INFO SERVICE CENTER

miss
chq 7
Background
[Signature]

ROUTINE ZYUW RUEKJCS9822 0791900
R 201545Z MAR 95
FM SECDEF WASHINGTON DC//USDP:DSAA//
TO CDRUSASAC ALEXANDRIA VA//AMSAC-MP-R//
OSAF WASHINGTON DC//SAF/IAYO// NAVY IPO WASHINGTON DC//O4A//
HQ DMA FAIRFAX VA//IO//
DFAS-DENVER CENTER DENVER CO//F//
DLA CAMERON STA VA DCAA CAMERON STA VA
DNA WASHINGTON DC DISAM WRIGHT PATTERSON AFB OH
INFO AFSAC WRIGHT PATTERSON AFB OH//XM//
AFSAT RANDOLPH AFB TX AFSAT WASHINGTON DC//OLA//
DA WASHINGTON DC//DALO-SA//
CDRUSASAC NCAD NEW CUMBERLAND PA//USASAC//

UNCLAS

SUBJ: PEN AND INK CHANGE TO BASIC SALES AGREEMENTS, AMENDMENTS, AND MODIFICATIONS

FROM: DSAA/COMPT-FMPD

REF: DOD 5105.38-M SECURITY ASSISTANCE MANAGEMENT MANUAL (SAMM), CHAPTER 7, SECTION 701, PARAGRAPH 70105.M.2.

1. THIS MESSAGE REVISES REFERENCED GUIDANCE REGARDING PEN AND INK CHANGES. PLEASE REPLACE REF WITH THE FOLLOWING:

2. PEN AND INK CHANGES SHOULD BE KEPT TO A MINIMUM, WITH PROCESSING AS FOLLOWS:

A. MINOR CHANGES, MADE PRIOR TO IMPLEMENTATION OF A MODIFICATION OR PURCHASER SIGNATURE OF AN LOA OR AMENDMENT, MAY BE APPROVED BY THE IA. THIS MAY INCLUDE INSIGNIFICANT TECHNICAL CORRECTIONS SUCH AS A SMALL ARITHMETIC CHANGE WHICH DOES NOT INCREASE TOTAL VALUE AND ADMINISTRATIVE CHANGES SUCH AS AN ADDRESS CORRECTION, INITIAL DEPOSIT OR PAYMENT SCHEDULE ADJUSTMENT, OR EXTENSION OF THE OFFER EXPIRATION DATE.

B. MORE SIGNIFICANT CHANGES, SUCH AS AN INCREASE IN PROGRAM SCOPE (INCLUDING A REVISION OF THE TERMS OF SALE OR TOTAL COSTS); ANY CHANGE TO A MODIFICATION; AND ANY CHANGE TO AN LOA OR AMENDMENT WHICH HAS BEEN SIGNED BY THE PURCHASER, REQUIRE DSAA (THROUGH COMPT-FMPD) CONCURRENCE. CHANGES INITIATED AFTER A MODIFICATION HAS BEEN IMPLEMENTED WILL NORMALLY BE COMPLETED IN ANOTHER MODIFICATION VERSUS A PEN AND INK CHANGE. CHANGES INITIATED AFTER LOA OR AMENDMENT PURCHASER SIGNATURE WILL NORMALLY BE ACCOMPLISHED THROUGH A CORRECTIVE AMENDMENT IMPLEMENTED SUBSEQUENT TO THE BASIC LOA OR AMENDMENT.

C. IN CONJUNCTION WITH THESE CHANGES, THE IA MUST (1) CONFIRM ALL AUTHORIZED PEN AND INK CHANGES, PRIOR TO THE EXPIRATION DATE, TO THE PURCHASER WITH A COPY TO DOCUMENT DISTRIBUTION ADDRESSES; (2) SUBMIT APPROPRIATE S3 TRANSACTIONS (SECTION 1500) FOR EXPIRATION DATE CHANGES; (3) FOLLOWING ACKNOWLEDGMENT OF RECEIPT OF MODIFICATION OR PURCHASER SIGNATURE OF THE LOA OR AMENDMENT, FURNISH THOSE DOCUMENTS ALTERED BY AUTHORIZED PEN AND INK TO THEIR DISTRIBUTION ADDRESSES, AND (4) FURNISH REVISED TLWS (PARA 70103) IF APPLICABLE.

WHEN AN LOA OR AMENDMENT IS SIGNED BY THE PURCHASER AND RETURNED TO THE IA WITH UNAUTHORIZED PEN AND INK CHANGES, IT WILL NORMALLY BE PROCESSED AS A COUNTER-OFFER. RESTATEMENT AND RE-OFFER OR CANCELLATION AND A NEW LOA OR AMENDMENT WILL BE THE NORMAL COURSES OF ACTION.

2. DSAA POC IS MS. P. MURPHY, COMPT-FMPD, DSN 227-6575, (C) (703) 697-6575. BT

SECDEF V2
ACTION USDP:DSAA (1)
INFO SECDEF-C (1) USDP:FILE (1)

(D,6,7,F)

3

95

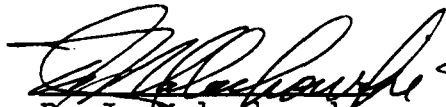
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Change 7
Background

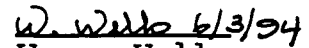
MEMORANDUM FOR THE FILE

SUBJECT: Pen & Ink Changes

Per our discussion 26 May 1994 with Larry Ballie, Navy IPO, and Wayne Wells, OPS-MGT, when a case has been accepted but is returned to the Implementing Agency with unauthorized pen & ink changes, it is considered a counter offer, not an accepted case. The pen & ink change nullifies the offer. The offer must be either restated and reoffered to the country or cancelled and reoffered with a new identifier.


R. J. Malachowski


Paula J. Murphy


Wayne Wells

competitive procurement process will be utilized. Authority for sole source procurement can be considered when the purchasing country makes a specific written request and provides sufficient ~~national~~ ^{national} for obviating the benefits of the competitive process. ←

B. Sole Source Designation. As described in Defense FAR Supplement 225.7304, the FMS purchaser may request that a defense article or defense service be obtained from a particular source. In such cases, FAR 6.302-4 provides authority for the U.S. government to contract on a sole source basis. The purchaser request should be contained in a letter of request for an LOA or an amendment to an existing LOA. The request for sole source must also provide the basis and justification for the sole source and may be for a prime and/or sub-contractor source. Sole source procurement designations under accepted FMS LOAs will be submitted by the DOD component security assistance director to the applicable contracting activity in order to exercise the FAR authority. *

1. Foreign Purchaser Request. Foreign purchaser sole source requests may be honored (See Defense FAR Supplement 225.7304) only when the sole source designation is based upon the objective needs of the FMS purchaser as stated by the purchaser and DOD component security assistance director approval is obtained. Accordingly, a letter requesting a specific item(s) and/or service(s) from a specifically identified firm or other supplier must be addressed by an authorized official of the purchasing government through the chief of the security assistance organization (SAO) in country, or by the Defense Attache or comparable official of the purchasing government in the United States, to the DOD component security assistance director whose component has procurement cognizance for the required item/service. If from an overseas activity of the purchasing government, this written request should be submitted via the SAO in country. The letter must provide the basis and justification for a sole source request. To the maximum extent possible submission through the SAO is preferred. The request shall not be honored in any case of patently arbitrary, capricious or discriminatory exclusion of other sources. The number or frequency of sole source requests should be kept to the absolute minimum; however, there may be situations where for programmatic reasons sole source procurement is necessary and justifiable. Situations where sole source procurement may be justifiable could include, but are not limited to, the following situations: ←

a. When one of the numerous suppliers can deliver faster and the situation is urgent enough to forego the benefits of the competitive process.

b. When the procurement of a non-standard item which is out of the DOD buying pattern has been approved because of a country request and a specific source has been identified by the country; i.e., obsolete items no longer supportable by DOD. This could occur in countries with predominantly MAP merger funded programs since MAP merger funds can be utilized only for FMS programs; therefore, such a purchasing country may not have the capability of buying on a direct basis.

c. When the country has an established history of procurement for articles or services from a particular prime source and to change would adversely affect an ongoing program. For example, this would include an ongoing maintenance program wherein a particular prime contractor is providing technical assistance or other services under established agreements.

d. When the designated source has won the foreign purchaser's own source selection competition, ~~and the purchaser advises of its desires. Specific evidence as to the competitive process should be included in the justification.~~ A copy of the country's request for proposal, invitation for bid, or request for tender; a description of the method used to advertise the requirement and any restrictions placed thereon; and a narrative summary of the country's source selection criteria and method of evaluation should be included with the single source request. If price is not the sole selection criteria, the country must identify the weight that was given to each criterion. ←



DEFENSE SECURITY ASSISTANCE AGENCY

WASHINGTON, DC 20301-2800

*Change 7
Background*

30 SEP 1994

In reply refer to:
I-04019/94

MEMORANDUM FOR CHIEF, POLICY DIVISION, ASSISTANT DEPUTY UNDER SECRETARY (INTERNATIONAL AFFAIRS), DEPARTMENT OF THE AIR FORCE

SUBJECT: Documentation Requirements for Sole Source Requests

The proposal within the Office of Under Secretary, International Affairs, USAF memorandum, dated 9 June 1994, subject same as above, was staffed within DSAA and with the Office of Under Secretary of Defense (Acquisition and Technology), Army, Navy, and DLA. Conclusions were as follows:

- Although clarification of single source justification data may sometimes be appropriate, SAMP guidance showing specific justification data to be furnished should not be supplemented within implementing agencies.
- Further clarification within SAMP paragraph 80102.B.1.d would be helpful.

In the next change to the SAMP, the portion of the following which is in quotations will replace paragraph 80102.B.1.d: [A situation where sole source procurement may be justifiable could include] "d. When the designated source has won the foreign purchaser's own source selection competition. A copy of the country's request for proposal, invitation for bid, or request for tender; a description of the method used to advertise the requirement and any restrictions placed thereon; and a narrative summary of the country's source selection criteria and method of evaluation ^{should} must be included with the single source request. If price is not the sole selection criteria, the country must identify the weight that was given to each criterion."

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Questions may be directed to Mr. Wayne Wells, (703) 604-6635, extension 367.

Thomas G. Rhame

Thomas G. Rhame
Lieutenant General, USA
Director

cc: OUSD(A&T) (FC) (Mr. Jamushian)
Director, DLA
HQDA (DALO-SA)
Director, Navy IPO (02C)
Commandant, DISAM

Pre'd by: Mr. Wells X46635 Ext 36
DSAA/OPS-MGT
Distribution: Orig Addee & cc
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impact on secondary items must be considered whenever a total package of significant equipment and support items is provided.

B. **Non-CLSSAs.** When a CLSSA has not been established, and the item is not a DLA asset, the FMS Purchaser is not entitled to the same access to the US logistics system as US forces. The ICP processing the requisition will generally issue on-hand assets only if they are above the required item's reorder point level or PLT. Otherwise, the requisition will be placed on backorder until expiration of the PLT, at which time the ICP will process the requisition in accordance with the UMMIPS.

C. **Exceptions.** On an exception basis, ICPs may issue stocks below the reorder point to fill non-CLSSA requirements if release will not adversely affect support to US forces. If it appears that support to US forces will be adversely affected, ICPs will notify the requesting MILDEP in writing. The notification will include information showing the stock status of the items involved.

D. **Exception Appeals.** After elevating the issue to the headquarters level, the MILDEP may appeal the ICP decision not to issue stocks below the reorder point. The appeal shall be in writing to DSAA and shall include information regarding stock status and a justification of why the materiel should be released below the reorder point to fill non-CLSSA requirements in light of the possible impact on US forces. DSAA will prepare a written response in coordination with Office of USD(A&T).

E. **Mass Exceptions.** It is intended that the practice of issuing stocks below the reorder point to non-CLSSA customers be the exception and not the rule. It is further intended that a careful review be made of each such instance in order that US forces' stocks are protected. However, there are situations when numerous requisitions for an LOA must be processed expeditiously. If the requesting MILDEP and the affected ICPs agree that a blanket waiver would be the best way to be responsive to the requirement, a written request may be made by the requesting MILDEP to DSAA for coordination with Office of USD(A&T). The request shall explain why the process described in the preceding paragraphs is inadequate for responding to the situation in question and for what period the blanket waiver should be in effect. *

← (see add review)

80203 DIVERSIONS AND WITHDRAWALS OF MATERIEL.

A. **Legislation.** The following policies implement AECA Sec 21(i), 10 USC. Secs 133b and 975, and Senate Appropriations Committee Report 99-176 of 6 November 1985:

1. Presidentially directed or SecDef initiated materiel allocations shall be accorded sufficient priority through diversion of assets from other programs to assure accomplishment of the directed allocation within the time period specified.

2. High priority FMS requirements may be met by diverting from production or withdrawing equipment from US forces, providing the operational readiness posture of these forces is not significantly lowered and payback can be accomplished within a reasonable time. Such initial determinations will be made by the IA. Diversion or withdrawal which would impact US National Guard or Reserve forces must be coordinated with DSAA, which will in turn coordinate the proposal with the OASD/RA, pursuant to DoD Directive 1225.6. If tanks are being withdrawn, a determination will be included in the required Congressional notification that the proposed sale will not increase the shortage of tanks in the US National Guard or Reserve during the current five-year defense plan. Should tanks need to be withdrawn from the US National Guard or Reserve, Congress shall be advised of the plan to replace the specific tanks.

* Requisitions for secondary items to support peacekeeping requirements should be filed, in UMMIPS IPD sequence, as if the requisitions originated with US forces; however, war reserve materiel will not be issued without the specific approval of the commander of the applicable ~~80203~~ inventory control point. ~~Change No. 6, 10 May 1994~~

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SECDEF WASHINGTON DC//USDP:DSAA//
 DIR DLA CAMERON STATION VA//CA-CAII//
 HQDA WASHINGTON DC//DALO-SAZ//
 NAVY IPO WASHINGTON DC//00//
 HQ USAF WASHINGTON DC//SAF/IA//
 INFO JOINT STAFF WASHINGTON DC//J4//
 CDR USASAC ALEX VA//AMSAC//
 DEP FOR OPNS USASAC NEW CUMBERLAND PA//AMSAC-0//
 COMNAVSUPSYSCOM ARLINGTON VA//SUP 07//
 AFSAC WRIGHT-PATTERSON AFB OH//XM//
 NAVY IPO WASHINGTON DC//02C//
 HQ USAF WASHINGTON DC//SAF/IA//
 DISAM WRIGHT-PATTERSON AFB OH

UNCLAS

FROM: DSAA OPS-MGT

SUBJECT: SECONDARY ITEM SUPPORT FOR PEACEKEEPING

A. SECDEF {DSAA} MESSAGE 072201Z JUL 94, SUBJ: SECONDARY ITEM
 SUPPORT FOR FAA SEC 607 PEACEKEEPING OPERATIONS IN RWANDA {U}

USDP:DSAA/USDP:FILE

MR. WELLS/DSAA/OPS-MGT
 X367/WW/POLEM, 22 JUL 94

COORDINATION
 OPS *7/22*
 OPS-MGT *13 7/22*
 OPS-MAAA *Smart 15 July 94*

H. Diehl McKallip

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H. Diehl McKallip
 Deputy Director

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B. SECDEF {DSAA} MESSAGE 191102Z JUL 94, SUBJ: SECONDARY ITEM SUPPORT FOR PEACEKEEPING IN LIBERIA, S4-B-APA {U}

C. SAMM, DOD 5105.38-M, PARA 80202.E.

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1. THIS SUPERSEDES ABOVE REFS FOR SUPPORT TO SUBJECT OPERATIONS, CONDUCTED UNDER THE FOREIGN ASSISTANCE ACT OF 1961, AS AMENDED, OR THE ARMS EXPORT CONTROL ACT.

2. REQUISITIONS FOR SECONDARY ITEMS TO SUPPORT SUBJECT REQUIREMENTS SHOULD BE FILLED, IN UNIFORM MATERIEL MOVEMENT AND ISSUE PRIORITY SYSTEM {UMMIPS} ISSUE PRIORITY DESIGNATOR {IPD} SEQUENCE, AS IF THE REQUISITIONS ORIGINATED WITH U.S. FORCES. HOWEVER, WAR RESERVE MATERIEL WILL NOT BE ISSUED WITHOUT THE SPECIFIC APPROVAL OF THE COMMANDER OF THE APPLICABLE INVENTORY CONTROL POINT.

3. THIS MESSAGE HAS BEEN COORDINATED WITH OUSD{A&T} {L/MDM} AND OJCS{J4}. DSAA CONTACT IS MR. WAYNE WELLS, DSAA/OPS-MGT, {703} 604-6635 OR DSN 664-6635, X367.



ACQUISITION AND TECHNOLOGY

OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON
WASHINGTON DC 20301-3000



20 JUL 1994
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Background*

(L/MDM)

MEMORANDUM FOR WAYNE WELLS, DSAA

SUBJECT: Secondary Item Support Under Section 607
for Peacekeeping

We concur in your draft message subject to including the following at the end of paragraph number 2: However, war reserve materiel will not be issued without the specific approval of the commander of the applicable inventory control point.

Jeffrey A. Jones
Assistant Deputy Under Secretary
of Defense (MDM)

80206 TRANSPORTATION

A. **General** DoD policy is that the Purchaser shall be responsible for transportation and delivery of its materiel. For countries authorized routine use of DTS (see Table 600-1), DoD will also arrange delivery, on a reimbursable basis, at the designated delivery point, allowing Purchasers to utilize their own resources (including their freight forwarder) for delivery to the in-country destination.

1. Additional information may be found in the booklet "Foreign Purchaser Guide to Freight Forwarder Selection" which is available to non-USG representatives for a small charge from DISAM (see 10007). The booklet discusses management of the freight forwarder function, and the MAPAD, DoD 4000.25-8-M.

2. Correct MAPAD addresses are essential to the correct routing of cargo and documentation. Since the USG will not be responsible for rerouting shipments received by former freight forwarders, the Purchaser should pre-plan freight forwarder changes, including contractual arrangements with former freight forwarders to assure delivery of any shipments received after a change has taken place. Also, the Purchaser may wish to consider establishing a MAPAD address (Type Address Code 7) for payment of transportation charges.

3. Cargo acquired with US appropriated or guaranteed funds are subject, by legislation or DoD policy, to cargo preference rules discussed in paragraphs C and D below. Cargo not purchased with these funds will normally be moved utilizing US or non-US carriers as the Purchaser desires and conditions permit.

4. See Chapter 5 for guidance regarding export or temporary import of defense articles, shipment of classified items, export licenses, customs clearance, and transportation plan development.

B. **Title Transfer** The point of origin and of passage of title to the Purchaser is normally the same. If an item is procured for shipment directly from a contractor, this point will normally be FoB Origin at the contractor's loading facility. If items are supplied from DoD stocks, this point will be the location at which the materiel is being offered for sale, such as the depot loading facility or, for Parcel Post, the nearest post office facility. When circumstances dictate, designation of a point of delivery other than the point of origin will be specified in the LOA. Except in circumstances discussed below and stated in the LOA, retention of custody does not imply retention of title. The provisions of this title transfer policy apply to shipments regardless of the mode or type of transportation, documents utilized, delivery code, or method of funding. When the LOA specifies that the USG will provide for movement of aircraft to the point of delivery, one of two conditions prevails with regard to title:

1. Where ferrying is necessary and aircraft are not Purchaser-owned (title not passed), the USG will accept title to the aircraft from the contractor, and title will remain with the USG until arrival at the point of delivery.

2. Where Purchaser-owned aircraft are being ferried under terms of the LOA, the Purchaser grants the USG possession of the aircraft. Under this condition, the title to the aircraft remains with the Purchaser. The LOA will contain prescribed indemnification clauses.

In either of the above circumstances, the Purchaser assumes all risk of loss or damage since this is a USG service being provided at no cost to the USG.

C. Cargo Preference (Ocean) Section 901(b) of the Merchant Marine Act of 1936, as amended (46 USC 1241), requires at least 50 percent of the gross tonnage (computed separately for dry bulk carriers, dry cargo liners, and tankers) of grant, credit, or guarantee-funded cargo be transported on US flag privately owned vessels to the extent such vessels are available at fair and reasonable rates (to be determined by the Maritime Administration, or MARAD, US Department of Transportation). This is in addition to AECA Sec 42(c) requirements discussed in Section 90210. FMF agreements require that items financed with these funds, which are transported by ocean vessel, shall be transported in privately owned vessels of US registry unless a general or security waiver is granted by DSAA or a non-availability waiver is granted by MARAD.

1. The above cargo preference rules will be applied to FAA and loan or lease shipments discussed in Sections 803 and 1102 and Chapters 9 and 12, with exceptions as follows:

a. Space available cargo under FAA Sec 518 is not subject to cargo preference rules.

b. FAA Sec 516 and 519 language provides authority for transportation excluding other provisions of law. In order to support the US merchant fleet, this cargo will be managed in accordance with general cargo preference principles; however, when a general waiver is in effect as discussed below, the balancing of US and non-US tonnage moved under Secs 516 and 519 will exclude shipments where it was determined that US flag privately owned vessels were not-available.

2. Unless indicated otherwise, weight ("gross tonnage") will be stated in pounds or in metric tons (MT; or, 2,205 US pounds).

3. It is the Purchaser's responsibility to notify its freight forwarder of shipments made under guidance discussed above, including any changes, and to ensure compliance with agreements based on US cargo preference rules. In accordance with standard FMF terms, FMF proceeds may not be used to pay ocean or air freight costs of carriage of defense items on vessels or aircraft of non-US registry. For information on approved US land carriers, the Purchaser may contact the MTMC Assistant Deputy Chief of Staff for Operations, Delivery Systems Office, telephone (703) 756-1577.

4. Requests for a US flag vessel general, non-availability, or security waiver may be considered when received at least 21 days before the shipping date. Countries with general waivers will normally count shipments against their non-US tonnage when security dictates a non-US vessel, superseding the need for security waivers for those recipients. Countries with general waivers may count cargo weight shipped when US flag privately owned vessels are not available or not available at reasonable rates against the general waiver, avoiding the need for individual non-availability waivers. It is important to maintain a positive US flag balance during the general waiver period. If non-availability or security waivers recognize requirements for specific use of non-US vessels, which creates an imbalance in the general waiver, US vessels will be given preference in cargo assignment during the waiver period until the balance is corrected.

a. **General waivers.** Consideration will be given to a general waiver application, allowing up to 50 percent of dry cargo liner, 50 percent dry bulk carrier, and 50 percent tanker cargo to be carried on vessels flagged in the waiver recipient country, provided the recipient country does not discriminate against US flag vessels. Any approval will normally cover one full calendar year (1 January-31 December). Processing will include verification of the treatment accorded vessels of US registry. The waiver application should be submitted to Director, DSAA, Attn: DSAA/OPS-MGT, 1111 Jefferson Davis Highway, Arlington, VA 22202-2800, with a copy to MARAD at the address in b. below.

b. **Non-availability waivers.** Applications on the basis of non-availability of vessels of US registry must document that the recipient nation has made a reasonable, timely, and bona fide effort to arrange shipment on vessels of US registry and that such vessels are not available. Applications on the basis of non-availability of vessels of US registry at reasonable rates must document all applicable comparative rates. Waiver applications, submitted on a shipment-by-shipment basis should include:

- (1) FMS LOA identifier if FMF (including lease) or FAA program name (e.g., Sec 516)
- (2) Description of commodities to be shipped
- (3) Port of loading and port of unloading
- (4) Estimated shipping date
- (5) Name of proposed vessel and flag of registry
- (6) Weight of shipment in pounds
- (7) Estimated ocean freight cost

Applications should be submitted to Administrator, Maritime Administration, Attn: Office of Cargo Preference (MAR591), Washington, DC 20590-0001, with a copy to the DSAA address in a. above.

c. **Security waivers.** A security waiver may be requested for a shipment or series of shipments where sabotage may reasonably be expected, a state of emergency exists, or a substantial unsafe condition must be avoided. Applications must provide specific requirements and show how the waiver will meet the requirements. Processing will include requirements verification. The waiver request should be forwarded to the DSAA address in a. above with a copy to the MARAD address in paragraph b.

5. It is the responsibility of the recipient country to maintain a positive US flag weight shipping posture for FMF plus lease plus FAA programs, by vessel type. As indicated above, FAA Secs 516 and 519 balances will be determined based on those shipments where US flag privately-owned vessels were actually available. In order to meet reporting responsibilities, pertinent information must be forwarded to MARAD as early as possible, but not later than 90 days after each applicable shipment. The following information must be reported by the shipping activity (normally the IA for DTS or the customer freight forwarder for non-DTS shipments):

- a. FMS LOA identifier if FMF (including lease); program name if FAA
- b. Commodity Description
- c. Port of loading and port of unloading
- d. Recipient country
- e. Date of loading
- f. Type vessel (dry cargo, dry bulk, or tanker)
- g. Name of vessel and flag of registry

- h. Reference to any document granting a non-US flag vessel waiver for the shipment
- i. Freight forwarder (not required for DTS)
- j. Weight of shipment in pounds
- k. Ocean freight cost

D. Cargo Preference (Air) The Fly America Act requires first preference for airlift of DoD-sponsored grant, credit, or guarantee-funded cargo be given to US flag air carriers. Before a shipper uses a foreign-flag carrier, a written explanation must be provided the IA showing why a US carrier should not be used. Guidance in Section 90210 applies to these offshore procurements.

E. Insurance Unless a Purchaser is self-insured, commercial insurance should be obtained to provide coverage against damage or loss of property, injury to or death of persons, or other risks incurred while the Purchaser's property is in the custody of the freight forwarder, aboard any carrier, or transiting any port facility. This includes return shipment of materiel. It is recommended that any commercial insurance be placed with US private firms to the extent possible. Care should be taken to avoid gaps in, or duplication of, insurance carried by the freight forwarder.

F. Controlled Substances The export of a controlled substance shall be in accordance with the Controlled Substances Import and Export Act (21 USC 951) and the procedures governing the exportation of controlled substances in 21 CFR Part 1312. Prior to each export, the IA shall obtain the necessary import documents from the Purchaser as provided by 21 USC 953(a)(3) and (e)(1). The IA shall submit the import documents to the Administrator of the Drug Enforcement Administration (DEA), Department of Justice, requesting the export permits be issued for the particular controlled substance. Upon obtaining the export permit from the DEA, the IA is responsible for furnishing the Defense Personnel Support Center the export permit number, the expiration date of the export permit, and the port of exportation. This information will accompany the requisition. The IA must also ensure the Purchaser is aware of the need to submit import documentation for controlled substance requisitions.

G. Shipment Through DTS

1. For purposes of this manual, DTS includes transportation services provided by DoD, whether from internal resources (e.g., SAAM) or acquired for the Purchaser (e.g., GBL or Transportation Control and Movement Document shipments). CCBL shipments are outside DTS. Materiel movement must be documented under the Defense Traffic Management Regulation (DTMR) and MILSTAMP, DoD 4500.32-R. LOA terms of delivery should show delivery onto vessel or aircraft, CONUS PoE, DTC 8 or to the country by the most economical means (normally overseas PoD, offloaded, DTC 9). Category I sensitive items (see DoD 5100.76-M) normally require delivery to the overseas PoD. DTS is normally utilized for:

- a. Classified items.
- b. DBOF items (where shipment to the PoE or freight forwarder is part of the unit cost regardless of the DTC assigned).
- c. Firearms, explosives, lethal chemicals, and (as required) other sensitive materiel within CONUS. Onward movement may be effected by Purchaser-controlled aircraft or surface vessels. Additional guidance may be found in DoD 4500.32-R, DTMR, Title 49 CFR Part 170-179 and 397, and DoD 5100.76-M.

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(1) Items determined to be non-sensitive, such as Department of Transportation (DoT) class 1.4 items (low grade explosives such as CAD/PAD), may be transported to or through CONUS commercial gateways providing DoT Competent Approval Authority (CAA) has been obtained and is accompanying the shipment.

(2) The IA may approve the transportation of up to 1,000 net weight pounds of explosives to the PoD when the Purchaser is having difficulty arranging the transportation and formally requests the DTS movement.

(3) The Government of Canada may ship these items inland to Canada, by MTMC-approved carriers, by DTC 4 and CCBL.

d. Air cargo items which exceed commercial capability.

e. At other times when requested by the Purchaser and approved by DSAA. Justification showing why country-arranged transportation is not to be used must accompany the request. Special requests are not applicable for DTS routine users shown in Table 600-1.

2. Even though consolidation (DoD 4000.25-1-M, Chapter 6) is an objective, single line small parcel shipments by traceable US Postal Service (registered mail) or commercial small parcel carriers are often necessary. Military Postal Service (MPS), through APO or FPO, or DoS diplomatic pouch services, will not normally be used for FMS shipments but exceptions to policy are authorized for classified shipments when the Purchaser does not have approved facilities to receive classified items in the US or where accomplishment of the program requires delivery in country through the resident US SAO. Such exceptions will be kept to the minimum and the cost of such shipments will be assessed to the Purchaser.

3. 10 USC 2631, 46 USC 1241, and other rules pertaining to DoD acquisition require that SA cargo moving through DTS will normally be assigned, subject to availability at reasonable rates, to (a) non-chartered US flag privately-owned vessels, (b) DoD chartered US flag privately-owned vessels, (c) US flag USG-owned vessels, and (d) non-US flag vessels.

H. Offshore Source When DTS is not used, the IA will endeavor to notify the Purchaser of articles to be supplied from offshore sources as soon as possible after identification of source. The notification will state that the article will be moved to the CONUS freight forwarder unless a request is received to accept delivery at the offshore facility. The Purchaser request must be made within 21 days of the IA's notice of the offshore source.

I. Packing and Marking FMS materiel will normally be packaged as prescribed by MIL-STD 2073 (preservation Level A, packed to not less than Level B, with special packing available as an FMS service) and will be marked as prescribed by MIL-STD 129 with the following minimum information:

1. FMS case identifier
2. TCN
3. Transportation priority
4. Project code, if applicable
5. Ship from address
6. Ship to address
7. Ultimate consignee/mark for (MAPAD address code and clear text, if applicable)

J. Financial Guidance

1. **DTS Transportation Costs.** Standard percentages (Vol 15, DoD 7000.14-R, Table 705-1) are normally applied. Estimated actual transportation costs are authorized when standard percentages would significantly understate transportation costs, such as LOA lines valued greater than \$10,000 for ammunition or other items requiring special treatment. When estimated actual costs are used, a note will be included which identifies the amount, by line item, for each DTS transportation element; e.g., CONUS inland, port loading, ocean transportation. The Appendix F table is to be used for the listed high value items, for which standard percentages would generate excessive transportation revenues. Transportation costs will normally be included in LOAs as shown in Table 701-1; however, when a SAAM or other dedicated transportation is used, a separate transportation service line will be included.

2. **Non-DTS CCBLs.** Where delivery is FoB origin, non-DBOF items will normally be transported under CCBL and the Purchaser will be informed by the IA of responsibility for (1) acceptance and payment of CCBL shipments, (2) providing appropriate insurance coverage, and (3) in-transit accounting and settlement of claims against carriers. When shipment cannot be effected by CCBL due to tariff restrictions, refusal of carriers to accept collect freight shipments, or other reasons, the Purchaser freight forwarder may make prepaid arrangements (versus collect) with the carrier. As an alternative, Purchaser may request pre-paid shipments in the LOA so the US shipping activity uses prepaid transportation (e.g., DTC 5 on a GBL) to ship FMS cargo to freight forwarder. Only when the LOA so authorizes may the shipping transportation office guarantee payment of charges on CCBLs.

K. **Offer Release Code A, Y, and Z Shipments** See Table 701-1 for a description of Offer/Release Codes. The Purchaser determines whether items will be automatically released to the freight forwarder or if Notices of Availability (NoA) are required prior to release. NoAs for classified items (see Section 501) must be sent to, and the response received from, the country representative in the MAPAD rather than the freight forwarder. The normal Offer/Release Code for all FMS transactions is A. Use of codes Y and Z for other than hazardous, classified, or sensitive cargo and large shipment units (over 10,000 pounds, over 100 cubic feet, or over eight feet in any dimension) must be approved by the IA. Storage or staging of items as a result of instructions in response to an NoA, or for necessary actions when no shipping instructions are received, accrue storage costs under each LOA. The Purchaser will be liable for the costs incurred.

L. Returns

1. Items returned to DoD for servicing are normally moved through the Purchasers' freight forwarder. The freight forwarder will be responsible for clearance through US Customs and for prepaid transshipment to the designated CONUS repair facility. The Purchaser should assure these shipments are accompanied by appropriate shipping documents and a customs declaration, and that the freight forwarder has the capability for receipt and transshipment. After repair, items will normally be shipped in accordance with normal delivery procedures.

2. When a DoD component solicits the return of a defense item from an FMS Purchaser, use of DTS may be authorized if deemed appropriate and funded by the cognizant DoD component. When a DoD component approves an FMS Purchaser request to return previously purchased defense articles for credit, transportation normally should be arranged and funded by the FMS Purchaser. Unsolicited returns of sensitive, hazardous, or classified items will normally be moved within DTS, with reimbursement from the FMS customer, if deemed appropriate by the DoD component. Countries authorized routine use of DTS do not require case-by-case approval.

M. **Discharge of Materiel** LOAs will provide that transportation supervision responsibilities shall pass within CONUS and that transportation support beyond CONUS will be the responsibility of the Purchaser unless materiel is moving within DTS and one of the following conditions exist:

1. A local US military representative supervises discharge at destination. This includes, but is not limited to, making arrangements for reception of the cargo, assuring the establishment by the Purchaser of adequate procedures for checking the equipment and materiel against manifests and shipping documents, obtaining a transfer of custody signature receipt and date from the FMS country representative, providing technical advice regarding proper discharge of cargo, and initiating transportation discrepancy actions and documents prescribed in AR 55-38/NAVSUPINST 4610.33C/AFR 75-18/MCO 4610.19D, DLAR 4500.15, Reporting of Transportation Discrepancies in Shipments.

2. There are US military forces positioned or deployed in the area that is receiving FMS materiel. Where these forces are supported by US Military Terminal Units or Support Activities, arrangements may be initiated by a local US military representative who may designate these units to act as US agent to accomplish the functions incident to the delivery of materiel to the recipient country via the DTS.

N. **Tracers** When the IA has furnished status showing item pickup by a carrier, but materiel has not been received, the Purchaser is responsible for conducting tracer action. In the case of prepaid DTC 5 shipments to a freight forwarder, DoD shipping activities will assist by providing GBL or other data, or by contacting carriers when required.

1. For all shipments processed through a freight forwarder, tracers should first be directed to the freight forwarder and, if the item has been transshipped, it should be traced to the addressee.

2. If it is believed that the item has not been received by the freight forwarder, a request for shipping information should be sent to the activity from which shipment status was received. That activity will provide a copy of the bill signed by the carrier and shipping information such as TCN, bill of lading number, carrier, and date of shipment. Further follow-up should then be made to the freight forwarder to ascertain if the item has, in fact, been received.

3. If the item is still missing, the Purchaser should assure the freight forwarder starts tracer action with the carrier, obtains proof of delivery, or makes a claim against the carrier on behalf of the Purchaser.

O. **Transportation Discrepancies** RoDs reported to the IA on Standard Form 364 must be documented in accordance with IA processing procedures. Purchasers, including their freight forwarders, must be ready to react to the following shipment discrepancies (also see Table 802-2 and Section 1308):

1. Materiel Discrepancies include shortages or overages due to incorrect quantity counts, improper packing or marking, duplicate shipments, incorrect items, and damage prior to release to the carrier by the origin shipper. Non-receipt of shipment units qualify only if no evidence of shipment (constructive delivery) can be produced by the shipper. The IA, in conjunction with the DoD or commercial supply source, retains responsibility for resolving these problems and determining financial responsibility.

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2. Transportation Discrepancies include complete or partial loss or damage caused by the carrier (when properly annotated on the bill of lading) or freight forwarder. If the item is shipped prepaid (e.g., on a GBL) or by CCBL to a freight forwarder, and damage or loss occurs, the freight forwarder must file a claim with the carrier. Damage to an item shipped to the Purchaser by a freight forwarder must be resolved by the Purchaser or the freight forwarder in a claim action with the carrier. Damage or loss of an item while in the custody of the freight forwarder must be resolved between the Purchaser and the freight forwarder. Such discrepancies will not be subject to reporting to the USG. The USG retains responsibility for processing and filing claims with carriers for shipments made on GBLs to DoD activities. Benefits of such claims will be reimbursable to the Purchaser. Damage or loss to items under the control of USG personnel, such as in DoD facilities or aircraft, is not reimbursable by the USG (see section 80206.E).

P. **Documentation** In resolving transportation discrepancies, the USG will provide evidence of shipment. Any movement document or receipt, signed by a carrier representative, which shows that the US has shipped or released materiel to a carrier for shipment to the country's designated representative, constitutes evidence of shipment. Such documents generally show the quantity, NSN, mode of shipment, date, TCN, notice of availability number/bill of lading/parcel post insured or registered number, addressee, vessel/voyage or flight number (to the extent possible), and name of the shipper and carrier. This information is essential for adjudication of RoDs. If the freight forwarder has not received the consignee copy of the bill of lading, and proof of delivery to a carrier is requested, a duplicate of the appropriate documents establishing evidence of shipment will be provided to the customer representative.



DEFENSE SECURITY ASSISTANCE AGENCY

WASHINGTON, DC. 20301-2800

*Change 7
Background
11 MAY 1995*

In reply refer to
I-0753/95ct

MEMORANDUM FOR DIRECTOR, DEFENSE LOGISTICS AGENCY

DIRECTOR FOR SECURITY ASSISTANCE
OFFICE OF THE DEPUTY CHIEF OF STAFF FOR LOGISTICS
DEPARTMENT OF THE ARMY

DIRECTOR, NAVY INTERNATIONAL PROGRAMS OFFICE
DEPARTMENT OF THE NAVY

ASSISTANT DEPUTY UNDER SECRETARY
(INTERNATIONAL AFFAIRS)
DEPARTMENT OF THE AIR FORCE

SUBJECT: SAMP Change, Transportation

The attached guidance supersedes Sections 80206 and 903 of the Security Assistance Management Manual (SAMP). This guidance will be included in the next change to the SAMP, at which time the attached should no longer be used. Any questions or comments may be directed to Mr. Wayne Wells, (703)604-6635 or DSN 664-6635, extension 367; FAX (703) 604-6541.

Thomas G. Rhame

Thomas G. Rhame
Lieutenant General, USA
Director

Attachment
as stated

Prep'd by: Mr. Wells 46635 x367
DSAA/OPS-MGT
Distribution: Orig Addressee & cc
DSAA
CMD (1) CC:
OPS-MGT SUBJ
OPS-MGT CHRON
OPS CHRON

cc: OADUSD(L)TP, COL Bonnell/COL Dikeman
MARAD (Cargo Preference, Mr. Casalengo)
TRANSCOM (508 Scott Dr., Scott AFB, IL 62225-5387)
Commandant, DISAM
Director, DFAS/DE

cmg-----

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B. 517 LOAs. When LOAs are written to provide PC&H, transportation, or other costs for EDA items being transferred under FAA Sec 517, the LOA should contain the following special note:

The excess defense articles to which this Offer and Acceptance relates shall be used by the Purchaser primarily in support of antinarcotics activities as required by Section 517(C) of the Foreign Assistance Act of 1961 as amended.

C. List Items on Support LOAs. FMS LOAs for PC&H and transportation for FAA Sec 516, 517, 518, and 519 transfers should list nomenclatures, NSNs, and quantities of end items being transferred. BO LOAs should identify end item application.

D. Transportation see Sect 802.06.

(112)

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CHAPTER 9

FMS DIRECT CREDIT AND GUARANTEED LOAN FINANCING

SECTION 900 - GENERAL

90001 PURPOSE. This Chapter presents the FMS direct credit and guaranteed loan financing management policies and procedures. It describes the types of loans currently issued to foreign governments to finance such sales, the standards and criteria applicable thereto, and the procedures for implementing the FMS credit program. This chapter does not cover the use of Grant Aid (MAP) funding such as authorized by the FAA, Section 503(a)(3) (use of MAP funds to finance FMS) and the FAA, Section 506(a) (special authority), subjects which are covered in Chapter 11. *Transportation guidance may be found in Section 80206.*

90002 INTRODUCTION. FMS direct credit and guaranteed loan financing has continued to grow in scope and direction. Concurrently, the management of such financing has become correspondingly complex. There are a number of stipulations, limits, actions, and responsibilities involved in various aspects of this management that reflect variations in international relations and U.S. foreign policy. This chapter examines those aspects and their legislated guidelines.

90003 ARMS EXPORT CONTROL ACT AUTHORIZATION. The AECA, as amended, provides authority for FMS direct credit and guaranteed loan financing as follows:

A. **Credit Sales.** Section 23 of the AECA authorizes the President to finance procurements of defense articles, defense services, and design and construction services by friendly foreign countries and international organizations. Loans financed under the authority of Section 23 are commonly called direct loans. Historically, this type of loan financing has been used to assist those FMS countries in the process of economic development. Direct loans require that funds be appropriated by the Congress in an amount equal to the principal loan values. Direct loans are currently used as the vehicle for implementing "repayment waived" loans as authorized by the Congress.

B. **Guaranties.** Section 24 of the AECA authorizes the President to guarantee any individual, corporation, partnership, or other juridical entity doing business in the U.S. [excluding USG agencies other than the Federal Financing Bank) against political and credit risks of nonpayment arising out of their financing of credit sales of defense articles, defense services, and design and construction services to friendly countries and international organizations. Loans financed under authority of Section 24 are commonly called guaranteed loans. Fees are charged for the guaranties and all guaranties are backed by the full faith and credit of the United States. Section 25(a)(7) of the AECA prescribes that the President must advise the Congress of the total amount of funds in the Guaranty Reserve at the end of each fiscal year. Additionally, the President must provide an assessment of the adequacy of guaranty reserve funds to make payment of claims under guaranties issued in view of the current debt servicing capacity of borrowing countries. Guaranteed loan financing constitutes the major portion of the current FMS credit program. Since 1975 all guaranteed loans have been issued to eligible borrowing countries by the Federal Financing Bank, an instrumentality of the Department of the Treasury. Such loans are guaranteed by the DSAA against all political and credit risks of nonpayment.

(f) The Borrower shall make its officials and its employees as well as its nationals who are neither officials nor employees available, to the fullest extent allowed by the laws of the Borrower, for interview by the Department of Defense of the Lender or by the Department of Justice of the Lender in connection with any investigation of crime under the laws of the Lender arising out of the use or other disposition of any of the Loan Proceeds or arising out of any Purchase Agreement approved for financing with such Loan Proceeds; and,

(g) The Borrower shall notify in writing each commercial supplier with which it has a Purchase Agreement approved for financing with the Loan Proceeds promptly upon its receipt of notification by DSAA of such approval that United States Government funds are being and will be used to finance such Purchase Agreement.

SECTION 6. DEFAULTS

6.1 A condition of default shall exist upon the occurrence of any of the following events of default:

(a) If the Borrower fails for a period of ten calendar days to make any payment of principal or interest on the Note when due;

(b) If a default shall have occurred on any other loan to the Borrower by the DSAA, a holder of the Note, or the Government of the United States of America or any agency thereof;

(c) If any representation or warranty made by the Borrower herein or any certification of the Borrower required herein proves to be at any time incorrect in any material respect;

(d) If (i) the Borrower defaults in the performance of any of the provisions in Sections 1, 2 or 7 hereof, and (ii) such default shall continue unremedied for thirty calendar days after written notice thereof shall have been given by the DSAA to the Borrower; or

(e) If the Borrower defaults in the performance of any other provision in this Agreement, and such default shall continue unremedied for thirty calendar days after written notice thereof shall have been given to the Borrower.

6.2 Upon each and any such event, the holder of the Note may declare immediately due and payable the unpaid principal and accrued interest on the Note and any other note or other indebtedness of the Borrower held by the holder of the Note and thereupon such amount shall become immediately due and payable without protest, presentment, notice or other demand of any kind, all of which are hereby expressly waived by the Borrower, and if such event occurs before the full amount of the Loan Proceeds has been disbursed or before any other loan commitment of the holder of the Note to the Borrower has been fulfilled, the holder of the Note may terminate or suspend such disbursements and commitments. The Borrower shall pay all costs and expenses, including attorney fees incurred in the collection of amounts due hereunder after default.

SECTION 7. - TRANSPORTATION

7.1 All Defense Items to be transported from the United States by ocean vessel shall be transported in vessels of United States registry unless a waiver is obtained from the DSAA or the Maritime Administration, U.S. Department of Transportation ("MARAD"). ~~The current DSAA and MARAD procedures for obtaining a waiver are, without being incorporated herein, attached hereto as Exhibit C.~~ In each instance where a supplier will arrange ocean transportation for

TABLE 902-3. (Continued).

EXHIBIT C

MARINE TRANSPORTATION WAIVER PROCEDURES

1. The following procedures and conditions shall be adhered to concerning marine transportation of defense articles, the purchase of which is to be financed under this agreement. All defense articles, which are transported by ocean vessel, shall be transported in privately owned vessels of U.S. registry unless a waiver of this requirement is obtained from the Director, Defense Security Assistance Agency, Department of Defense. Requests for waiver are categorized as general, non-availability, or security as outlined below:

A. General Waivers.

Consideration will be given to a waiver application to authorize vessels flying the flag of the country to whom this agreement applies to participate in the transportation of cargo generated under this agreement provided the recipient country does not discriminate against United States flag vessels in the carriage of the exports or imports of the recipient nation. Approval may be granted for recipient country's vessels to carry up to, but not in excess of 50 percent of the cargo under this agreement. Ocean freight revenue is the main criterion for determining flag participation but cargo valuation shall also be taken into consideration. Accordingly, throughout the life of this agreement, U.S. flag vessels shall not receive less than 50 percent of the cargo valuation and ocean freight revenue insofar as practicable.

Applications for general waiver should be submitted as soon as practicable after determination has been made to use recipient country flag vessels but at least 21 days in advance of intended shipping dates to enable verification of the treatment accorded vessels of U.S. registry and to process the application.

Subsequent to the granting of a general waiver, if it occurs that neither United States flag vessels nor recipient country flag vessels are available, consideration will be given to specific waiver applications to authorize, on a shipment-by-shipment basis, the use of third flag vessels. Applications for the use of a third flag vessel under an approved general waiver should be submitted at least 21 days prior to the intended shipping date to allow time to process the application. If a waiver is granted to allow the use of a third flag vessel for a particular shipment under an existing general waiver, the cargo carried by the third flag vessel shall be recorded against the recipient country flag vessels' portion of the cargo available under the general waiver.

The application for a general waiver and subsequent waivers for the use of third flag vessels should be submitted by the recipient country directing the shipment (or his freight forwarder) to the Director, Defense Security Assistance Agency, The Pentagon, Washington, D.C. 20301-2800, with a copy to the Director, Office of Market Development, Maritime Administration, U.S. Department of Transportation, Washington, D.C. 20590-0001.

B. Non-Availability Waivers.

Consideration will be given to waiver applications to authorize use of foreign flag vessels in those cases of non-availability of United States flag vessels or in instances of non-availability of United States flag vessels at reasonable rates.

TABLE 902-3. (Continued)

Applications for non-availability waivers to permit use of recipient country flag vessels need not be submitted if a general waiver has been approved and the recipient country will use U.S. flag vessels to carry over 50 percent of the cargo under this agreement. Applications are required where a general waiver (1) has not been applied for, (2) has not been approved, or (3) has been approved but, on a shipment-by-shipment basis, U.S. flag vessels are not available or not available at reasonable rates and shipments on non-U.S. flag vessels will exceed 50 percent of the cargo under this agreement. If a general waiver has been approved, every effort should be made to ship defense articles and equipment, where U.S. flag vessels are not available or not available at reasonable rates, under the recipient country's portion of the cargo available under the general waiver. Therefore, applications for non-availability waivers, where a general waiver has been approved, should be submitted only under unusual circumstances.

Applications on the basis of non-availability of vessels of U.S. registry must establish and document that the recipient country has made a reasonable, timely and bona fide effort to arrange shipment on vessels of U.S. registry and that such vessels are not available. Such applications must be submitted at least 21 days in advance of the intended shipping date to enable verification of non-availability of vessels of U.S. registry and to process the application.

Applications on the basis of non-availability of vessels of U.S. registry at reasonable rates must establish and document all applicable comparative rates and should be submitted at least 21 days in advance of the intended shipping date to enable verification of non-availability of vessels of United States registry at reasonable rates and to process the application.

Applications for non-availability waivers must be submitted on a shipment-by-shipment basis. Applications should be submitted to the Director, Defense Security Assistance Agency, The Pentagon, Washington, D.C. 20301-2800, with a copy to the Director, Office of Market Development, Maritime Administration, U.S. Department of Transportation, Washington, D.C. 20590-0001.

Each application for a non-availability waiver should contain the following information.

1. Identification and address of the applicant
2. Recipient country
3. Date of loan
4. Manufacturer and/or exporter
5. List and description of commodities to be shipped
6. FOB value of commodities
7. Shipping date
8. Loading port
9. Discharge port
10. Estimated ocean freight cost
11. Proposed vessel(s) to be used
12. Weight of shipment
13. Cube measurement of shipment
14. Original point of production

TABLE 902-3. (Continued)

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C. Security Waivers.

Consideration will be given to waiver applications to authorize vessels flying the flag of the country to whom the agreement applies on the basis of reasonable security needs in regards to the cargo and the arrival of such cargo at its destination. A security waiver may be requested for a specific shipment or series of shipments under this agreement where sabotage may reasonably be expected or a state of emergency exists.

Application for security waivers need not be submitted if a general waiver has been approved and the recipient country will use U.S. flag vessels to carry over 50 percent of the cargo under this agreement. Applications are required where a general waiver (1) has not been applied for, (2) has not been approved, or (3) has been approved but, on a shipment-by-shipment basis, use of recipient country flag vessels will exceed 50 percent of the cargo under this agreement. If a general waiver has been approved, every effort should be made to ship those defense articles and equipment involving special security or safety requirements under the recipient country's portion of the cargo available under the general waiver. Therefore, waiver applications for security or safety reasons where a general waiver has been approved should be submitted only under unusual circumstances.

Applications on the basis of security must provide the specific security or safety requirements and information involved in the shipment(s) to be made at least 21 days in advance of the intended shipment(s) dates to enable verification of the security or safety requirements and to process the application.

The application should be provided by the recipient country to the Director, Defense Security Assistance Agency, Department of Defense, Washington, D.C. 20301-2800, with a copy to the Director, Office of Market Development, Maritime Administration, U.S. Department of Transportation, Washington, D.C. 20590-0001.

2. In order to monitor the use of marine transportation under this agreement, pertinent information should be forwarded as early as possible but not later than 90 days after shipment to the Director, Office of Market Development, Maritime Administration, U.S. Department of Transportation, Washington, D.C. 20590-0001, for all shipments of goods financed in whole or in part with loan funds. The following information must be reported:

- (A) Date of Loan
- (B) FAS Value of Cargo
- (C) Manufacturer
- (D) Freight Forwarder
- (E) Ocean Freight Cost
- (F) Name of Vessel
- (G) Vessel Flag of Registry
- (H) Date of Loading
- (I) Port of Loading
- (J) Port of Final Discharge
- (K) Cargo Description
- (L) Gross Weight of Cargo
- (M) Cubic Measurement of Cargo

A properly rated and legible copy of the ocean bill of lading in English will suffice so long as all the above information is contained thereon.

TABLE 902-3. (Continued)

*Change 7
Background*

B. **Initiation.** MILSTRIP requisitions may be initiated under implemented LOAs either by the Purchaser or by the IA. IA Requisition Control Offices (RCO) will also verify requisitions prepared by countries and convert requisitions received in other than MILSTRIP format when appropriate. Requisitions for nonstandard items or for services are normally processed in letter format.

C. **Contacts.** Service designated RCOs are:

1. **Army.** US Army Security Assistance Command, New Cumberland, PA 17070.
2. **Navy.** Navy International Logistics Control Office (NAVILCO), Philadelphia, PA 19111-5095.
3. **Air Force.** Air Force Materiel Command, Wright-Patterson AFB, Ohio 45433-5000. *

D. **Priority.** IPDs will be established under UMMIPS (DoDD 4410.6) based on FADs established by JCS for each customer country and international organization and on UNDs, assigned by the country or the RCO. Erroneous IPDs will be corrected by the reviewing activity. Doubtful cases will be referred to the appropriate US, including SAO, or Purchaser representative for clarification or correction.

E. **DCD.** Delivery Commitment Date (DCD).

1. A DCD will be applied to LOAs that include a line for a principal item with no corresponding RAD in the supply system. The DCD will be a three digit numeric code, the first two representing the fiscal year and the third representing the quarter of the fiscal year when shipment is to be made. The DCD, when applicable, should be placed in column (5) of the LOA. *
2. A Modification to LOA for notice of slippages of more than 90 days is required on DCD revisions but not on slippages of items controlled within the MILSTRIP RAD system. In the event it is determined that such a slippage will occur, but a firm alternative delivery date cannot be immediately established, a Modification will be provided to the Purchaser deleting the delivery date, providing an explanation of the circumstances involved, and containing a statement that an additional Modification will be provided as soon as a new delivery date has been established. *

F. **DFD.** The Delivery Forecast Date (DFD), provided by the IA with or within 120 days after acceptance of the LOA, is the estimated date of delivery of the total quantity of the line item. The DFD always occurs earlier than the DCD and is a true estimate of the forecast of deliveries based on projected availability from procurement, rebuild, or other source.

G. **Status.** An IA prepared MILSTRIP requisition status report will be made available to the Purchaser on a quarterly basis. Reports will show requisitions open at the end of the report period and requisitions shipped or cancelled during that period. Multiple line entries for the same requisition will be reflected whenever a partial or split action is taken. The report will be prepared at Country, LOA, and In-Country Service Designator level. Summary lines will be provided to indicate the number of lines and dollar value of open requisitions, cancellations, and shipments.

80206 TRANSPORTATION OF FMS MATERIEL

A. **General.** This section is to provide information which will assist in managing the transportation aspects of FMS purchases. Additional sources of information are the booklet "Foreign Purchaser Guide to Freight Forwarder Selection" which is available for a small charge from DISAM (see 10007), and which discusses management of the freight forwarder function, and

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the MAPAD, DoD 4000. 25.8. It is important that address changes be made immediately to keep the MAPAD current and preclude misdirected shipments. The Purchaser may wish to consider the establishment of a specific MAPAD address for payment of transportation charges.

B. **Purchaser Responsible.** DoD policy is that the Purchaser shall be responsible for transportation and delivery of its materiel. DoD normally arranges delivery to the Purchasers' agent at the designated delivery point. Purchasers utilize their own contract or freight forwarder for delivery to the in-country destination.

C. **DoD Assists.** DoD components concerned will provide technical assistance and guidance to Purchaser representatives, including freight forwarders, in order to improve FMS transportation support. Such assistance will include orientation in FMS transportation policies and procedures, MAPAD information, MILSTRIP/MILSTAMP documentation, ROD processing, and resolution of problems incident to DoD sponsored shipments. DoD components have no intervening authority in prescribing the manner in which freight forwarder activities are managed.

D. **Freight Forwarder.** Purchasing country staffs in the US do not normally have the capability to accomplish actions required for in-country delivery of FMS materiel. The freight forwarder undertakes these responsibilities as an agent for the Purchaser and its function is an essential and integral element of the transportation cycle. It is essential that the Purchaser provide advice of shipping requirements to their freight forwarder, particularly regarding compliance with US provisions for shipment of MAP or FMS credit financed material.

E. **Terminology/Title.** The point of origin, point of delivery, and passage of title to the Purchaser are normally the same. If items are procured for shipment directly from a contractor, this point will be the contractor's loading facility. If items are supplied from DoD stocks, this point will be the DoD depot loading facility or, for Parcel Post, the nearest post office facility. For excess materiel, this normally will be the location at which the materiel is being offered for sale. When circumstances dictate, designation of other points of delivery are specified in the LOA. The provisions of this title transfer policy apply to FMS shipments regardless of the mode of transportation, type of transportation, documents utilized, or delivery code.

F. **Aircraft.** When the LOA specifies that the USG will provide for movement of aircraft to the point of delivery, one of two conditions prevail with regard to title:

1. Where additional ferrying is specified and the aircraft are not Purchaser-owned (title not passed), the USG will accept title to the aircraft from the contractor, and title to the aircraft will remain with the USG until arrival at the point of delivery, at which time title passes to the Purchaser.
2. Where Purchaser-owned aircraft are being ferried under the terms of the LOA, the Purchaser grants the USG possession of the aircraft. Under this condition, the title to the aircraft remains with the Purchaser. The LOA will contain prescribed indemnification clauses.
3. The Purchaser assumes all risk of loss or damage since this is a USG service being provided at no cost to the USG.

G. **Credit Funds.** It is the Purchaser's responsibility to notify its freight forwarder of LOAs utilizing FMF funds, including changes to accepted offers resulting in the use of FMF funds, and to ensure that the shipment of materiel under these LOAs is made on US flag vessels (see Section 903). In accordance with standard FMF terms, FMF proceeds may not be used to pay ocean or air freight costs of carriage of defense items on vessels or aircraft of non-US Registry, nor may such standard FMF terms be waived. For additional information on approved carriers, the Purchaser may contact the Military Traffic Management Command Foreign Military Sales desk,

Directorate of Inland Traffic, telephone (703) 756-1870. Cargo not purchased with US FIMF funds may be moved utilizing Purchaser-owned/operated aircraft or vessels when conditions permit this type of delivery (i.e., pilot pick-up by country-owned military aircraft or by naval vessels).

H. Shipment Through DTS.

1. When required, exceptions to delivery policy will be noted on the LOA on a case-by-case basis and approved by DSAA (Operations Directorate) with concurrence of OUSD(A&T). Procedures for shipment via the DTS are contained in the Military Traffic Management Regulation and MILSTAMP, DoD 4500.32R. DBOF articles will normally be shipped to the POE as part of the article unit cost. Shipment through DTS to the point indicated for shipment of the following types of articles is authorized on a reimbursable basis with pricing based on the FMR:

a. Hazardous Sensitive Materiel. Firearms, explosives, lethal chemicals and, when required, certain other hazardous materiel will be moved within the DTS or other US/DoD-arranged transportation under US/DoD control on a GBL. To meet these requirements, the LOA will require delivery FOB Vessel/Aircraft, CONUS POE, DTC 8. The onward movement of these items may be effected by Purchaser-owned or controlled aircraft or Purchaser-owned, operated or controlled surface vessels. For FMS shipments of hazardous and sensitive materiel which normally must be shipped through the DTS, the Government of Canada (GOC), or the freight forwarder as its representative, may ship these materiels inland to Canada by DTC 4 and CCBL, but the GOC must arrange for transportation on approved DoD carriers through the DTS.

b. Oversize Air Cargo. Air cargo of such size that the item exceeds commercial capability may be delivered to the overseas port of discharge through DTS using military aircraft.

c. Use of DoD Controlled Ports. FMS materiel which requires exceptional movement procedures, such as sensitive and certain hazardous material (as defined in DoD 4500.32-R, Vol. 1, Chapter 2, paragraph 12-15 Military Traffic Management Regulation Chapter 226 and Title 49 CFR Part 170-179 and 397, and DoD 5100.76M), will be shipped through CONUS water or aerial port facilities controlled by DoD. Materiel entering DTS must be documented under DoD 4500.32-R, Vol. I and II. This will require that the terms of delivery of the LOA cite as a minimum, delivery FOB Vessel/Aircraft, CONUS POE, DTC 8.

d. IAs are authorized to include use of DTS, on a reimbursable basis, in LOAs prepared for the countries showing "T" in the Table 600-1 DTS column. It should be noted that transportation to the CONUS POE is included in the unit price for DBOF items. LOAs will show delivery to the country by the most economical means (normally FOB overseas POD, DTC 6). Use of estimated transportation costs in lieu of standard percentage is authorized for items listed in Appendix F with an LOA line value of \$10,000 or more. When estimated costs are used, a note will be included in the LOA which identifies the amount of transportation costs by line item for each transportation element (e.g., CONUS inland, port loading, ocean transportation).

2. Redelivery Policy and Use of DTS.

a. When a DoD component solicits the return of a defense item from an FMS Purchaser, use of DTS may be authorized if deemed appropriate and funded by the cognizant DoD component.

b. When a DoD component is requested by an FMS Purchaser to approve return of previously purchased defense articles, transportation normally should be arranged and funded by the FMS Purchaser. Unsolicited buybacks of sensitive, hazardous, and classified cargoes may be

moved within DTS, with reimbursement from the FMS customer, if deemed appropriate by the DoD component.

3. For certain items shipped within DTS, IAs must use transportation costs from the Transportation Cost Look Up Table in Appendix F.

I. **Controlled Substances.** The export of a controlled substance or narcotic drug shall be in accordance with the Controlled Substances Import and Export Act, 21 USC. 951 *et seq.*, and the procedures governing the exportation of controlled substances in 21.C.F.R. Part 1312. Prior to each export, the US IA shall obtain the necessary import documents from the Purchaser as provided by 21 USC. 953(a)(3) and (e)(1). The IA shall submit the import documents to the Administrator of the Drug Enforcement Administration (DEA), Department of Justice, requesting the export permits be issued for the particular controlled substance or narcotic drug. Upon obtaining the export permit from the DEA, the IA is responsible for furnishing the Defense Personnel Support Center the export permit number, the expiration date of the export permit, and the port of exportation. This information will accompany the requisition. The IA must also ensure the Purchaser is aware they must submit import documentation for controlled substance(s) or narcotic drug requisitions.

J. **Reparable Materiel.** Items returned to DoD for servicing should normally be shipped at Purchaser expense and handled outside DTS. Shipments are normally moved through the freight forwarder, who is responsible for clearance through US Customs and for prepaid transshipment to the designated CONUS repair facility. The Purchaser should assure these shipments are accompanied by appropriate shipping documents and a customs declaration, and that the freight forwarder has the capability to receive and transship the materiel. After repair, materiel will be shipped in accordance with normal delivery procedures.

K. **Classified Items.** Classified shipments of FMS materiel usually will be made within the DTS or by other US/DoD-arranged transportation modes which will provide the required security and enable the US/DoD to maintain control and custody of the materiel until physical turnover is made.

1. Purchaser transportation of classified materiel under FMS or direct commercial contract processing requires the Purchaser to submit a Transportation Plan for review and approval by the IA. Guidance for transporting classified materiel, including development of the Transportation Plan, is found in Chapter 5. Unless the IA approves the Transportation Plan, shipment by other than DTS shall not be permitted.

2. Transmission instructions (an alternative for shipment of classified materiel) or the requirement for an approved Transportation Plan shall be incorporated into the security requirements of the LOA for FMS or in any contract, agreement, or other arrangement for commercial sales involving the release of classified materiel to non-US entities.

3. The Government of Canada (GOC) (or the freight forwarder as their representative) may ship classified materiel inland to Canada by DTC 4 and CCBL, but the GOC must arrange for transportation of this materiel on approved DoD carriers through the DTS. DoDD 5105.38-D (MAPAD) lists certain freight forwarders who have been cleared to receive classified materiel which could be shipped FOB origin on a CCBL if classified materiel is accompanied by an approved Transportation Plan.

L. **Cost of Transportation to the Freight Forwarder.**

1. Where delivery terms FOB origin apply, items will be transported under CCBL. Purchasers will be informed by the IA that they are responsible for (1) acceptance and payment of

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CCBL shipments made in accordance with LOA terms, (2) providing appropriate insurance coverage from the point of delivery to the carrier, and (3) in-transit accounting and settlement of claims against carriers. When shipment cannot be effected by CCBL due to tariff restrictions, refusal of carriers to accept collect freight shipments, or other reasons, the following apply:

a. Only when the LOA so authorizes may the shipping transportation office guarantee payment of charges on CCBLs, or;

b. The Purchaser freight forwarder may be requested to make "prepaid" arrangements with the carrier vice "collect."

2 When dedicated transportation is required; e.g., a Special Assignment Airlift Mission, LOA costs will be the actual costs to the USG and included as a separate line on the LOA.

M. **Packing and Marking.** FMS materiel will be packaged as prescribed by Mil Standard 2073 (preservation Level "A"/packed to not less than Level "B") and will be marked as prescribed by Mil Standard 129 with the following minimum information:

- FMS Case Identifier (e.g., XX-B-ABC)
- TCN
- Transportation Priority
- Project Number (if applicable)
- Shipped From Address
- Shipped to Address
- Ultimate Consignee/Mark For (coded and clear text, if applicable)

N. **Discharge of Materiel.**

1. The local US military representative supervises discharge at destination of FMS moving through the DTS. This responsibility includes, but is not limited to:

- a. Making arrangements for reception of the cargo,
- b. Assuring the establishment by the Purchaser of adequate procedures for checking the equipment and materiel against manifests and shipping documents,
- c. Providing technical advice regarding proper discharge of cargo, and

d. Initiating transportation discrepancy actions and documents prescribed in AR 55-28/NAVSUPINST 4610.33C/AFR 75-18/MCO 4610.19D, DLAR 4500.15, *Reporting of Transportation Discrepancies in Shipments.*

2. Where there are US military forces positioned or deployed in areas that are receiving FMS materiel, and where these forces are supported by US Military Terminal Units or Support Activities, arrangements may be initiated by the local US military representative who may designate these units to act as the agent or representative of the local US representative to accomplish the functions incident to the delivery of FMS materiel to the recipient country via the DTS.

3. If compliance with Paragraph 1 or 2 above is not feasible, the IA will amend agreements for FMS materiel to provide that custody shall pass within CONUS and that transportation support beyond CONUS will be the responsibility of the Purchaser.

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O. Government Bill of Lading.

1. Shipment via GBL is not authorized except when specified by the IA as an exception in the LOA.
2. When the GBL is used, DOD retains responsibility for the associated administration of processing claims against carriers or for obtaining proof of delivery at destination on movements to freight forwarders or country representatives, military controlled terminals, and commercial ports.
3. When a GBL is used, DOD is performing a reimbursable service for the Purchaser and custody must not be construed to mean retention of title or acceptance by DOD of the risk of loss or damage.

P. Consolidation/Small Parcels. The criteria for consolidation of shipments are contained in Chapter 6, DOD 4140.17M (MILSTRIP). Even though consolidation is a transportation objective, small parcel shipments are often necessary.

1. Transportation officers utilize either US Postal Service parcel post or commercial small parcel carriers for this purpose. The transportation officer consults the various tariffs or package carriers to obtain service at least cost for the service required, including an audit trail to show proof of entry into the transportation network and responsiveness to the IPD and RDD.
2. As a rule, Military Postal Service (MPS) through APO or FPO will not be used for FMS shipments; however, exceptions to policy are authorized for classified shipments when the purchaser does not have approved facilities to receive classified items in the US, or where accomplishment of the program requires delivery in country through the resident US SAO. Such exceptions will be kept to the minimum and the cost of such shipments will be assessed to the Purchaser.

Q. Offshore Sources. The IA will endeavor to notify the Purchaser of articles to be supplied from offshore sources as soon as possible after identification of source and state that the article will be moved to the CONUS freight forwarder unless a request is received to accept delivery of the articles at the offshore facility. The Purchaser request must be made within 20 days of the IA's notice of the offshore source.

R. Export Actions. The Purchaser must obtain an Export License from the DOS to authorize export of purchased FMS materiel from the US whenever the items sold are to be in the custody of a freight forwarder or other non-governmental party. This must be among the first management actions accomplished in order to assure that materiel is not delayed when ready for shipment. When shipments originate from a third country the Purchaser will normally be required to obtain the necessary licenses and export documents.

1. The purchaser must assure that export declaration (US Department of Commerce Form 7525-V, Shipper's Export Declaration) are prepared for FMS shipments and that such declarations are validated and filed by a Collector of Customs. After the declaration has been prepared, the shipment must be cleared through US Exit Customs by submission of documents to the Collector of Customs or Export Control Officers. These actions are normally accomplished by the freight forwarder.

2. Upon receipt of formal documentation, the Purchaser is responsible for effecting overseas customs clearance of all FMS materiel through its customs agencies upon receipt at the aerial or water port of discharge, and for arranging delivery to the appropriate destination.

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S. **Insurance.** Unless a purchaser is self-insured, commercial insurance should be obtained to provide coverage against damage or loss of property, injury to or death of persons, or other transportation risks incurred while the Purchaser's property is in custody of the freight forwarder, aboard any carrier, or transiting any port facility. This includes return shipment of reparable materiel. It is recommended that any commercial insurance be placed with US private firms to the extent possible. Care should be taken to avoid gaps in, or duplication of, insurance carried by the freight forwarder.

T. **Offer Release Code A, Y, and Z Shipments.**

1. The Purchaser determines whether materiel will be automatically released to the freight forwarder or if Notices of Availability (NOA) are required prior to release. Assignment of Offer/Release Code A in the LOA authorizes automatic shipment, while assignment of codes Y or Z indicates that NOAs will be sent before the materiel is shipped.

2. The normal Offer/Release Code for all FMS transactions is A. Codes Y and Z should be used only under special circumstances, such as for the delivery of sensitive, hazardous, or classified cargo and large end items. Use of Codes Y and Z for other than hazardous or classified cargo and large end items must be approved by the IA.

3. NOAs are also not normally used for direct delivery from contractors' facilities. If contract production schedules do not provide sufficient information and the customer requires NOAs, special arrangements must be made and placed in the LOA or in the contract. The Purchaser will be liable for the costs incurred.

4. Storage or staging of items as a result of instructions in response to an NOA, or for which no shipping instructions are received, accrue storage costs under each LOA.

U. **Discrepancies.** Purchasers, including their freight forwarders, must be ready to react to the following shipment discrepancies (also see Table 802-~~1~~₂):

*Do not
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1. **Materiel Discrepancy.** Shortages (including non-receipt) or overages due to incorrect quantity counts, improper packing or marking, duplicate shipments, incorrect items and damage sustained prior to release to the carrier by the origin shipper. The IA, in conjunction with the US supply source, including private contractor, retains responsibility for resolving these problems and determining financial responsibility.

2. **Transportation Discrepancy.** Complete or partial loss or damage caused by the carrier (when properly annotated on the bill of lading) or freight forwarder. Resolution of transportation discrepancies depends upon a variety of factors. If the materiel is shipped on a GBL or CCBL, (prepaid or collect) to a freight forwarder and damage or loss occurs, the freight forwarder must file a claim with the carrier. Damage to materiel shipped to the Purchaser by a freight forwarder must be resolved by the Purchaser or the freight forwarder in a claim action with the carrier. Damage or loss of materiel while in the custody of the freight forwarder must be resolved between the Purchaser and the freight forwarder. Such discrepancies will not be subject to reporting to the USG. The USG retains responsibility for processing and filing claims with carriers for shipments made on GBLs to DOD activities. Benefits of such claims will be reimbursable to the Purchaser.

RODs reported to the IA on Standard Form 364 must be documented in accordance with IA processing procedures.

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V. Documentation.

1. Proof of delivery means "constructive delivery" (tender of the materiel to a designated carrier at point of origin). Establishment of proof of delivery to a country destination is not the responsibility of the USG under a CCBL. The USG can only provide proof of delivery when movement was effected within the DTS or other transportation provided under USG auspices.

2. In resolving transportation discrepancies, the USG is required only to provide evidence of shipment. Any movement document or receipt, signed by a carrier representative, which shows that the US has shipped or released materiel to a carrier for shipment to the country's designated representative, constitutes evidence of shipment. Such documents generally show the quantity, NSN, mode, date, transportation control number, notice of availability number/bill of lading/parcel post insured or registered number, addressee, vessel, or flight number (to the extent possible), name of shipper and carrier, etc. This information is essential for adjudication of RODs. If the freight forwarder has not received the advance copy of the bill of lading, and proof of delivery to a carrier is requested, a duplicate of the appropriate documents establishing evidence of shipment will be provided to the customer representative.

W. Tracers. When the materiel manager furnished shipping status, and materiel has not been received, the Purchaser is responsible for conducting tracer action.

1. Such action should first be directed to the Purchaser's freight forwarder. If the item has been transshipped by the freight forwarder, it should be traced to the addressee.

2. If the item has not been received by the freight forwarder, a request for shipping information should be sent to the activity from which shipment status was received. That activity will provide a copy of the bill signed by the carrier and shipping information such as Transportation Control Number (TCN), bill of lading number, carrier, date of shipment, etc. Further follow-up should then be made to the freight forwarder to ascertain if the item has, in fact, been received.

3. If the item is still missing, the Purchaser should assure that the freight forwarder either starts tracer action with the carrier to locate the materiel, obtains proof of delivery, or makes a claim against the carrier on behalf of the Purchaser.

4. If the problem cannot be resolved through the freight forwarder and shipping activity, the Purchaser may contact the following for assistance:

U. S. Army Security Assistance Command
New Cumberland Army Depot
ATTN: AMSAC-OL/T
New Cumberland, PA 17070-5096
Commercial Telephone Number (717) 770-6843

Navy International Logistics Control Office
Freight Forwarder Assistance Office
ATTN: Code 252
Philadelphia, PA 19111-5095
Commercial Telephone Number (215) 697-4142

~~Air Force Security Assistance Center
ATTN: Code XMXA
Wright-Patterson AFB, OH 45433-5337
Commercial Telephone Number (513) 257-2261~~

~~Headquarters, Defense Logistics Agency
ATTN: Code DLA-OT
Cameron Station
Alexandria, VA 22304-6100
Commercial Telephone Number (202) 274-6754~~

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SECTION 903 - TRANSPORTATION

90301 GENERAL. Public Resolution 17 (48 Stat. 500), 46 USC. 1241-1, expresses the sense of Congress that export cargo generated as a result of loans made by federal instrumentalities should be carried exclusively in US flag vessels. FMS loan agreements, both DoD direct and FFB guaranteed, require that all items financed with these funds, which are transported by ocean vessel, shall be transported in privately owned vessels of US registry unless a waiver of this requirement is granted by the DSAA or the Maritime Administration (MARAD). Section 901(b) of the Merchant Marine Act of 1936, as amended, 46 USC. 1241, requires "at least 50 per centum" of such cargo be transported on US flag privately-owned vessels. When FMS LOAs are changed from cash financing to FMS credit financing it is the recipient's responsibility to assure that the US flag shipping requirements are followed.

90302 MARINE TRANSPORTATION WAIVER PROCEDURES. The following procedures and conditions shall be adhered to concerning marine transportation of defense articles, the purchase of which is to be financed under a loan agreement. All defense articles, which are transported by ocean vessel, shall be transported in privately owned vessels of US registry unless a waiver of this requirement is obtained. Requests for waiver are categorized as general, non-availability, or security as outlined below:

A. General Waivers.

moved to 80206

1. Consideration will be given to a waiver application to authorize vessels flying flags of the country to whom the loan agreement applies to participate in the transportation of cargo generated under the loan agreement provided the recipient country does not discriminate against US flag vessels in the carriage of the exports or imports of the recipient nation. Approval may be granted for the recipient nation's vessels to carry up to, but not in excess of 50 percent of the cargo under this agreement. Ocean freight revenue is the main criterion for determining flag participation but cargo valuation shall also be taken into consideration. Accordingly, throughout the life of this agreement, US flag vessels shall not receive less than 50 percent of the cargo valuation and ocean freight revenue insofar as practicable.

2. Applications for general waiver should be submitted as soon as practicable after determination has been made to use the recipient country flag vessels but at least 21 days in advance of intended shipping dates to enable verification of the treatment accorded vessels of US registry and to process the application.

3. Subsequent to the granting of a general waiver, if it occurs that neither the US flag vessels nor recipient country flag vessels are available, consideration will be given to specific waiver applications to authorize, on a shipment-by-shipment basis, the use of third country flag vessels. Applications for the use of a third country flag vessel under an approved general waiver should be submitted at least 21 days prior to the intended shipping date to allow time to process the application. If a waiver is granted to allow the use of a third country flag vessel for a particular shipment under an existing general waiver, the cargo carried by the third country flag vessel shall be recorded against the recipient country flag vessels' portion of the cargo available under the general waiver.

4. The application for a general waiver and subsequent waivers for the use of third country flag vessels should be submitted to the Director, Defense Security Assistance Agency, Department of Defense, Washington, D.C. 20301-2800, with a copy to the Director, Office of Market Development, Maritime Administration, US Department of Transportation, Washington, D.C. 20590-0001.

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B. Non-Availability Waivers.

1. Consideration will be given to waiver applications to authorize use of foreign flag vessels in those cases of non-availability of US flag vessels or in instances of non-availability of US flag vessels at reasonable rates.

2. Applications for non-availability waivers to permit use of recipient country flag vessels need not be submitted if a general waiver has been approved and the recipient nation will use US flag vessels to carry over 50 percent of the cargo under this agreement. Applications are required where a general waiver (1) has not been applied for, (2) has not been approved, or (3) has been approved but, on a shipment-by-shipment basis, US flag vessels are not available or not available at reasonable rates and shipments on non-US flag vessels will exceed 50 percent of the cargo under this agreement. If a general waiver has been approved, every effort should be made to ship defense articles and equipment, where US flag vessels are not available or not available at reasonable rates, under the recipient country's portion of the cargo available under the general waiver. Therefore, applications for non-availability waivers, where a general waiver has been approved, should be submitted only under unusual circumstances.

3. Applications on the basis on non-availability of vessels of US registry must establish and document that the recipient nation has made a reasonable, timely and bona fide effort to arrange shipment on vessels of United States registry and that such vessels are not available. Such applications must be submitted at least 21 days in advance of the intended shipping date to enable verification of non-availability of vessels of US registry and to process the application.

4. Applications on the basis on non-availability of vessels of United States registry at reasonable rates must establish and document all applicable comparative rates and should be submitted at least 21 days in advance of the intended shipping date to enable verification on non-availability of vessels of United States registry at reasonable rates and to process the application.

5. Applications for non-availability waivers must be submitted on a shipment-by-shipment basis. Applications should be submitted to the Director, Office of Market Development, Maritime Administration, US Department of Transportation, Washington, D.C. 20590-0001, with a copy to the Director, Defense Security Assistance Agency, Department of Defense, Washington, D.C. 20301-2800.

6. Each application for a non-availability waiver should contain the following information:

- a. Identification and address of the applicant
- b. Recipient country
- c. Date and source of loan (FFB, etc.)
- d. Manufacturer and/or exporter
- e. List and description of commodities to be shipped
- f. FAS value of commodities
- g. Shipping date
- h. Loading port
- i. Discharge port
- j. Estimated ocean freight cost
- k. Proposed vessel(s) to be used
- l. Weight of shipment
- m. Cube measurement of shipment
- n. Original point of production

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Background**C. Security Waivers.**

1. Consideration will be given to waiver applications to authorize vessels flying the flag of the country to whom the agreement applies on the basis of reasonable security needs in regards to the cargo and the arrival of such cargo at its destination. A security waiver may be requested for a specific shipment or series of shipments under this agreement where sabotage may reasonably be expected or a state of emergency exists.

2. Application for security waivers need not be submitted if a general waiver has been approved and the recipient nation will use U.S. Flag Vessels to carry over 50 percent of the cargo under this agreement. Applications are required where a general waiver (1) has not been applied for, (2) has not been approved, or (3) has been approved but, on a shipment-by-shipment basis, use of recipient country flag vessels will exceed 50 percent of the cargo under this agreement. If a general waiver has been approved, every effort should be made to ship those defense articles and equipment involving special security or safety requirements under the recipient country's portion of the cargo available under the general waiver. Therefore, waiver applications for security or safety reasons where a general waiver has been approved should be submitted only under unusual circumstances.

3. Applications on the basis of security must provide the specific security or safety requirements and information involved in the shipment(s) to be made at least 21 days in advance of the intended shipment(s) dates to enable verification of the security or safety requirements and to process the application.

4. The application should be provided to the Director, Defense Security Assistance Agency, Room 4E841, Department of Defense, Washington, D.C. 20301-2800, with copy to the Director, Office of Market Development, Maritime Administration, U.S. Department of Transportation, Washington, D.C. 20590-0001.

90303 REPORTS TO U.S. DEPARTMENT OF TRANSPORTATION. In order to monitor the use of marine transportation under this agreement, pertinent information should be forwarded as early as possible but not later than 90 days after shipment to the Director, Office of Market Development, Maritime Administration, U.S. Department of Transportation, Washington, D.C. 20590-0001, for all shipments of goods financed in whole or in part with credit and/or Guaranteed Loan funds. The following information must be reported:

- A. Date and source of loan (FFB, etc.)
- B. FAS value of Cargo
- C. Manufacturer
- D. Freight forwarder
- E. Ocean freight cost
- F. Name of vessel
- G. Vessel flag of registry
- H. Date of loading
- I. Port of loading

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~~EXHIBIT C~~

~~MARINE TRANSPORTATION WAIVER PROCEDURES~~

~~(See Exhibit C, Table 902-3)~~

*Deleted (no longer a Table 902-3,
waivers discussed in changed 80206-)*

TABLE 902-3A. (Continued)

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GUIDELINES FOR FOREIGN MILITARY FINANCING OF DIRECT COMMERCIAL CONTRACTS January 1995

In 1984 the U.S. Department of Defense (DoD) established guidelines for the processing and review of commercial contracts for direct purchase from U.S. firms of U.S. defense articles and services to be financed with funds appropriated by the Congress. These guidelines have been revised as necessary and this guideline revision supersedes the guidelines dated 22 July 1991.

The financing of direct commercial contracts is under continual review including scrutiny by the General Accounting Office, the DoD Inspector General, the Department of Justice, and the Congress. Accordingly, this revision of the guidelines reflects DoD's effort to minimize vulnerability to waste, fraud, and abuse.

Currently, there are specific policies and procedures in the Federal Acquisition Regulation (FAR) and the Security Assistance Management Manual (SAMM), DoD 5105.38-M, which apply to government-to-government Foreign Military Sales (FMS) cases. The following guidelines establish similar policies and procedures for the use of foreign military financing of direct commercial contracts between U.S. industry and foreign countries.

Foreign military financing (FMF) may be used, when approved on a case-by-case basis by the Defense Security Assistance Agency (DSAA), for the purchase of defense articles, defense services, and design and construction services from U.S. defense contractors on a direct commercial basis. However, as indicated in the financing agreement to which the U.S. Government and the foreign governments are parties, the U.S. Government is under no obligation to approve any specific commercial contract for FMF.

TABLE 902-6 Guidelines for FMF of Direct Commercial Contracts

The following guidelines serve as the basis for DSAA review of the purchasers request for approval to use FMF to fund direct commercial contracts (NOTE: Guideline changes are indicated by bold face type):

1. Direct commercial contracts (DCCs) normally will not be permitted for items that are standard to DoD, e.g., items that have national stock numbers. However, the purchasing country may request exceptions from DSAA for the commercial procurement of standard DoD items. When doing so, the purchasing country must provide written justification to DSAA supporting its request. The justification should include the item description, required delivery date, and any other information which may be pertinent to the exception decision. In those instances where additional information regarding availability, performance, characteristics, releasability, etc. are required, DSAA will consult with the appropriate U.S. military department (MilDep).

A. Purchaser representatives should allow approximately 60 days for DSAA to process an exception request and provide a decision in writing on the exception.

B. If DSAA has approved use of the direct commercial contracting channel to meet the requirement, the purchaser may then submit a contract to DSAA for consideration of FMF. When the contract is submitted for review, the purchaser must attach the exception letter issued by DSAA.

2. Direct commercial contracts will be permitted for procurement of non-standard items, e.g., items that do not have a national stock number. The purchasing country must demonstrate that the items are non-standard by providing cataloging data or information received from the MilDeps.

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TABLE 6 (continued)

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3. The use of FMF for DCCs will be permitted for the development and procurement of major country-unique systems. The purchaser should consult with DSAA and receive approval prior to proceeding with contract negotiations on major unique systems. Written justification supporting the purchaser's request to use the DCC channel should be provided to DSAA as far in advance as possible, but not less than 60 days before solicitation of offers or initiation of contract negotiations. This will allow sufficient time to evaluate the proposed acquisition and, if necessary, consult with the appropriate U.S. MilDep. If justification is not provided to the DSAA prior to submission of a contract, it may result in a delay in the processing of the request for funding approval or in the return of the contract without review.

4. Purchases must be from U.S. incorporated firms licensed to do business in the United States.

5. The goods and services purchased must be manufactured and assembled in the United States, purchased from U. S. firms, and composed of U.S.-origin components and services. An exception for FMF may be considered for those items originally manufactured in the U.S. and purchased by a U.S. contractor from foreign sources. In the event that the purchase of a U.S. end item consists of both U.S. and non-U.S. components and services, only the value of the U.S. components and services will normally be financed.

A. Non-U.S. content which is an integral part of end items manufactured in the United States may be eligible for FMF under certain limited circumstances. Such financing will be considered when the DoD has procured or is procuring the item from the same source.

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TABLE 6 (continued)

B. Contracts should specify any non-U.S.-origin content, e.g., items, components or services. If not identified in the contract, non-U.S. content must be identified to DSAA by the purchaser in supporting documents. To facilitate this, the contractor is required to identify to the purchaser any non-U.S. content, the corresponding value contained in the contract, and where applicable, supporting documentation to demonstrate that DoD has procured or is procuring the non-U.S. origin items, components, or services from the same non-U.S. source. Supporting documentation should include the DoD contract number(s) under which the non-U.S. content was purchased, if appropriate, and any other pertinent information. Assembly is required to be performed in the United States.

C. Any license fee to be paid by the contractor to a non-U.S. entity should be identified as non-U.S. content.

D. Expenses incurred by foreign subsidiaries of U.S. companies are not considered to be U.S.-content. Reasonable expenses for support of U.S. contractor personnel in-country are considered U.S. content and may be FMF-funded.

6. Contracts for less than \$100,000 will not normally be approved for FMF. All amendments to commercial contracts funded with FMF must be submitted to DSAA for review and approval. The amendments should be submitted in chronological order and numbered accordingly. The total value of each contract, purchase order, or amendment must be for \$100,000 or more. Contracts, purchase orders, or amendments for less than \$100,000 will not be approved for FMF. (Note: No-cost amendments which do not change contract scope must be reviewed and approved in the same manner).

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TABLE 6 (continued)

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A. Any contract change which adds or deletes previously contracted items must be accomplished through contract amendment, e.g., substituting items for items being deleted, adding new items to the contract or deleting items from the contract. If the contractor has previously received payment for the items deleted and not replaced, the contractor will be required to refund the amount of these payments and reduce the contract price accordingly.

B. Amendments requiring additional FMF will not normally be approved later than five years from the date DSAA approved financing of the basic contract. A request for exception may be considered if sufficient justification is provided to DSAA by the purchaser.

7. Requesting FMF funding for purchases containing offset provisions as a condition for securing the purchase is not encouraged. Offset provisions are agreements by the seller to make investments or procurements in a country other than the United States, either concurrent with or subsequent to the purchase for which financing is being requested.

A. FMF grants may not be used to pay for offsets, to include direct offsets or the related costs of offset administration. A direct offset is the procurement of a non-U.S. made component required by the purchasing country, for incorporation or installation in a U.S.-produced end item being sold.

B. FMF credits may not be used to pay for offsets, to include direct offsets. If the contract is wholly financed with repayable FMF credit or with repayable FMF credit and foreign purchaser funds, the offset administration costs may be included in

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TABLE 6 (continued)

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a direct commercial contract. The purchasing country must be informed of the inclusion of the offset administration costs during contract negotiations.

8. Commissions or contingent fees will not be FMF funded. Additionally, such commissions or fees will be treated as an unallowable cost under the contract. Therefore, no element of commissions or contingent fees may be included in the contract funded by the United States Government. When commissions or contingent fees related to the sale will be paid with other than FMF funding, the contractor will so advise DSAA at the time the contract is presented for funding approval. The contractor shall maintain an available system of accounts sufficient to demonstrate that no element of commission or contingent fee is contained in the contract funded by the United States Government.

9. Purchase agreements should be made directly with the prime manufacturer of the defense article or service if possible, and the contractor is expected to add value to the product being sold.

A. If the items or services are available from production in the United States, purchases of materiel should be made to the maximum extent feasible from the prime manufacturer of assemblies or items, the assembler or a U.S.-based distributor licensed by the manufacturer who has had a long standing relationship with the manufacturer and who has been provided with general domestic and/or international sales regions.

B. A prime contractor must demonstrate to the DSAA (by means of a DoD preaward survey or other means) its capability--including, e.g., expertise, experience, plant, and financial soundness--to perform by itself a substantial portion of the work. Prior successful completion of

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TABLE 6 (continued)

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recent direct commercial contracts financed with FMF funds or DoD contracts for the same or essentially similar items shall normally satisfy this requirement.

C. Funding with FMF will not be considered for a procurement agent, broker, import-export firm or other intermediary unless justified by factors relating to specific country needs and the country's abilities to conduct commercial contracting. A request for exception will be considered if sufficient justification is provided by the purchasing government as to why the purchase is sought from a firm other than the manufacturer.

D. A list of suppliers and subcontractors for the proposed contract, showing names, addresses, and the materiel and services to be procured by the intermediary (i.e. prime contractor) must be provided as part of the purchasing government's justification. Such intermediaries are required to identify names and addresses of all projected suppliers and subcontractors applicable to this contract. In such a case it is assumed that the purchasing government will be aware of the extent of additional cost or markup by the intermediary and that such data can be provided upon request.

10. U.S. firms which are selling or have sold the same items to DoD are generally recognized as having adequate production capabilities and having previously performed on their contracts in a satisfactory manner. It is recognized that many small businesses or firms that have not previously sold to the DoD may be the best qualified to provide articles or services unique to country needs. To verify the contractors' statements and determine their capability to perform under the contract terms, a DoD preaward survey may be required as a condition of FMF approval. Such preaward surveys normally are not required for firms with previous DoD contracting experience.

TABLE 202-₂₆ (continued)

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11. Contractors and country representatives should plan for the time required by DoD to perform the processing necessary to determine the extent of FMF authorization. The processing time for contracts that are fully in compliance with these guidelines is approximately 60 days. **The purchasing country is responsible for providing the contractor with a copy of DSAA Guidelines together with the Contractor's Certification. If the contract is submitted without the required certification, the contract will be returned to the purchaser for inclusion of such data.** When the prospective purchase is from a contractor that does not regularly sell to the U.S. Government, the purchaser should set a commencement date for the contract that allows at least an additional 30 days for U.S. Government representatives to conduct a survey of the contractor. Such a review and preaward survey may be required in certain circumstances by DSAA as a condition for FMF of the contract.

12. FMF will not be approved for financing of direct commercial letters of credit which assure payment to the supplier upon presentation by the supplier of invoices and/or delivery documents. If the contract requires performance bonds or other forms of letters of guarantee from the supplier, the use of a bank or financial institution chartered or incorporated in and doing business in the United States is required for this purpose.

13. **The use of FMF will be approved for the financing of transportation performed by U.S. carriers only.**

A. For ocean transportation of FMF shipments, the contractor and the purchaser will use, or cause to be used, privately owned U.S. flag commercial vessels. For contractor-originated ocean shipments, the contractor will, within 20 days of loading, submit one legible copy of the rated on-board ocean bill of lading for each shipment to: Chief, Division of National Cargo,

TABLE 902-6 (continued)

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Office of Market Development, Maritime Administration, U.S. Department of Transportation, 400-7th Street, S.W., Washington, DC 20590. The bill of lading will identify: contract number; name of vessel; flag of registry; date and port of loading; port of final discharge; description, weight, and value of cargo; and total ocean freight revenue. Any waivers (general, security, or non-availability) will be in accordance with the country's agreement with DSAA. The waivers are described in the agreements and may apply to either specific shipments or for a specific period of financing. Contractors will include these requirements in subcontracts or purchase orders applicable to this contract.

B. No payments will be made to freight forwarders with FMF unless, prior to July 1, 1994, DSAA had authorized the purchasing country to use FMF-funded DCCs to procure freight forwarding services. Rated, on-board bills of lading or rated airway bills may be approved for direct payments to U.S. ocean or air carriers upon request.

14. FMF will not be approved for payments for travel, per diem, accommodations, lodging, car rental, personal expenses, **entertainment** or other similar expenses of purchasing country personnel in connection with a direct commercial purchase. Therefore, while these types of costs may be cited in contracts submitted, they must be paid by the purchaser with national funds. If such costs are included, either directly or indirectly, they must be expressly identified.

15. Any purchase agreement that provides for a refund, penalty, liquidated damages, bonding provisions, or any other form of financial reimbursement to the purchasing country must be structured to ensure that such payment is made by the contractor or designated agent (including the contractor's commercial bank) directly and without undue delay, from the payor to the U.S. Government. **Should the purchaser exercise a drawdown on a U.S. private letter of**

TABLE 502-6 (continued)

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credit, it must ensure that the funds are transferred directly from the payor to the U.S. Treasury.

A. Bonding and guarantee documents, such as Performance Bonds, Letters of Guarantee, Letters of Credit, and any other such instrument that is established by the contractor or his agent pursuant to the Purchase Agreement, must be received at the Defense Finance and Accounting Service (DFAS) Denver and made part of the Purchase Agreement file as a prerequisite to disbursement of FMF funds to the contractor. Bonding and guarantee documents lacking adequate provisions to ensure prompt payment to the U.S. Government will not be accepted but will be returned for revision, and the pertinent Purchase Agreement will be held in abeyance until this requirement is satisfied.

B. Reimbursement payments must be remitted to the addresses noted below. These payments, when received by the DFAS Denver, will be credited to the purchasing country's FMS trust fund account and become available for application by the country to any FMS or commercial case approved for FMF. Any financial reimbursement relating to the Purchase Agreement which is equal to or less than the FMF funds paid by the DSAA on the Purchase Agreement will become available for application by the country to any FMS or commercial case approved for FMF. In the event that the amount of reimbursement exceeds the amount of FMF funds paid by the DSAA on that Purchase Agreement, the excess amount of that reimbursement will be credited to the country's FMS trust fund account and become available to the country for application as "cash" to FMS cases.

C. Remittances should be processed as follows:

TABLE 502-6 (continued)

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Payments by check must be accompanied by a letter which identifies the purchasing country and the DSAA case identifier. The check must be made payable to the "United States Treasury" and mailed to:

Defense Finance and Accounting Service (DFAS)
DE-FCC
Denver, CO 80279-5000

Payments by wire transfer should be transferred as follows:

United States Treasury
New York, New York
0210-3000-004
DFAS/SAAC
Agency Code 3801

Refund from: (Name of Company)
for purchase made by the Government of
(Country) under DSAA case (Identifier)

16. Contracts should include all essential contract elements. Complete copies of all provisions of contracts are required for DoD review for FMF funding. The purchaser must also submit to DSAA for review all subsequent modifications, amendments, or side letters/ supplementary agreements which affect the contractual relationship between the buyer and the seller on FMF contracts.

17. DSAA requires that contractors doing business with the purchaser execute certain notices and certifications as part of both the proposal and the contracting processes. The execution of these documents is a prerequisite for receipt of DSAA approval to use FMF funds to finance purchaser contracts. The CONTRACTOR'S CERTIFICATION AND AGREEMENT WITH DEFENSE SECURITY ASSISTANCE AGENCY is required to be

TABLE 902-6 (continued)

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signed by the contractor and submitted by the purchaser to the DSAA when the contract is provided for funding review. The date of the current agreement form is **January 1995**.

18. All FMF-funded DCCs are subject to audit by the Defense Contract Audit Agency (DCAA). DCAA will perform audits, at the U.S. Government expense, to ensure contractor's compliance with the contractor's certification. DCAA audits may be performed at any time up to three years following receipt by the contractor of the final payment on the contract.

19. The Defense Contract Management Command (DCMC) can perform quality assurance services if desired by the contractual parties or if directed by DSAA.

A. The cost of DCMC quality assurance services may be included in the contract and paid to the DFAS by the contractor on behalf of the purchaser; however, the purchasing country is required to arrange for these services through an FMS agreement with the DCMC.

B. For some contracts or purchase orders, the DSAA may require that a DCMC quality assurance verification be performed before delivery of the materiel to assure that the quality of the materiel is in accordance with contract terms, or for DoD standard items, U.S. Military specifications. In the event that the DSAA determines that such quality assurance is required, the purchaser will be notified when the contract is reviewed that DoD quality assurance services from the Defense Logistics Agency (DLA), through the DCMC International Logistics Office (ILO) in New York, are required as a condition for FMF of the contract.

20. It is highly recommended that several U.S. manufacturers be contacted by the purchaser for solicitation of offers to meet their specific needs. All contracts awarded on a competitive basis will require the purchaser to identify, in writing, the various contractors

TABLE 902-6 (continued)

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solicited and the prices submitted. If the lowest offeror was not selected, the purchaser must provide justification explaining the basis for the contract award. If this information is not provided, the contract will be returned to the purchaser for inclusion of such data.

21. Field pricing support is required prior to contract award for all sole-source procurements of \$500,000 or more. DCMC, with DCAA assistance as required, will provide field pricing support, at the purchaser's expense, as a condition for FMF funding of the contract. The purchaser must provide a copy of the offer to DCMC for its use in providing this support.

A. The DCMC- ILO, with DCAA assistance as required, will perform price and cost analyses and technical evaluations to determine price reasonableness of offers submitted. The purchaser should allow at least 45 days for the U.S. Government representative to perform these analyses. The DCMC-ILO will provide a copy of the price and cost analysis reports to the purchaser.

B. The purchasing country must include a copy of the price and cost analysis as part of the justification submitted to DSAA in support of its request to use FMF to fund a contract.

C. The purchasing country will be required to pay for this service under an FMS Letter of Offer and Acceptance (LOA) negotiated with DLA.

D. On all amendments of \$500,000 or more for contracts previously approved for FMF funding the purchaser will consult with DSAA to determine if a price and cost analysis review will be required.

TABLE 902-6 (continued)

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E. The purchaser is required to incorporate the contract clauses in Enclosure 3 into its requests for proposal on FMF-funded DCCs.

22. On all contracts of \$500,000 or more (sole source or competitive awards) the purchasing country is required to contract with DCMC for contract administration services using a DLA FMS case. At a minimum, DCMC will monitor the contractor's performance to ensure compliance with the DSAA Contractor's Certification throughout the life of the contract. The purchaser is required to incorporate the contract clauses at Enclosure 3 into its FMF-funded DCCs of \$500,000 or more.

23. The contracts or purchase orders must clearly identify the amount of any contract financing payments and be in accordance with the following limitations:

A. The purchasing country is responsible for demonstrating the reasonableness and safety of contract financing arrangements.

B. Advance payments for FMF-funded DCCs may include a total amount of not more than 15 percent of the contract price, in advance of any performance under the contract. The purchasing country shall obtain adequate security for such payments in accordance with paragraph F below.

C. Contract financing arrangements may provide for payments to be made on the basis of accomplishment of specific milestones detailed in the contract, or other basis such as installments. Installments shall be payable no more frequently than quarterly.

D. Cumulative contract financing shall not exceed 85 percent of the contract price of undelivered items. See F below for security requirements.

TABLE 902-b (continued)

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E. Full contract payment shall not be made until after full performance of the contract.

F. All unliquidated advance and interim financing payments shall be secured by guarantee documents, such as Letters of Guarantee, Letters of Credit, or Performance Bonds from a U.S. bank or financial institution chartered in and doing business in the United States. Copies of guarantee documents must be submitted with the contracts or purchase orders when submitted for funding approval. The security shall be at least equal to the amount of the unliquidated contract financing. Guarantee documents lacking adequate provisions to ensure prompt payment to the U.S. Government will not be accepted but will be returned for revision, and the pertinent Purchase Agreement will not be approved until this requirement is satisfied.

G. Purchasing countries may not assess charges to United States contractors for processing contracts or invoices for payment. FMF will be withdrawn if such charges are determined to have been assessed or if the purchasing country representatives have solicited U.S. contractors to provide free materiel, services, advertising, or other similar forms of benefits as a condition of award of a contract or processing of invoices.

H. After validation of invoices, the purchasing country should submit them within 60 days of receipt from the contractor to DFAS Denver for payment.

24. If the contractor otherwise contracts with DoD, the contractor must comply with approved cost accounting standards. FMF may be disallowed for contracts which result in additional costs being transferred to the DoD. The DCAA has expressed concerns about the formation by U.S. prime contractors of separate corporate segments to conduct foreign sales. In

TABLE 902-6 (continued)

Change 7

some cases, when significant intracompany contracting is involved, the resulting allocations of costs are inconsistent with cost accounting standards and result unjustifiably in the allocation of additional costs to DoD contracts. If DoD prime contractors establish separate companies or other corporate segments for the purpose of conducting foreign sales and request FMF for sales by such segments, DSAA will request DCAA review of the transaction. FMF will be approved only upon confirmation by the DCAA that the arrangement is consistent with cost accounting standards and that there would be no unjustifiable additional cost on DoD contracts with the prime contractor.

25. DSAA is not staffed in a manner which would enable it to conduct independent debarment or suspension proceedings. Therefore, with respect to approval of financing for U.S. contractors, DSAA relies heavily on the experiences of other U.S. Government agencies which are empowered to debar/suspend contractors for cause.

A. Contracts will not be approved for U.S. suppliers which are included in the U.S. General Services Administration List of Parties Excluded From Federal Procurement or Nonprocurement Programs, the U.S. Commerce List of Denial Orders Currently Affecting Export Privileges or similar determinations in which the U.S. Department of State has made certain contractors ineligible to export material under the International Traffic in Arms Regulations. Should contracts involving such suppliers be submitted to DSAA, they will be returned to the prospective purchaser without action with the appropriate indication as to the Agency which has initiated the action of debarment or suspension. A copy of the letter will be furnished to the contractor involved.

TABLE 902-6 (continued)

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B. The action required before such contracts can be considered for FMF is for the U.S. contractor involved to take appropriate administrative or legal steps to remove the relevant organization or individual from the debarment/suspension list. Such action should be taken directly with the Agency which has debarment responsibility.

26. If the contract includes a requirement for insurance, the use of a U.S. insurance firm is required.

27. If the contract includes an arbitration clause, the location of the arbitration must be identified as in either the United States or a mutually agreed third country and not in the purchaser country.

28. Contracts and supporting documentation should be submitted by the purchasing country to the following address:

Defense Security Assistance Agency
ATTN: Operations Management Division (OPS-MGT)
Washington, DC 20301-2800

29. Inquiries concerning these policies and procedures or the contract review process should be directed to the above address or by phone to (703) 604-6635.

Enclosures
As stated

TABLE 902-6 (continued)

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ESSENTIAL CONTRACT ELEMENTS

1. Elements that MUST be included in the contract.
 - a. Country
 - b. Complete identification of U.S. Contractor to include name, address, and telephone number
 - c. Contract number
 - d. Complete nomenclature of defense articles and description of services to be provided
 - e. Complete description of quantities and prices
 - f. Complete description of financial arrangements:
 - Unit prices
 - **Advance payment**
 - Payment schedule (to include method of liquidating **advance** payment based on deliveries)
 - g. **Contract clauses for contract administration**
 - h. Identification of shipment terms
 - i. Identification of any guarantee documents or clauses that could result in a refund to the purchaser, such as but not limited to:
 - **Advance payment guarantee documents**
 - **Interim payment guarantee documents**
 - Liquidated damages
 - j. - Acceptance (signature) by both parties

Enclosure 1

TABLE 902-6 (continued)

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2. Elements that must be provided and can either be included in the contract, or submitted separately to DSAA by the Purchaser when the contract is submitted for FMF Funding approval.
- a. Identification of the non-U.S. origin components and services (Note: Raw materials and items procured by a manufacturer from both U.S. and foreign sources, which are not ordinarily segregated by origin, and are incorporated on an interchangeable basis into the manufacturer's products, need not be identified.)
 - b. Identification of offsets or countertrade requirements or agreements.
 - c. **Contractor's Certification.**
 - d. **List of Offerors and prices submitted on competitive procurements.**
 - e. **Justification for selection of other than the lowest offeror on competitive contracts.**
 - f. **Copy of DSAA approval of exception to use a direct commercial contract (if applicable).**
 - g. **Justification for procurement of non-standard items (if applicable)**
 - h. **Guarantee documents**

TABLE 902-6 (continued)

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**REQUESTS FOR EXCEPTIONS FOR STANDARD DOD ITEMS AND
JUSTIFICATION FOR MAJOR-UNIQUE SYSTEMS TO BE FUNDED WITH
U.S. FOREIGN MILITARY FINANCING FUNDS MUST INCLUDE THE
FOLLOWING:**

A. Country:

B. Identification of Requirements:

(1) U.S. Defense Items or Services:

(2) Quantity:

(3) Estimated Purchase Agreement Value: \$

(4) Projected date of submission of contract to DSAA for funding approval:

(5) Required delivery date

**C. Basis for requesting exception to allow FMF funding of a Direct Commercial Contract,
including, but not limited to the following:**

(1) Statement as to why FMS is not considered appropriate

(2) Anticipated source of goods or services

Enclosure 2

TABLE 902-6 (continued)

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Requests for Proposal and Contract Clauses

The following clauses are required to be incorporated into requests for proposal for sole source contracts of \$500,000 or more that will be funded with FMF.

Field Pricing Support

1. As a condition of foreign military financing of the contract, the contractor must agree to the requirement for field pricing support. This support will be provided by Defense Contract Management Command (DCMC) and Defense Contract Audit Agency and will normally include technical and cost analysis of the contractor's proposal.

_____ (Enter Country Name) _____ shall request field pricing support through the DCMC International Logistics Office in New York, NY. Field pricing support will include an audit review by the cognizant contract audit activity before concluding negotiation of the contract or any modification. The contractor is required to submit cost or pricing data in connection with pricing of this contract or any modification to this contract which affects the price of the contract.

2. The U.S. Government (USG) representatives shall have the right to examine and audit all the contractor's books, records, documents, and other data, related to proposing, negotiating, pricing, or performing the contract, in order to evaluate the accuracy, completeness, and currency of the cost or pricing data. The right of examination shall extend to all documents necessary to permit adequate evaluation of the cost or pricing data submitted, along with the computations and projections used. The contractor shall make available at its office at all reasonable times the materials described above for examination,

TABLE 902-6 (continued)

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audit, or reproduction, until 3 years after final payment under the contract. General access to the offeror's books and financial records shall be limited to USG representatives. The USG representatives shall verbally notify the purchaser immediately of data provided that is so deficient as to preclude review, or where the contractor has denied access to records or to cost or pricing data considered essential to the performance of a satisfactory review. This verbal notification shall be promptly confirmed in writing to the purchaser describing the deficiency or the denial of access to data or records. A contractor's failure to provide adequate cost and pricing data may disqualify the contract from consideration for FMF approval.

3. Field pricing support is intended to give the purchaser a detailed analysis of the proposal for use in contract negotiations to determine a fair and reasonable price. It normally includes an audit review by the cognizant audit activity and a technical analysis by DCMC.

a. Cost analysis will include, as appropriate:

- 1) Verification of cost or pricing data and evaluation of cost elements.
- 2) Evaluating the effect of the offeror's current practices on future costs to ensure that the effects of inefficient or uneconomical past practices are not projected into the future.

b. Comparison of costs proposed by the offeror for individual cost elements with:

- 1) Actual costs previously incurred by the same offeror;

TABLE 902-b (continued)

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2) Previous cost estimates from the offeror or from other offerors for the same or similar items

3) Other cost estimates received in response to the purchaser's request;

4) Independent cost estimates by technical personnel;

5) Forecasts or planned expenditures.

c. Verification that the offeror's cost submissions are in accordance with U.S.

DoD contract cost principles and procedures and, when applicable, the requirements and procedures of the Cost Accounting Standards.

d. Review to determine that all cost or pricing data necessary to make the contractor's proposal accurate, complete, and current has been either submitted or identified in writing by the contractor.

e. Analysis of the results of any make-or-buy program reviews, in evaluating subcontractor costs.

4. Technical analysis will include, at a minimum, a review and assessment of: the quantities and kinds of material proposed; the need for the number and kinds of labor hours and the labor mix; any special tooling and facilities proposed; reasonableness of proposed scrap and spoilage factors; and any other data that may be pertinent to the cost or price analysis.

5. Any subcontracts meeting the \$500,000 or more threshold will be subject to the same surveillance as the prime contractor.

TABLE 902-6 (continued)

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Contract Administration

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The following clause is required to be incorporated into all contracts of \$500,000 or more:

As a condition of FMF funding of the contract, the contractor agrees that Defense Contract Management Command (DCMC) and Defense Contract Audit Agency (DCAA) contract administration services will be performed to ensure that the contractor is in compliance with the Defense Security Assistance Agency (DSAA) Contractor's Certification and Agreement. DCMC, with assistance of DCAA, will perform contract administration services in accordance with the contractor's certification. DCAA will perform audits on contracts to ensure contractor's compliance with the contractor's certification. DCMC/DCAA contract administration services will be provided over the life of the contract. Other contract administration services that are available to the purchaser are outlined in FAR 42.302.

TABLE 902-b (continued)

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Background

GUIDELINES FOR FOREIGN MILITARY FINANCING OF DIRECT COMMERCIAL CONTRACTS

In 1984 the U.S. Department of Defense (DoD) established guidelines concerning the processing and review of commercial contracts for direct purchase of U.S. defense articles and services from U.S. firms to be funded with loans issued under the Arms Export Control Act (AECA). These guidelines have been revised as necessary and this guideline revision supersedes the guidelines dated 28 February 1989.

The financing of direct commercial contracts is under continual review including scrutiny by GAO, DoDIG, the Department of Justice, and Congress. Accordingly, these guidelines reflect DoD's effort to minimize vulnerability to waste, fraud, and abuse.

Currently, there are specific policies and procedures in the Federal Acquisition Regulation (FAR) and the Security Assistance Management Manual (SAMM), DoD 5105.38-M, which apply to FMS government-to-government loan financed, grant financed, and residual Military Assistance Program (MAP) financed cases. The following guidelines establish similar policies and procedures for the use of foreign military financing of direct commercial contracts between U.S. industry and foreign countries.

Foreign military financing (FMF) may be used, when approved on a case-by-case basis by DSAA, for the purchase of defense articles, defense services, and design and construction services from U.S. defense contractors on a direct commercial basis, similar to the financing of FMS government-to-government agreements. However, as indicated in the financing agreement to which the U.S. Government and the foreign governments are parties, the U.S. Government is under no obligation to approve any specific commercial contract for FMF. The following guidelines apply to the DSAA review for FMF of direct commercial contracts:

1. Purchases must be from U.S. incorporated firms licensed to do business in the United States.

2. The items purchased must be manufactured in the United States 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 will normally be financed.

A. Non-U.S. content which is an integral part of end products manufactured in the United States may be eligible for FMF under certain limited circumstances. Such financing will be considered when the DoD has procured or is procuring (under provisions of the FAR) the same item from the same non-U.S. sources under existing multi- or bi-lateral agreements.

B. 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, the corresponding value contained in the contract, and supporting documentation to demonstrate that DoD has procured such as the DoD contract number the non-U.S. content was purchased under if appropriate. Assembly is required to be performed in the United States.

C. Any license fee to be paid by the contractor to a non-U.S. entity should be identified as non-U.S. content. Such license fees are not eligible for FMF.

TABLE 902-5A. Guidelines for FMF of Direct Commercial Contracts

3. The total value of each contract, purchase order, or amendment must be for \$100,000 or more. Contracts, purchase orders, or amendments for less than \$100,000 will not be approved for FMF. All amendments to commercial contracts funded with FMF must be submitted to DSAA for review and approval. The amendments should be submitted in chronological order and numbered accordingly. (Note: No-cost amendments which do not change contract scope must be reviewed and approved in the same manner).

4. FMF is discouraged for purchases containing offset provisions as a condition for securing the purchase. Offset provisions are agreements by the seller to make investments or procurements in a country other than the United States, either concurrent with or subsequent to the purchase for which financing is being requested.

A. No FMF will be authorized or disbursed to pay for offsets, to include mandatory direct offsets, or the related costs of offset management. Mandatory direct offsets are procurements of a non-U.S. made component required by the purchasing country as a condition of sale, for incorporation or installation in a U.S. produced end item being sold.

B. While FMF will not be authorized for foreign produced content resulting from mandatory direct offset, such funding can be authorized for the U.S. content portion of the item produced.

5. Purchase agreements should be made directly with the prime manufacturer of the defense article or service if possible, and the contractor is expected to add value to the product being sold.

A. If the items or services are available from production in the United States, purchases of materiel should be made to the maximum extent feasible from the prime manufacturer of assemblies or items, the assembler or a U.S.-based distributor licensed by the manufacturer who has had a long standing relationship with the manufacturer and who has been provided with general domestic and/or international sales regions.

B. A prime contractor must demonstrate to the DSAA (by means of a DoD preaward survey or other means) its capability--including, e.g., expertise, experience, plant, and financial soundness--to perform by itself a substantial portion of the work. Prior successful completion of recent direct commercial contracts financed with FMF funds or DoD contracts for the same or essentially similar items shall normally satisfy this requirement.

C. Funding with FMF will not be considered for a procurement agent, broker, import-export firm or other intermediary unless justified on factors relative to specific country needs and the country's abilities to conduct commercial contracting. A request for exception would be considered if sufficient justification is provided by the purchasing government as to why the purchase is sought from a firm other than the manufacturer.

D. A list of suppliers and subcontractors for the proposed contract, showing names, addresses, and the materiel and services to be procured by the intermediary (i.e. prime contractor) must be provided as part of the purchasing government's justification. Such intermediaries are required to identify names and addresses of all projected suppliers and subcontractors applicable to this contract. In such a case it is assumed that the purchasing government will be aware of the extent of additional cost or markup by the intermediary and such data can be provided upon request.

TABLE 902-5A. (Continued)

Background

6. Acquisition programs that include contingent agent fees up to \$50,000 may be approved for financing. DSAA will disapprove FMF for acquisition programs, the price of which includes sales commissions or contingent fees which exceed \$50,000. Contract splitting within an acquisition program is not authorized as a means to exceed the maximum allowable agents fee. It is not the intent of the DSAA to determine the amount of commissions or fees which suppliers may pay to a contingent agent for services performed to secure a contract or sales agreement, but rather it is intended to place a dollar limitation upon the amount of FMF which a country may use to pay such costs. Such commissions decrease the buying power of FMF, thereby reducing the advantages which the country can achieve from the financing. DoD regulations have limited the amount of agents commissions payable for FMS transactions. Under the DoD FAR Supplement 25.7305, sales commissions in excess of \$50,000 on contracts implementing FMS transactions are not allowable costs. The following countries, currently eligible to utilize FMF for direct commercial sales, do not allow the payment from FMF of 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 unless the sales commissions and fees have been identified and payment thereof approved in writing by the concerned government prior to contract award: Egypt, Greece, Israel, Jordan, Pakistan, and Turkey.

7. U.S. firms which are selling or have sold the same items to the Department of Defense (DoD) are generally recognized as having adequate production capabilities and having previously performed on their contracts in a satisfactory manner. It is recognized that many small businesses or firms that have not previously sold to the DoD may be the best qualified to provide articles or services unique to country needs. To verify contractors' statements and determine their capability to perform under the contract terms, a DoD preaward survey may be required as a condition to FMF. Such preaward surveys normally are not required for firms with previous DoD contracting experience.

8. Contractors and country representatives should plan for the time required by DoD to perform the processing necessary to determine the extent of FMF authorization. The processing time for contracts that are fully in compliance with these guidelines is approximately 60 days. When the prospective purchase is from a contractor that does not regularly sell to the U.S. Government, the purchaser should set a commencement date for the contract that allows at least an additional 30 days for U.S. Government representatives to conduct a survey of the contractor. Such a review and preaward survey may be required in certain circumstances by DSAA as a condition for FMF of the contract.

9. FMF will not be approved for financing of direct commercial letters of credit which assure payment to the supplier upon presentation by the supplier of invoices and/or delivery documents. If the contract requires performance bonds or other forms of letters of guarantee, the use of a bank or financial institution chartered or incorporated in and doing business in the United States is required for this purpose.

10. FMF will not be approved for financing of non-U.S. transportation carriers.

A. For ocean transportation of FMF shipments the contractor/country will use or cause to be used, privately owned U.S. flag commercial vessels. For contractor originated ocean shipments, the contractor will, within 20 days of loading, submit one legible copy of the rated on-board ocean bill of lading for each shipment to: Chief, Division of National Cargo, Office of Market Development, Maritime Administration, U.S. Department of Transportation, 400-7th Street, S.W., Washington, DC 20590. The bill of lading will identify: contract number, name of

TABLE 902-5A. (Continued)

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Background

vessel, flag of registry, date and port of loading, port of final discharge, description- weight- value- of cargo, and total ocean freight revenue. Any waivers (general, security, or non-availability) will be in accordance with the country's agreement with DSAA. The waivers are described in the agreements and may apply to either specific shipments or for a specific period of financing. Contractors will include these requirements in subcontracts or purchase orders applicable to this contract.

No payments will be made to freight forwarders with FMF for transportation services. Rated, on-board bills of lading or rated air waybills may be approved for direct payments to U.S. ocean or air carriers upon request.

11. FMF will not be approved for payments for travel, per diem, accommodations, lodging, car rental, personal expenses, or other similar expenses of purchasing country personnel in connection with a direct commercial purchase. Therefore, while these types of costs may be cited in contracts submitted, they must be paid by the purchaser. If such costs are included, either directly or indirectly, they must be expressly identified.

12. Any purchase agreement that provides for a refund, penalty, liquidated damages, bonding provisions, or any other form of financial reimbursement to the purchasing country must be structured to ensure that such payment is made by the contractor or designated agent (including the contractor's commercial bank) directly and without undue delay, from the payor to the U.S. Government.

A. Bonding and guarantee documents, such as Performance Bonds, Letters of Guarantee, Letters of Credit, and any other such instrument that is established by the contractor or his agent pursuant to the Purchase Agreement, must be received at the DSAA and made part of the Purchase Agreement file as a prerequisite to disbursement of FMF funds to the contractor. Bonding and guarantee documents lacking adequate provisions to ensure prompt payment to the U.S. Government will not be accepted but will be returned for revision, and the pertinent Purchase Agreement will be held in abeyance until this requirement is satisfied.

B. Reimbursement payments must be remitted to the addresses noted below. These payments, when received by the DSAA, will be credited to the purchasing country's FMS trust fund account and become available for application by the country to any FMS or commercial case approved for FMF. Any financial reimbursement relating to the Purchase Agreement which is equal to or less than the FMF funds paid by the DSAA on the Purchase Agreement will become available for application by the country to any FMS or commercial case approved for FMF. In the event that the amount of reimbursement exceeds the amount of FMF funds paid by the DSAA on that Purchase Agreement, the excess amount of that reimbursement will be credited to the country's FMS trust fund account and become available to the country for application as "cash" to FMS cases.

C. Remittances should be processed as follows:

Payments by check must be accompanied by a letter which identifies the purchasing country and the DSAA case identifier. The check must be made payable to the "United States Treasury" and mailed to:

Defense Finance and Accounting Service (DFAS)
DE-FCC
Denver, CO 80279-5000

TABLE 902-5A. (Continued)

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Payments by wire transfer should be transferred as follows:

United States Treasury
New York, New York
0210-3000-004
DFAS/SAAC
Agency Code 3801
Refund from: (Name of Company)
for purchase made by the Government of
(Country) under DSAA case (Identifier)

13. Contracts should include all essential contract elements. Complete copies of all provisions of contracts are required for DoD review for FMF. The purchaser must also submit to DSAA for review all subsequent modifications, amendments, or side letters/supplementary agreements which affect the contractual relationship between the buyer and the seller on FMF contracts.

14. The CONTRACTOR'S CERTIFICATION AND AGREEMENT WITH DEFENSE SECURITY ASSISTANCE AGENCY is required to be signed by the contractor and submitted by the purchaser to the DSAA when the contract is provided for funding review. The date of the current agreement form is February 1989.

15. Generally, FMS Cooperative Logistics Supply Support Arrangements (CLSSAs) are established to provide standard spare parts for items of U.S. origin. These FMS agreements contemplate timely delivery of spare parts at a fair price. However, countries sometimes find it necessary to open commercial Basic Ordering Agreements (BOAs) to provide for certain time sensitive items or for non-standard items. Commercial contracts for BOAs may be approved for FMF, subject to purchaser agreement that:

- A. Standard items are first requisitioned via CLSSAs.
- B. The commercial BOA may only be used for acquisition of standard items if the CLSSA is unable to satisfy specific country delivery requirements.
- C. Listings of requirements are provided with BOA contracts whenever possible.

16. Contractors may not offer Defense Contract Management Command (DCMC) quality assurance services as a part of a direct commercial contract.

A. For some contracts or purchase orders, the DSAA may require that a DCMC quality assurance verification be performed before delivery of the materiel to assure that the quality of the materiel is in accordance with contract terms, or for DoD standard items, U.S. Military specifications. In the event that the DSAA determines that such quality assurance is required, the purchaser will be notified when the contract is reviewed that DoD quality assurance services from the Defense Logistics Agency (DLA), through the DCMC International Logistics Office in New York, are required as a condition for FMF of the contract.

TABLE 902-5A. (Continued)

B. Although the cost of such quality assurance services may be included in the contract and paid to the Defense Finance and Accounting Service (DFAS) by the contractor on behalf of the purchaser, the purchaser country will be required to arrange for these services through a FMS agreement with the DCMC.

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

A. 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.

B. Follow-on payments may be scheduled on the 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.

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

D. 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 United States contractors for processing contracts or invoices for payment. FMF will be withdrawn if such charges are determined to have been assessed or if the purchasing country representatives have solicited U.S. contractors to provide free materiel, services, advertising, or other similar forms of benefits as a condition of award of a contract or processing of invoices.

18. 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 to new acquisition of comparable items for DoD or domestic purchase, the contractor will be advised. Our objective is to maximize the benefits of limited FMF funds; however, we recognize that certain circumstances, especially delivery schedules, may justify paying higher prices. Unjustified excessive prices may be cause for disapproval of FMF.

19. 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 FMF. The identification of requirements should be provided as far in advance as possible (preferably 60 days) before solicitation of bids or initiation of contract negotiations. This will allow the DoD sufficient time to evaluate the proposed acquisition and seek any required clarification prior to solicitation.

A. While the DSAA does not desire to delay the procurement of defense materiel, early identification of prospective purchases through direct commercial contracts is necessary. If notification is not provided to the DSAA prior to submission of contracts, it may result in the contract review being delayed or in contracts being returned without review.

TABLE 902-5A. (Continued)

B. Additionally, it is highly recommended that whenever possible, several U.S. manufacturers be contacted by the purchaser for solicitation of bids to meet their specific needs. When the purchaser has made a selection and a direct commercial contract is submitted to DSAA for FMF review, by separate letter the purchaser should identify the various contractors solicited as well as the basis for selection. If the contract was not competed and the firm was selected on a sole source basis, the reasons for such selection should be provided when the contract is submitted for review. If this information is not provided the contract review will be delayed pending verification of the use of competitive contracting.

20. If the contractor otherwise contracts with DoD, the contractor must comply with approved cost accounting standards. FMF may be disallowed for contracts which result in additional costs being transferred to the DoD. The Defense Contract Audit Agency (DCAA) has expressed concerns about the formation by U.S. prime contractors of separate corporate segments to conduct foreign sales. In some cases, when significant intracompany contracting is involved, the resulting allocations of costs are inconsistent with cost accounting standards and would unjustifiably result in the allocation of additional costs to DoD contracts. If DoD prime contractors establish separate companies or other corporate segments for the purpose of conducting foreign sales and request FMF for sales by such segments, DSAA will request DCAA review of the transaction. FMF will be approved only upon confirmation by the DCAA that the arrangement is consistent with cost accounting standards and that there would be no unjustifiable additional cost on DoD contracts with the prime contractor.

21. The Defense Security Assistance Agency is not staffed in a manner which would enable it to conduct independent debarment or suspension proceedings. Therefore, with respect to approval of financing for U.S. contractors, DSAA relies heavily on the experiences of other U.S. Government agencies which are empowered to debar/suspend contractors for cause.

A. Contracts will not be approved for U.S. suppliers which are included in: The U.S. General Services Administration List of Parties Excluded From Federal Procurement or Nonprocurement Programs, the U.S. Commerce List of Denial Orders Currently Affecting Export Privileges or similar determinations in which the U.S. Department of State has made certain contractors ineligible to export material under the International Traffic in Arms Regulations. Should contracts involving such suppliers be submitted to DSAA, they will be returned to the prospective purchaser without action with the appropriate indication as to the Agency which has initiated the action of debarment or suspension. A copy of the letter will be furnished to the contractor involved.

B. The action required before such contracts can be considered for FMF is for the U.S. contractor involved to take appropriate administrative or legal steps to remove the relevant organization or individual from the debarment/suspension list. Such action should be taken directly with the Agency which has debarment responsibility.

22. If the contract includes a requirement for insurance, the use of a U.S. insurance firm is required.

23. If the contract includes an arbitration clause, the location of the arbitration must be identified as in either the United States or a mutually agreed third country and not in the purchaser country.

TABLE 902-5A. (Continued)

*Change 7
Background*

A flow chart depicting the DSAA commercial contract review and approval process is attached.

Contracts and supporting documentation should be submitted by the purchasing country to the following address:

Defense Security Assistance Agency
ATTN: Operations Management Division (OPS-MGT)
Room 4B740
The Pentagon
Washington, D.C. 20301-2800

Inquiries concerning these policies and procedures or the contract review process should be directed to the above address or by phone: commercial (703) 695-5733.

Attachments
As stated

TABLE 902-5A. (Continued)

TABLE 902-6

ESSENTIAL CONTRACT ELEMENTS

1. Elements that Must be Included in the Contract:
 - a. Country
 - b. Complete identification of U.S. Contractor to include name, address, and telephone number
 - c. Contract number
 - d. Complete nomenclature of defense articles and description of services to be provided
 - e. Complete description of quantities and price(s)
 - f. Complete description of financial arrangements:
 - Unit prices
 - Down payment
 - Payment schedule (to include method of liquidating down payment based on deliveries)
 - g. Identification of shipment terms
 - h. Identification of any bonds or clauses that could result in a refund to the purchaser, such as, but not limited to:
 - Advance payment bond
 - Progress payment bond
 - Performance bond
 - Liquidated damages
 - i. Acceptance (signatures) by both parties
2. Elements that May be Included in the Contract, or Submitted by the Contractor in a Separate Document to DSAA Prior to Approval of the Contract for FMS Credit Funding.
 - a. Identification of the non-U.S. origin components and services. However, raw materials and items procured by a manufacturer from both U.S. and foreign sources, which are not ordinarily segregated by origin, and are incorporated on an interchangeable basis into the manufacturer's products, need not be identified.
 - b. Identification of offsets or countertrade requirements or agreements.

TABLE 902-6. Essential Contract Elements.

4. Agrees to include in subcontracts under this contract, a clause to the effect that authorized representatives of the Government of the United States shall have access to and the right to examine, for a period of three years following the final payment to the Contractor by DSAA, any of the subcontractor's directly pertinent books, documents, papers, or other records involving transactions related to the subcontract. "Subcontract," for the purposes of this certification and agreement, is defined as all subsidiary agreements and purchase orders except: (a) those orders less than \$10,000 in value, (b) those orders in implementation of a Purchase Agreement awarded by the foreign government to the Contractor on a competitive lowest responsive bid basis, (c) those orders for common hardware items purchased at widely circulated catalog prices, or (d) those orders issued prior to and effective prior to date of the Purchase Agreement identified above.

5. Agrees that all provisions in the certification apply to all subcontractors. Agrees that it is the prime contractor's responsibility on all subcontracts to obtain the written compliance to the certification signed by the prime contractor from its first and second tier subcontractors.

6. Agrees to include in the written terms and conditions of each such subcontract a prominently displayed statement that United States Government funds will be used to finance such subcontract, and that acceptance of the subcontract order will constitute acknowledgment of such notification of U.S. Government (USG) financing.

7. Certifies and agrees that no bribes, rebates, gifts, kickbacks or gratuities, which are intended to secure the Purchase Agreement or favorable treatment under the Purchase Agreement or for any other purpose relating to the Purchase Agreement, have been or will be directly or indirectly offered or given contrary to United States law to, or have been or will be arranged contrary to United States law with, officers, officials, or employees of the purchaser by the Contractor, its employees or agents.

8. Agrees to include in the written terms and conditions of each such subcontract applicable to this contract a prominently displayed statement that acceptance and implementation of the subcontract constitutes a declaration and agreement by the principal executive officers of the subcontractor that no bribes, rebates, gifts, kickbacks, or gratuities, which are intended to secure the Purchase Agreement or the subcontract for favorable treatment under such agreements or for any other purpose relating to the Purchase Agreement or the subcontract have been or will be directly or indirectly offered or given contrary to United States law to, or have been or will be arranged contrary to United States law with, officers, officials or employees of the purchaser by the subcontract, its employees or agents.

9. Agrees that the U.S. Government has the right, without accruing any liability, to suspend the financing of this Purchase Agreement on the instruction of the purchaser or for any suspected or confirmed misrepresentation or violation of any certification or agreement provided by this Contractor to obtain such financing

10. Certifies that, unless identified below, the materiel or components to be provided under the Purchase Agreement are of U.S. manufacture. Agrees that, if DSAA approves financing of the

change 7

dollar value of non-U.S. origin components or services stated in this certification, or a specified dollar value of non-U.S. origin content, this value will not be exceeded. Certifies that the dollar value of all non-U.S. origin or non-U.S. manufactured items and components, and non-U.S. services procured or to be procured specifically for this Purchase Agreement is indicated below. The value of raw materials and common hardware items which are procured by a manufacturer from both U.S. and foreign sources, are not ordinarily segregated by origin, and are incorporated on an interchangeable basis into the manufacturer's products need not be identified.

\$ _____ (Total dollar value of non-U.S. origin components and services in the Purchase Agreement)

11. Certifies that all non-U.S. goods and services will be identified prior to approval of foreign military financing. Agrees to identify to DSAA, prior to the purchase, any change to the non-U.S. goods and services declared in paragraph 10 above. Certifies that if foreign military financing funds are denied either in whole or part, that these costs will not be financed with USG funds received from the U.S. Government under the Purchase Agreement either directly or indirectly and a direct charge must not be charged to the contract in the contractor's internal accounting records.

12. Certifies that no element of the Purchase Agreement includes any commission or other contingent fee.

13. Certifies that funds received by the Contractor from the U.S. Government under the Purchase Agreement will not be used to purchase services, other than those described in paragraphs 10 above, utilized in the performance of the Purchase Agreement from non-U.S. contractors or individuals that are not resident in the United States, unless the financing of such services is expressly authorized by the DSAA.

14. Agrees to identify the full amount of any advance payment received under the Purchase Agreement in its accounting records as an advance payment, to apply these funds solely to the performance of obligations under this Purchase Agreement, and to provide a clear audit trail on the use of these funds. Agrees to certify on the advance payment invoice that the total amount of the payment requested does not exceed 15 percent of the contract price. Agrees to include in the written terms and conditions of each subcontract a prominently displayed statement that acceptance and implementation of the subcontract constitutes agreement by the subcontractor to identify the full amount of any payment received under the subcontract in its accounting records and to provide a clear audit trail of the use of these funds.

15. Agrees that export transportation costs financed under terms of the Purchase Agreement will be paid only to steamship, barge, tug, and airline companies of United States registry. Agrees that amounts billed for such transportation shall be only the cost for shipping the defense articles provided under the terms of the Purchase Agreement. Freight forwarder services are not authorized for FMF funding unless specifically authorized by DSAA.

TABLE 902-7 (continued)

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change 7

16. Certifies that the cost of transportation, lodging, meals, entertainment and other personal support costs incurred by or on behalf of the purchaser's personnel relating in any way directly or indirectly to this contract will not be paid by the contractor.

17. Certifies that the full extent of the contractual relationship between the Contractor and the purchasing government, as it pertains to this Purchase Agreement, consists of: (list articles, clauses, annexes, exhibits, appendices, letters, purchase orders, etc) _____

and recognizes that the U.S. Government makes no commitment to finance any additional or subsequent agreements related to this Purchase Agreement.

18. Agrees that the Contractor's invoices will be prepared in accordance with the relevant provisions of the Purchase Agreement and will be submitted through the purchaser for presentation to the DSAA for payment, as follows:

a. As a minimum, the invoices must: (1) reflect the amount due and payment due date; (2) specify whether the amount billed is a down payment, progress/milestone payment, or delivery payment; (3) list the items and services delivered for which payment is requested; (4) indicate by a separate entry the transportation costs, if not included in the item price; (5) designate the FOB point and "ship to" address; (6) designate the address to where the payment should be sent; (7) provide the name of the carrier(s) to be used from the U.S Port Of Embarkation whenever the amount being billed includes the "cost, insurance, and freight (CIF) terms of delivery of invoiced items to a destination point outside the United States; and (8) be supported by a copy of freight bills, air way bills, or rated on-board bills-of-lading, fully accounting for the cost of inland and export transportation of the items covered by the invoice for which payment is requested. If the Contractor pays for the transportation, whether the transportation cost is included in the price of the item or billed separately to the Purchaser, bills-of-lading or air way bills must be submitted with the invoice for which payment is requested. A copy of the invoice for the cost of any insurance coverage on the shipment must also be submitted along with the shipping documents.

b. If the contractor is not paying for the export transportation costs, the Contractor will submit a certification with the invoice as follows:

The (Contractor) acknowledges that U.S. Government funds are being used by the Government of _____ to finance this purchase and certifies that no shipping cost has been incurred by this firm for exporting this materiel from the United States and no shipping cost is included in the sales price or otherwise included in the invoiced amount for which payment is requested.

c. All Contractor's invoices must be submitted with the following certification:

TABLE 902-7 (continued)

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The (Contractor) acknowledges U.S. Government funds are being used by the Government of _____ to finance this purchase and certifies that the invoice(s) submitted with respect thereto are free from any material false statement or misrepresentation and do not omit any material facts.

19. Agrees that any penalty payment, refund, or other reimbursement due to the purchaser pursuant to this Purchase Agreement will be paid to the U.S. Government for credit to the FMS trust fund account of the purchaser. Agrees to ensure that the DFAS Denver receives a copy of the bonding or guarantee documents, such as Performance Bonds or Letters of Guarantee applicable to this Purchase Agreement.

20. Certifies that neither the Contractor nor any of its employees are suspended or debarred from conducting business with any agency of the U.S. Government and that export privileges are not suspended or revoked. Agrees that no such suspended or debarred firms will be used as a source of supplies or as a subcontractor for this Purchase Agreement.

21. In addition to the agreement in paragraph 1 above and for purposes of facilitating official U.S. Government inquiries to determine whether criminal offenses may have been committed regarding the use, disbursement, or other disposition of funds made available under the U.S. Arms Export Control Act, to finance this Purchase Agreement, agrees:

(a) to identify and to consent to the disclosure of the following accounts to, and at the request of, the U.S. Department of Defense, the U.S. Department of Justice, or U.S. Federal grand juries:

(1) accounts wherever located in the name of such Contractor; and

(2) accounts located outside the United States in the name of the principal executive officers of such Contractor (and any nominees) who have been personally and substantially involved in this Purchase Agreement.

(b) for these purposes to include in the written terms and conditions of each subcontract (as defined in paragraph 1 above) applicable to this Purchase Agreement a statement that acceptance and implementation of the subcontract constitutes agreement by the subcontractor to identify and to consent to the disclosure of the following accounts to (and at the request of) the U.S. Department of Defense, or the U.S. Department of Justice, or U.S. Federal grand juries:

(1) accounts wherever located in the name of such subcontractor or supplier; and

(2) accounts located outside the United States in the name of the principal executive officers of such subcontractor or supplier (and any nominees) who have been personally and substantially involved in this subcontract under the Purchase Agreement.

TABLE 902-7 (continued)

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The term "consent to the disclosure" for purposes of sub-paragraphs (a) and (b) of this paragraph includes an agreement to provide consent documents authorizing the disclosure of such information upon request.

22. By signature below, the named individuals hereby separately certify: (1) that he or she has actual authority to sign on behalf of the Contractor and to bind the Contractor with regard to all agreements and certifications contained hereon; (2) that this certification and agreement is being signed and submitted for the purpose of receiving payment under terms of the above listed Purchase Agreement to be financed by U.S. Government funds; and (3) that the information provided in this Certification and Agreement is complete and correct to the best of each signatory's knowledge and belief after each has taken appropriate steps to verify the accuracy thereof. The person(s) signing the Purchase Agreement may not also sign this Certification and Agreement. In the event that the Contractor is a partnership, two general partners are required to sign this Certification and Agreement.

I Certify under penalty of perjury that the foregoing is true and correct to the best of my knowledge based upon: (1) written representation made to me by identifiable individuals within this company and which representations will be maintained for five years after receipt of the final payment made by DSAA on this Purchase Agreement; or (2) that I have exercised personal due diligence to ascertain that all statements in this certification are true and correct.

VICE PRESIDENT (OR MORE SENIOR OFFICIAL) HAVING SUPERVISORY RESPONSIBILITIES OVER THE MAKING OF THIS PURCHASE AGREEMENT

TREASURER, COMPTROLLER, OR OTHER SENIOR FISCAL OFFICIAL

(Signature)

(Signature)

(Typed name)

(Typed name)

(Title)

(Title)

(Date)

(Date)

TABLE 902-7 (continued)

change 7
Background

TABLE 902-7

**CONTRACTOR'S CERTIFICATION AND AGREEMENT
WITH
DEFENSE SECURITY ASSISTANCE AGENCY**

Effective February 1989

Contractor's Name: _____
Contractor's Address: _____

Purchaser: Government of _____

Contract Number: _____ Contract Date: _____

The Contractor, named above, in entering into an agreement to sell defense articles, defense services, or design and construction services to the foreign government listed above as purchaser, hereby acknowledges that the sum to be claimed as due and owing under the contract or proforma invoice identified above (hereafter sometimes referred to as the "Purchase Agreement") is to be paid, in whole or in part, to the Contractor from U.S. Government funds made available to the foreign government under provisions of the Arms Export Control Act, as amended. In consideration of the receipt of such sum, the Contractor certifies to and agrees with, the U.S. Government (USG), as represented by the Defense Security Assistance Agency (DSAA), the following:

1. Agrees that an authorized representative of the Department of Defense or other authorized representative of the Government of the United States shall, for a period of three years following receipt of the final payment made by DSAA on this Purchase Agreement, have access to and the right to examine any of the Contractor's directly pertinent books, documents, papers, or other records involving transactions related to this contract. The Contractor agrees to include in first-tier contracts under this contract, a clause to the effect that authorized representatives of the Government of the United States shall have access to and the right to examine, for a period of three years following the final payment to the Contractor by DSAA, any of the subcontractor's directly pertinent books, documents, papers, or other records involving transactions related to the subcontract. "Subcontract" for the purposes of this certification and agreement, is defined as all first-tier agreements and purchase orders except: (1) those orders less than \$10,000 in value, (2) those orders in implementation of a Purchase Agreement awarded by the foreign government to the Contractor on a competitive lowest responsive bid basis, (3) those orders for common hardware items purchased at widely circulated catalog prices, or (4) those orders issued prior to and effective prior to date of the Purchase Agreement identified above.

2. Agrees to include in the written terms and conditions of each such subcontract a *prominently displayed statement* that United States Government funds will be used to finance such subcontract, and that acceptance of the subcontract order will constitute acknowledgement of such notification of U.S. Government financing.

TABLE 902-7 Contractor's Certification and Agreement.

Change 7
Background

3. Certifies and agrees that no bribes, rebates, gifts, kickbacks or gratuities have been or will be offered to or given to (directly or indirectly) contrary to United States law, or have been or will be arranged contrary to United States law with, officers, officials, or employees of the purchaser by the Contractor, its employees or agents which are intended to secure the Purchase Agreement or favorable treatment under the Purchase Agreement or for any other purpose relating to the Purchase Agreement.

4. Agrees to include in the written terms and conditions of each such subcontract applicable to this contract a *prominently displayed statement* that acceptance and implementation of the subcontract constitutes a declaration and agreement by the principal executive officers of the subcontractor that no bribes, rebates, gifts, kickbacks, or gratuities have been or will be offered to, or given to (directly or indirectly) contrary to United States law, or have been or will be arranged contrary to United States law with, officers, officials, or employees of the purchaser by the subcontractor, its employees or agents which are intended to secure the Purchase Agreement or the subcontract or favorable treatment under such agreements or for any other purpose relating to the Purchase Agreement or the subcontract.

5. Agrees that the U.S. Government has the right to suspend the financing of this Purchase Agreement on the instruction of the purchaser, or for any suspected or confirmed misrepresentation or violation of any certification provided by this Contractor to obtain such financing, without any liability accruing to the U.S. Government.

6. Certifies that, unless identified below, the materiel or components to be provided under the Purchase Agreement are of U.S. manufacture. Agrees that, if DSAA approves financing of the dollar value of non-U.S. origin components or services stated in this certification, or a specified dollar value of non-U.S. origin content, this value will not be exceeded. Certifies that the dollar value of all non-U.S. origin or non-U.S. manufactured items and components, and non-U.S. services procured or to be procured specifically for this Purchase Agreement is indicated below. The value of raw materials and common hardware items which are procured by a manufacturer from both U.S. and foreign sources which are not ordinarily segregated by origin, and which are incorporated on an interchangeable basis into the manufacturer's products, need not be identified.

\$_____ (Total dollar value of non-U.S. origin components and services in the Purchase Agreement)

7. Certifies that the Purchase Agreement price includes only the following commissions or other contingent fees which shall have been or shall be paid only to bona fide employees or bona fide agencies which neither exerts nor proposes to exert improper influence to solicit or obtain this Purchase Agreement as defined in the Federal Acquisition Regulation (FAR) 3.401:

Recipient(s) of Commissions or Other Contingent Agents Fees

Name: _____

Address: _____

Aggregate Amount Paid and To Be Paid: \$ _____

Certifies that if "NONE" is indicated above the Contractor has not employed or retained any agent to solicit or obtain the Purchase Agreement on a contingent basis who has been or is to be paid from funds received by the Contractor from the U.S. Government under the Purchase Agreement.

TABLE 902-7 (Continued)

Change 7
Background

8. Certifies that funds received by the Contractor from the U.S. Government under the Purchase Agreement will not be used to purchase services, other than described in paragraphs six (6) or seven (7) above, utilized in the performance of the Purchase Agreement from non-U.S. contractors or individuals that are not resident in the United States of America, unless the financing of such services is expressly authorized by the DSAA.

9. Agrees to identify the full amount of any down payment received under the Purchase Agreement in its accounting records as a down payment, to apply these funds solely to the performance of obligations under this Purchase Agreement, and to provide a clear audit trail on the use of these funds. Agrees to certify on the down payment invoice that payment requested does not exceed Contractor costs incurred at the time of submission of invoice. These costs may not exceed the total expenditures incurred prior to implementation of the Purchase Agreement, plus termination liability to be incurred during the first 90 days, less profit. Agrees to include in the written terms and conditions of each subcontract a *prominently displayed statement* that acceptance and implementation of the subcontract constitutes agreement by the subcontractor to identify the full amount of any payment received under the subcontract in its accounting records and to provide a clear audit trail of the use of these funds.

10. Agrees that export transportation costs financed under terms of the Purchase Agreement will be paid only to steamship, barge, tug, and airline companies of United States registry. Agrees that amounts billed for such transportation shall be only the cost for shipping only the defense articles provided under terms of the Purchase Agreement.

11. Certifies that the cost of transportation, lodging, meals and other personal support costs incurred by or in behalf of the purchaser's personnel relating in any way to this contract will be paid by the purchaser, and that these costs will not be financed, in whole or in part, with USG funds received from the U.S. Government under the Purchase Agreement either directly or indirectly.

12. Certifies that the entire agreement which affects the contractual relationship between the Contractor and the purchasing government relating to this Purchase Agreement consists of: (list articles, clauses, annexes, exhibits, appendices, letters, purchase orders, etc.) _____
Further, recognizes that the U.S. Government makes no commitment to finance any additional subsequent agreements related to this Purchase Agreement.

13. Agrees that the Contractor's invoices will be prepared in accordance with the relevant provisions of the Purchase Agreement and will be submitted through the purchaser for presentation to the DSAA for payment, as follows:

a. As a minimum, the invoices must: (1) reflect the amount due and payment due date; (2) specify whether the amount billed is a down payment, progress/milestone payment, or delivery payment; (3) list the items and services delivered for which payment is requested; (4) indicate by a separate entry the transportation costs, if not included in the item price; (5) designate the FOB point and "ship to" address; (6) designate the address to where the payment should be sent; (7) if the billed amount consists of "cost, insurance and freight" (CIF) terms for delivery of materiel to a destination point outside the United States, provide the name of the carrier(s) of the materiel from the U.S. Port Of Embarkation; and (8) be supported by a copy of freight bills, air way bills, or rated on-board bills-of-lading, fully accounting for the cost of inland and export transportation of the items covered by the invoice for which payment is requested. If the Contractor pays for the transportation, whether the transportation cost is included in the price of the item or billed

TABLE 902-7 (Continued)

change 7
Background

separately to the Purchaser, bills-of-lading or air way bills must be submitted with the invoice for which payment is requested. A copy of the invoice for the cost of any insurance coverage on the shipment must also be submitted along with the shipping documents.

b. If the purchaser is paying the export transportation cost with other than U.S. Government funds (i.e., the Contractor is not paying for the export transportation cost), the Contractor will submit a certification with the invoice as follows:

The (Contractor) acknowledges that U.S. Government funds are being used by the Government of _____ to finance this purchase and certifies that no shipping cost has been incurred by this firm for exporting this materiel from the United States and no shipping cost is included in the sales price or otherwise included in the invoiced amount for which payment is requested.

c. All Contractor's invoices must be submitted with the following certification:

The (Contractor) acknowledges that U.S. Government funds are being used by the Government of _____ to finance this purchase and certifies that the invoice(s) submitted with respect thereto are free from any material false statement or misrepresentation and do not omit any material facts.

14. Agrees that any penalty payment, refund, or other reimbursement due to the purchaser pursuant to this Purchase Agreement will be paid to the U.S. Government for credit to the FMS trust fund account of the purchaser. Agrees to ensure that the DSAA receives a copy of the bonding or guarantee documents, such as Performance Bonds or Letters of Guarantee applicable to this Purchase Agreement.

15. Certifies that neither the Contractor nor any of its employees are suspended or debarred from conducting business with any agency of the U.S. Government, and that export privileges are not suspended or revoked. Also agrees that no such suspended or debarred firms will not be used as a source of supplies or as a subcontractor for this Purchase Agreement.

16. In addition to the agreement in paragraph 1 above, for purposes of facilitating official U.S. Government inquiries to determine whether criminal offenses may have been committed regarding the use, disbursement or other disposition of funds made available under the U.S. Arms Export Control Act, involved in this Purchase Agreement, agrees:

a. to identify and to consent to the disclosure of the following accounts to (and at the request of) the U.S. Department of Defense or the U.S. Department of Justice or U.S. Federal grand juries:

(1) accounts wherever located in the name of such Contractor; and

(2) accounts located outside the United States in the name of the principal executive officers of such Contractor (and any nominees) who have been personally and substantially involved in this Purchase Agreement.

TABLE 902-7 (Continued)

*change 7
Background*

b. for these purposes to include in the written terms and conditions of each subcontract (as defined in paragraph 1 above) applicable to this Purchase Agreement a statement that acceptance and implementation of the subcontract constitutes agreement by the subcontractor to identify and to consent to the disclosure of the following accounts to (and at the request of) the U.S. Department of Defense or the U.S. Department of Justice or U.S. Federal grand juries:

- (1) accounts wherever located in the name of such subcontractor or supplier; and
- (2) accounts located outside the United States in the name of the principal executive officers of such subcontractor or supplier (and any nominees) who have been personally and substantially involved in this subcontract under the Purchase Agreement.

The term "consent to the disclosure" for the purposes of subparagraphs (a) and (b) of this paragraph includes an agreement to provide consent documents authorizing the disclosure of such information upon request.

17. By signature below, the named individual hereby separately certify: (1) that he or she has actual authority to sign on behalf of the Contractor and to bind the Contractor with regard to all agreements and certifications contained hereon; (2) that this certification and agreement is being signed and submitted for the purpose of receiving payment under terms of the above listed Purchase Agreement to be financed by U.S. Government funds; and (3) that the information provided in this Certification and Agreement is complete and correct to the best of each signatory's knowledge and belief after each has taken appropriate steps to verify the accuracy thereof. The person(s) signing the Purchase Agreement may not also sign this Certification and Agreement. In the event that the Contractor is a partnership, two general partners are required to sign this Certification and Agreement.

VICE PRESIDENT (OR MORE SENIOR OFFICAL)
HAVING SUPERVISORY RESPONSIBILITIES OVER
THE MAKING OF THIS PURCHASE AGREEMENT

TREASURER, COMPTROLLER,
OR OTHER SENIOR FISCAL OFFICIAL.

(Signature)

(Typed Name)

(Title) (Date)

(Signature)

(Typed Name)

(Title) (Date)

TABLE 902-7 (Continued)

(175)

Change 7

A. Part One - General Information

1. Country Background. [A brief explanation of political, economic, military, and cultural aspects of country that effect the SA training relationship with the US. Stated another way: Why do we have a program with this particular country?]

2. Security Assistance Training Program Objectives.

- [- Specific US program objectives.
- Host country objectives.
- Significant accomplishments toward meeting objectives.
- Future objectives and program requirements.]

3. Program Planning.

a. Program Development. [This should include a brief description of the training planning process, highlighting the host country and SAO roles, problems (if any), and plans for improvement.]

b. Explanation of host country capabilities and third country provided training. [How do these affect this training program?]

c. Evaluation of prior year program successes or failures. [How do these affect current program planning? This evaluation should answer the questions: (1) How effective does the host country employ the skills and training of returning IMET graduates? (2) How has training under the IMET program enhanced the professionalism and improved the capabilities of the host country? ~~and~~ (3) How has the IMET program, particularly the expanded IMET program, contributed to effective defense resource management, concepts of civilian control of the military, and respect for internally recognized human rights? ~~and~~ (4) Give anecdotal examples of how the SA training program has furthered US access, interests, or objectives.]

d. Brief explanation of what is being done to build on successes and correct failures.

B. Part Two - Program Summary.

1. Statistical Summary Chart. ^{For FMS only} [This is the standard chart already included in current "Two Year Plans" and "Training AIASAs." The format is shown below.]

Three Year Training Program Summary Chart
Country Name IMET (\$000)

Current Year (IMET \$ Level) Students/\$/	Budget Year (IMET \$ Level) Students/\$/	Planning Year (IMET \$ Level) Students/\$/
---	--	--

- CONUS Training
- PME
- MGT
- POSTGRAD
- UPT/FLT

Table 1000-1. Two Year Training Plan (Page 1 of 4)

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TECH
OT
Subtotal CONUS Training:
OCONUS TNG
Other
 TNG Teams
 Support
Sub Total Other
Total IMET Program:

FMS Training Programs should be broken out by total cases, students, training spaces, and dollars as shown below:

Country Name FMS (\$000)

	Current Year	Budget Year	Planning Year
Total Cases			
Total Students			
Total Spaces			
Total Dollars			
Total Teams/Members]			

2. Significant Training.

a. ^EMid and Senior Level PME Requirements. [Should show firm mid and senior level PME requirements for the budget year and estimated requirements for the plan year. The schools that should be reported are shown below.]

←
chg 7

Mid and Senior Level PME Requirement

School [Number of Quotas Desired] by [Budget Year] Quotas by [Planning Year] Quotas

- National Defense University
- Army War College
- Navy Command College
- Air War College
- Army Command & Staff College
- Navy Staff College
- Air Command & Staff College
- USMC Command and Staff College
- Armed Forces Staff College
- Sergeants Major Academy

Justification: [Provide a five to six sentence paragraph to help the UCOM develop a priority list and justification to support your request for PME quotas for the budget year only.]

should specify either the National War College or Industrial College of the Armed Forces, civilian or military option.

b. Expanded IMET Requirements for Budget Year and Plan Year.

~~[Training that should be reported is shown below.] Expanded IMET Requirements - Core~~

~~Courses/IMET~~ Report all Expanded IMET requirements.

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Change 7

Course/MET by (Budget Year) Quotas by (Planning Year) Quotas

- Defense Resource Management MET
- Military Justice MET
- International Defense Management
- Senior International Defense Management
- Defense Resource Management
- Military Justice CONUS Course
- Army JAG Basic Course
- Army JAG Graduate Course
- USCG Maritime Law Enforcement MET
- Resource Management - MS Degree Program
- DISAM MET
- Army CGSC - Spanish (Latin American Only)
- Navy Hydrographic Training Program
- Civil-Military Strategy for Internal Development

3. Other US Funded Assistance Programs. Any other US assistance involving DoD support should be reflected in this section to include program description and funding levels (such as INR and remaining monies).

c. Other Significant Training. [Any other significant training the SAO wishes to highlight as critical to implementation of the current year, budget year, or plan year training program. This section should include planned or anticipated major equipment acquisitions that will require DoD training.] Include non-SA education and training such as the Air Force aviation leadership program and DoD regional centers.

C. Part Three - Program Administration. [An update to annually reoccurring administrative requirements. This will preclude submitting these individually throughout the year.]

1. Budget year holidays for international students (two in addition to US holidays). [This is same information previously requested by DLIELC on behalf of the MILDEPs each summer.]

2. IMET TLA factors for the budget year. [IMET cost sharing factors such as cost of round trip air fare to CONUS; whether or not country will pay any or all of IMET TLA, etc. This is same information SAOs provide to the MILDEPs in response to a SATFA message each summer.] See Table 1001-2.

3. Break out of total projected budget year IMET funding allocation. [Show the percentage and dollar value level, by US MILDEP. Navy data should include USMC and USCG.]

D. Part Four - English Language Training. [Show a brief explanation of the country's ELT, to include:

1. Status of language labs, including plans to upgrade those labs and plans to acquire additional labs. SAOs should provide the current message address, mailing address, SAO phone number, SAO datafax number, and "ship to" address for language labs/books and publications. All levels III and IV IMET funded labs require a waiver. Requests for waiver consideration are to be sent to the NCDM, info DSAA-Plan-PGM.
2. Plans to acquire English language software.
3. English language instructor training requirements.
4. Unique or special problems for students that train at DLIELC.

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Change 7

5. English language testing and training waivers (your recommendation for the country's proper English language waiver category; e.g., waived from all testing, waived from in-country testing, waived from the 55 minimum ECL to train at DLIELC)]

E. Part Five - Positions of Prominence. [Data should be reported annually in the two year training plan.]

in accordance with Section 1005

F. Part Six - Army Training. [Show information to elaborate on US Army training programs. This section would include any OT, MTT, OJT, OBT, or special training requests for the US Army, to include training associated with major equipment acquisition.]

G. Part Seven - Naval/Maritime Forces Training. [Elaborate on naval or maritime forces training programs. This section would include any OT, MTT, OJT, OBT, or special requests for US maritime forces training to include INM or ACS training programs, and training associated with major equipment acquisition. This part should include sections for the US Navy, Marine Corps, and Coast Guard.]

H. Part Eight - Air Force Training. [Information to elaborate on Air Force training programs. It would include any OT, MTT, OJT, OBT, QUAL, FTD or special training requests for the Air Force, to include training associated with major equipment acquisition.]

I. Part Nine - IMET Policy Waivers. [For IMET funded training that requires specific approval in accordance with this chapter or separate UCOM guidance.]

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JOINT STAFF
INFO SERVICE CENTER

*Change 7
Background
Waive
Per your request,
See attached
changes.
Kurt*

ROUTINE
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FM SECDEF WASHINGTON DC//USDP:DSAA//
TO AIG 7814
INFO DISAM WRIGHT PATTERSON AFB OH

ZYUW RUEKJCS3372 3102104

UNCLAS

SUBJECT: REVISED TWO-YEAR TRAINING PLAN

FROM: DSAA-PLANS-PGM, I-006477/95

REFS: A. DOD 5105.38-M, SAMM, TABLE 1000-1, TWO YEAR TRAINING PLAN
B. TRAINING MANAGEMENT REVIEW, 16-19 OCT 95

1. THIS MESSAGE DISSEMINATES REVISIONS TO REFERENCE A AS AGREED UPON BY THE UNIFIED COMMANDS AND MILITARY DEPARTMENTS DURING REFERENCE B. THE REVISIONS SHOULD BE USED BY ALL SAOS WHEN SUBMITTING TRAINING PROGRAMS IN PREPARATION FOR THE NEXT UNIFIED COMMAND TRAINING PROGRAM MANAGEMENT REVIEWS SCHEDULED FOR MARCH-MAY 1996.

2. REFERENCE A REVISIONS ARE AS FOLLOWS:

A. PART I - GENERAL INFORMATION, SUB PAR. 3C, EVALUATION OF PRIOR YEAR PROGRAM SUCCESS AND/OR FAILURES. REVISE BY ADDING SENTENCE (4) AS FOLLOWS: GIVE ANECDOTAL EXAMPLES OF HOW THE SECURITY ASSISTANCE TRAINING PROGRAM HAS FURTHERED U.S. ACCESS, INTERESTS, OR OBJECTIVES.

B. PART II - PROGRAM SUMMARY, SUB PAR. 1. REVISE HEADING TO READ STATISTICAL SUMMARY CHART FOR FMS ONLY. WE HAVE DETERMINED THAT THIS SECTION IS MOST USEFUL FOR FMS INFORMATION. IMET INFORMATION, WHICH IS AVAILABLE THROUGH OTHER SOURCES, SHOULD BE DELETED.

C. PART II - PROGRAM SUMMARY, SUB PAR. 2A. MID AND SENIOR LEVEL PME REQUIREMENTS. REVISE JUSTIFICATION AS FOLLOWS: PROVIDE A FIVE TO SIX SENTENCE PARAGRAPH TO HELP THE UNIFIED COMMAND DEVELOP A PRIORITY LIST AND JUSTIFICATION TO SUPPORT YOUR REQUEST FOR PME QUOTAS FOR THE BUDGET YEAR ONLY. REQUESTS FOR NDU SHOULD SPECIFY EITHER THE NATIONAL WAR COLLEGE OR INDUSTRIAL COLLEGE OF THE ARMED FORCES, CIVILIAN OR MILITARY, OPTION.

D. PART II - PROGRAM SUMMARY, SUB PAR. 2B. EXPANDED IMET REQUIREMENTS FOR BUDGET YEAR AND PLAN YEAR. REVISE BY REPLACING ALL TEXT WITH THE FOLLOWING STATEMENT: REPORT ALL EXPANDED IMET PROGRAMS.

E. PART II - PROGRAM SUMMARY, SUB PAR. 2C. OTHER SIGNIFICANT TRAINING. REVISE AS FOLLOWS: ANY OTHER SIGNIFICANT TRAINING THE SAO WISHES TO HIGHLIGHT AS CRITICAL TO IMPLEMENTATION OF THE CURRENT YEAR, BUDGET YEAR, OR PLAN YEAR TRAINING PROGRAM. INCLUDE NON-SECURITY ASSISTANCE EDUCATION AND TRAINING SUCH AS THE AIR FORCE AVIATION LEADERSHIP PROGRAM AND DOD REGIONAL CENTERS. THIS SECTION SHOULD INCLUDE PLANNED OR ANTICIPATED MAJOR EQUIPMENT ACQUISITIONS THAT WILL REQUIRE DOD TRAINING.

F. PART II - PROGRAM SUMMARY. REVISE BY ADDING SUB PAR. 3 TITLED OTHER U.S. FUNDED ASSISTANCE PROGRAMS. PARAGRAPH SHOULD READ AS FOLLOWS: ANY OTHER U.S. ASSISTANCE INVOLVING DOD SUPPORT SHOULD BE REFLECTED IN THIS SECTION TO INCLUDE PROGRAM DESCRIPTION AND FUNDING LEVELS (E.G. INL, DEMINING MONIES).

G. PART III - PROGRAM ADMINISTRATION, SUB PAR. 2. IMET TLA FACTORS FOR THE BUDGET YEAR. REVISE BY ADDING THE FOLLOWING: REFER TO SAMM DOD 5105.38-M, CHAPTER 10, SEC 1001, TABLE 1001-2.

H. PART IV - ENGLISH LANGUAGE TRAINING, SUB PAR. 1. REVISE BY ADDING THE FOLLOWING: ALL LEVEL III AND LEVEL IV IMET FUNDED LABS REQUIRE A WAIVER. REQUESTS FOR WAIVER CONSIDERATION ARE TO BE SENT TO THE UNIFIED COMMAND, INFO DSAA-PLANS-PGM.

I. PART V - POSITIONS OF PROMINENCE. REVISE SENTENCE AS FOLLOWS: DATA SHOULD BE REPORTED ANNUALLY IN THE TWO YEAR TRAINING PLAN IN ACCORDANCE WITH SAMM SECTION 1005, PG. 1005-1.

3. THESE CHANGES WILL BE REFLECTED IN THE NEXT REVISION TO CHAPTER 10 OF THE SAMM.

4. DSAA-PLANS-PGM POINT OF CONTACT IS MR. KEITH WEBSTER. (703) 604-6644. EXT. 382. BT

JOINT STAFF V1

ACTION

INFO SJS-C(1) CMAS(1) J3DSOD(1) J3JODEU(1) J7(4)
J5(1) JSAMS(1)

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SECDEF V2

ACTION USDP:DSAA(1)

INFO SECDEF-C(1) USDP:FILE(1)

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MCN=95310/09847

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D. **Minimum Duration of Student Training in US.** Prior DSAA and UCOM approval is required to program students for training in the US for less than eight weeks total duration if all or part of the overseas travel is paid by IMET. If host country elects to fund round-trip transoceanic travel, no approval is required to program such training. Mandatory CONUS personnel processing or ELT will not be considered as part of the eight-week requirement. This limitation does not apply to OTs or flag rank related courses conducted by the Defense Resources Management Institute, those courses conducted by the US Army School of the Americas (SOA) and IAFA, Air Force physiological and physiological refresher training, and DISAM training.

E. **High-Cost Training.** IMET funds should not normally be used for high-cost training, which is defined as any training or any single course of training with a tuition cost of \$30,000 or higher. However, selected high-cost training will be considered on a case-by-case basis by DSAA and the UCOM. Training previously priced at less than the \$30,000 high-cost threshold which subsequently exceeds the threshold due to a price increase of not more than ten percent does not require a waiver to the high-cost restriction.

F. **Training Provided by Contractors.** IMET funds are primarily intended to provide DoD training. Training by US contractors will be considered only when the required training is not available within DoD resources.

G. *DISAM - Add circled words next under*
100106 POLICY AND LEGAL CONSTRAINTS THAT CANNOT BE WAIVED.
 The following are expressly prohibited from IMET funding:

A. **Training of Police Forces.** FAA Sec 660 does not permit training of police forces. "Police" as used in this prohibition includes military as well as civilian police if the military police perform civilian law enforcement functions. Neither the name given to a unit by the foreign government nor the ministerial authority under which it operates is sufficient in and of itself to determine whether a particular force is a "police unit". The determining factor is the nature of the function performed by that unit. Military police training of non-police personnel is permitted and requires a certification that the individual will not be involved in any civilian law enforcement activities for a period of two years. See Paragraph 100107.

B. **Training Non-Defense Personnel.** Personnel who are not members of the requesting country's defense establishment or armed forces are not eligible to be trained using traditional IMET funding. This prohibition does not apply to Expanded IMET training of civilian personnel from non-defense ministries or personnel from the country's legislature branch.

C. **Foreign Language Training.**

D. **Purchase of Training Aids Other than English Language Equipment or Materials.**

E. **Correspondence Courses.**

F. **Doctoral/PhD level Training.**

G. **Training to Support National Intelligence Programs.** The scope of military intelligence training normally available to international students is limited to that which is directly related to combat or operational intelligence. Tactical intelligence training provided under SA programs will not be extended to include training in support of national intelligence programs of foreign countries. All requests for intelligence training provided by the IAs will be reviewed carefully by the IA to ensure compliance with this paragraph. Other potentially sensitive training requests should be addressed to DSAA for appropriate guidance, processing, or decision.

June 29, 1995

change 7

MEMORANDUM FOR OPS/MGT (attn: Wayne Wells)

SUBJECT: Change 7 of the SAMM - Chapter 10 Revisions

The following is provided as requested to assist in publication of subject revision:

1. Pg. 1000-7, Para. 2 *Significant Training*, sub-para. a., "Mid and Senior Level PMS Requirements" should be changed to **PME**.
2. Table 1001-2, pg. 1001-18, para. (10) "...increased living allowance (**\$40**) shall apply..." should be (**\$50**).
3. Table 1001-2, pg. 1001-18, para. (13) "...guest instructors at SCIATTS (**insert: and IAAFA**) will be the ..."
4. Pg. 1003-7, Para. C-8, *Responsibility for Tour* should be revised as follows: While every effort will be made to meet SAO recommendations, the final tour agenda and itinerary will be the responsibility of the tour IA and DSAA-Plans. The IA is required to **clear all itineraries with DSAA-Plans prior to the release of the proposed agenda to the country team. Additionally, all changes to the approved itinerary must be cleared by DSAA-Plans prior to publication.**
5. Section 100105, *Specific Policy Constraints Requiring Waiver Approval*: Add Para. G as follows: **Training of Civilians**. Training of Defense civilians, non-defense ministry civilians, legislators, individuals who are not members of the government (NGOs) under the Expanded IMET program, training of defense civilians for the express purpose of teaching, developing, or managing in-country English language training programs, and training of defense civilians in counternarcotics related areas is authorized. Additionally, maritime law enforcement and other maritime skills training for agencies which are non-defense, or agencies which perform a maritime law enforcement mission, and other maritime skills training provided to a country which does not have a standing armed forces is authorized. Training of civilians in other than these four areas requires an exception to policy.
6. Section 100114, *Medical Costs*, pg. 1001-9. Update table as follows: Colombia - new expiration date of 4-8-96; Ecuador - new expiration date of 1-27-96; El Salvador - new expiration date of 2-6-96. The following should be added as follows:

Venezuela, 9-22-94, 9-21-97, Yes*, No, Yes, No
Guatemala, 4-24-94, 4-23-97, Yes, No, No, No
Bolivia, 9-13-94, 9-12-97, Yes, No, No, No
Romania, 4-26-95, 4-25-98, Yes, No, No, No

* Dependents covered of all students regardless of funding source

Keith Webster
Plans-PGM

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C. **Monitoring.** To the extent consistent with available resources, SAOs are expected to monitor utilization of US trained personnel, with emphasis on the more critical and higher level skills. Periodic reports by appropriate foreign authorities normally will satisfy this requirement.

100110 ALLOCATIONS AND REALLOCATIONS.

A. **Mid-Year Review of IMET Allocation Levels.** UCOMs will provide comments and recommendations concerning the status of individual country IMET allocation levels to DSAA at the annual TPMR. UCOMs will identify (1) countries that will not be able to utilize all of their currently allocated IMET levels and recommend revised country allocation levels; (2) programs that have valid training requirements above current allocated IMET levels and recommend corresponding increases to country allocation levels; and (3) programs that will require no change in allocation levels. Recommendations for increases will be prioritized within each UCOM and will include a descriptive narrative to identify the type of training and number of students associated with the dollars requested. Specific WCN numbers should be identified. UCOMs will ensure that SAOs submit appropriate program additions or other changes reflecting priority coded and quarter availability no earlier than the fourth quarter for those countries that are recommended for increases. SAOs will use the TPMR to validate requirements for additional funds with IAs before presentation to UCOMs.

Replace
with
words
next
under-

B. **End-of-Year Review of IMET Allocation Levels.** DSAA will refer to unfulfilled mid-year requirements as recommended by the UCOMs at the TPMRs in formulating a DoD position for End-of-Year reallocation.

100111 TRANSPORTATION FOR IMET TRAINEES. It is DoD policy to encourage foreign countries to assume the cost of transportation and living allowances for their students to the maximum extent possible so that IMET funds are utilized to permit higher numbers of students to be enrolled in training.

A. **Travel within Student's Country.** The program will not pay travel costs of students traveling within their own country. Destination for return travel will be the same as the debarkation point on the ITO unless deviation is specifically authorized by the SAO and indicated on the ITO.

B. **Use of Foreign Flag Carriers.** Whenever possible, SAOs assigned to countries which have national flag carriers with routes to or part way to the US will obtain agreement from the host countries to transport their respective students on such carriers at no cost to the US.

C. **Modes of Transportation When Furnished by the US.** Travel between home country and the training center for those IMS provided transportation by the USG will be the most direct route, except as specified below.

1. **Travel to or from CONUS by US Military Aircraft.** IMS are authorized to travel by US military aircraft. Transportation of IMS including those whose country elects to pay the cost of the transportation will be at common user rates.

2. **Travel to or from CONUS by US Commercial Air or Surface.** Travel to or from the US will be via USG transportation to the fullest extent feasible. When the use of USG transportation for the entire trip does not permit the student to meet course or class convening dates, combinations of US commercial air or surface common carrier (tourist class) and government transport will be used. Where this combination has been used, USG transportation for the return travel to the home country will be utilized to the fullest extent possible. If a US flag carrier is not available, the JFTR requires a certificate of non-availability.

Change 7

July 28, 1995

MEMORANDUM FOR OPS/MGT (attn: Wayne Wells)

SUBJECT: Change 7 of the SAMM - Chapter 10 Revisions

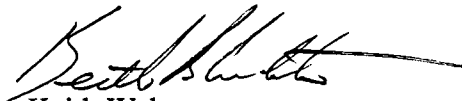
The following is provided as an amendment to my previous memorandum dated June 29, 1995:

Pg. 1001-5, Section 100110 Allocations and Reallocations: Rewrite paragraph A as follows: End-of-Year Review of IMET Allocation Levels. UCOMs will provide comments and recommendations concerning the status of individual country IMET allocation levels to DSAA at the annual TPMR. SAOs will use the TPMR to validate requirements for additional funds with IAs before presentation to the UCOMs. Subsequently, NLT than 30 June, UCOMs will identify (1) countries that will not be able to utilize all of their currently allocated IMET levels and recommend revised country allocation levels; (2) programs that have valid training requirements above current allocated IMET levels and recommend corresponding increases to country allocation levels; and (3) programs that will require no change in allocation levels. Recommendations for increases will be prioritized within each UCOM and will include a descriptive narrative to identify the type of training and number of students associated with the dollars requested. Specific WCNs should be identified. UCOMs will ensure that SAOs submit appropriate program additions or other changes reflecting priority code D and quarter availability no later than 31 July. Note that if Congressional notification is required, reallocated funds may not be available until September. To plan accordingly, the SAO should have programmed an appropriate number of confirmed 5th quarter requirements.

A.

Rewrite paragraph B as follows: Out-of-Cycle IMET Reallocations. Unique circumstances may arise within a given fiscal year requiring an out-of-cycle regional IMET reallocation. Such a requirement will be handled as an exception to the above process.

B.


Keith Webster
Plans-PGM

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Change 7

baggage by commercial means at their expense. If lack of time prohibits this, unauthorized baggage will be taken into custody by the traffic representative, and the student will be given a receipt for the baggage. The student will remain on the scheduled flight or carrier. After departure of the carrier, the traffic representative will deliver the unauthorized baggage to the nearest appropriate foreign consulate.

C. Guest Instructors at SCIATTS. Costs incidental to the use of international guest instructors at SCIATTS are to be included in the fixed operating budget and not included in course tuition costs. These costs include travel of guest instructors and their authorized dependents, and shipment of household goods and living allowance in accordance with Table 1001-2. Shipment of household goods from the Panama Canal area to home country is authorized for Latin American guest instructors who have completed a tour of duty at SCIATTS. The net weight allowance is 2000 pounds for married guest instructors and 200 pounds for single guest instructors. In addition to net weights listed above, weight allowances are authorized for crating and packing materials on the same basis as for US military personnel and in accordance with the JTR. Shipment of household goods in excess of authorized net weight will be at the expense of the guest instructor or his government. Shipment will be by surface common carrier. Air freight may be used only when surface common carrier is not available.

100114 MEDICAL COSTS. A factor of ~~\$35~~⁵⁰ per student training line (exclusive of orientation) is authorized for programing purposes under generic code NZE (MASL IIN 365003/365004) for medical treatment in USG facilities for IMET students. Charges for medical care do not apply if the IMS is covered under a reciprocal health care agreement between the US and the IMS's country. Health care agreements exist as follows:

Country	Eff Date	Expires	Dependents	Civilians	FMS	IMET
Canada	5-3-93	5-3-96	No	No	No	N/A
Colombia	4-9-92	4- 9-95 8-96	Yes	No	Yes	Yes
Ecuador	1-25-92	1- 25-95 27-96	Yes	No	No	No
El Salvador	2-7-92	2- 7-95 2-6-96	Yes	No	Yes	Yes
Germany	7-8-92	7-8-97	Yes	Yes	Yes	Yes
Tunisia	10-13-93	10-13-96	Yes	No	Yes	Yes
Uruguay	8-2-94	8-2-97	Yes	No	Yes	Yes

* Dependents covered of all students regardless of funding source.

When such an agreement exists, check item 16b(3) in the ITO and add the following statement in item 13: "Medical care is provided under [reference the agreement, date, etc]. Reimbursement for services provided is not required." Note that agreements may not cover certain categories (such as civilian IMS or IMS dependents) and are normally applicable only for medical care in DoD facilities; therefore, if a training installation does not have a DoD medical facility, the terms of the agreement do not apply and the program should be charged accordingly. Funds for burial expense or other student support costs will be programed under generic code N7F on a case-by-case basis only after DSAA approval.

100115 ASSIGNMENT OF BUDGET YEAR PRIORITY CODES. SAOs will assign priority code A for their Budget Year program using the Budget Year level at the annual TPMRs. In addition, SAOs should assign priority code D to other valid training requirements in excess of the budget level and to take place not earlier than the fourth quarter. Valid training priority coded D is defined as training in keeping with IMET policies and objectives, that IAs can accommodate, for which the host country can provide qualified candidates and which has a dollar value that the SAO can reasonably expect to receive in mid-year or end-of-year if funds are available. In most cases, this should not exceed approximately ten percent of the budget level. SAOs should code all training lines in a WCN series to reflect the code of the program line with the highest priority within that series.

DISAM - add in alpha sequence

Bolivia	9-13-94	9-12-97	Yes	No	No	No
Guatemala	4-24-94	4-23-97	Yes	No	No	No
Romania	4-26-95	4-25-98	Yes	No	No	No
Venezuela	9-22-94	9-21-97	Yes*	No	Yes	No

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- (6) Accompanied students living offpost attending courses where dependents are authorized may draw a living allowance advance upon arrival in CONUS of an amount up to but not to exceed ten percent of their total living allowance authorized at a particular location. The student living allowance drawn during the period of training will be adjusted to ensure that the amount of the advance is fully recovered before the student completes training at the location.
- (7) Meal allowance only. Cost of quarters to be paid from programmed funds by Class A agent/cashier escort officer.
- (8) In overseas areas, including Hawaii, where USG quarters and mess are not available, the rates authorized are equal to those authorized for US personnel in the JTR. "Quarters Available" means that USG quarters were either furnished or made available. "Mess Available" means three meals per day were available in a USG mess, whether or not actually consumed. USG mess excludes open mess and is not considered available to officer IMS except where separate messing facilities are available. IMS not authorized a USG living allowance will pay for their meals. Meals taken in other food service facilities will be paid for by the IMS at the menu rates.
- (9) Enlisted students from countries that participate in partial cost-sharing of living allowances who are not entitled to meal cards may receive a living allowance greater than \$9. A higher rate is authorized as long as the programmed rate is less than the \$9 plus the daily cost of mess hall meals. When the programmed rate reaches or exceeds the \$9 plus the cost of meals, students will be issued meal cards and will be paid \$9 per day.
- (10) When an officer IMS is authorized an increased living allowance for accompanying dependents and is subsequently hospitalized, an increased living allowance (~~\$10~~) shall apply during the period of hospitalization, rather than the reduced rate specified herein. 5 ←
- (11) Living allowance for leave periods following termination of training is not authorized. Leave with living allowances may be granted during periods of class breaks, authorized holidays, between consecutive courses, and delays at a port while awaiting transportation at the rate that is appropriate to the training status.
- (12) Guest instructors assigned to SOA will be paid a living allowance based upon the installation's BOQ rates by grade and a standard subsistence allowance regardless of rank.
- (13) The rate of IMET living allowance for guest instructors at SCIATTS will be the minimum necessary consonant with the person's grade and position as determined by the IA. ^{and IARFA}
- (14) Foreign enlisted students are not authorized accompanied dependents except for those attending the US Army Sergeants Major Academy (SMA). The authorized living allowance for accompanied IMS at the SMA is \$45 per day.
- (15) In addition to the \$11 the enlisted IMS will receive directly, the IA will program additional funds to include reimbursement for meals and billeting fees. The programming figure will vary depending on type of government quarters available.

Change 7

objectives are obscure. Visits to large metropolitan centers which do not directly relate to OT objectives should be avoided.

3. **Approval of Exceptions.** Requests for OTs will be forwarded to the UCOM and DSAA (IMET) and the IA with supporting rationale and justification for approval prior to any proposal to country officials which could be construed as an agreement to provide a tour.

4. **Official Entertainment.** Official entertainment in connection with OTs (luncheons, dinners, receptions) should be in keeping with the grade and position of tour participants. Protocol activities of this nature should be arranged on an austere basis. Activities which could be interpreted as lavish should be avoided.

5. **Size of Tour Groups.** Large group OTs are discouraged. Experience indicates that OTs for large groups are difficult to manage and usually result in a bland experience for the majority of participants, at a disproportionate cost. In addition, since OTs are expensive in terms of both service support resources and IMET funds, the number of personnel comprising OTs should be kept to a minimum, generally no more than five persons excluding escort officer(s). Other than the escort officer(s), tour members must have a direct relationship with the purpose for which the tour was established.

6. **Assignment of Executive Agency and Escort Officers.** An executive agency is assigned to conduct and provide escort officers for OTs in CONUS. The executive agency is the DoD component having primary interest in the tour, or the component selected by DSAA as executive agency to implement a specific tour. Every effort will be made to provide escort officers fluent in the language of the tour participants when lack of English fluency of the participants makes a language qualified escort essential to tour objectives. Normally, an SAO representative should not be used as escort officer for IMET OTs. However, in exceptional cases and with prior approval of DSAA, the executive agency may consider an SAO representative to serve as an escort officer when justified; e.g., because of special qualifications, workload, unusual rapport with key host country personnel, and associated projects or contacts which might be exploited. The SAO representative selected as an escort officer will be under the complete jurisdiction of the executive agency and will remain with the tour at all times until the tour participants return to host country. TDY travel and per diem costs for the escort officer for the duration of the tour are chargeable to IMET funds, and will be programed as a separate line in the country program under budget project N70. US personnel other than bona fide escort officers designated or agreed to by the executive agency for tour implementation are not authorized to accompany tour groups. A factor of \$800 per person week is authorized for programing (N7B) when escort officer services are required in connection with OTs. The dollar value of escort officers is programed in the TLA data field.

8. **Responsibilities for Tour.** While every effort will be made to meet SAO recommendations, the final tour agenda and itinerary will be the responsibility of the tour IA. The IA is required to submit a proposed agenda for approval by DSAA Plans, clear all itineraries with DSAA Plans prior to the release of the proposed agenda to the country team. Additionally, all changes to the approved itinerary must be approved by DSAA Plans prior to publication. and DSAA Plans ←

9. **Leave for Participants.** When authorized in student ITO, leave may be taken by tour participants at the conclusion of an OT at no additional expense to IMET.

100308 RECIPROCAL EXCHANGE TRAINING. This section provides general guidance for the conduct of reciprocal PME and unit exchanges. Detailed implementing instructions are provided in the JSAT Regulation and other IA instructions.

A. **PME Exchange Training.** FAA Sec 544 authorizes reciprocal exchanges between US PME institutions and comparable non-US institutions. Institutions specifically included are the US military service Command and Staff Colleges, Armed Forces Staff College, and US MILDEP

June 29, 1995

Change 7

Background

MEMORANDUM FOR OPS/MGT (attn: Wayne Wells)

SUBJECT: Change 7 of the SAMM - Chapter 10 Revisions

The following is provided as requested to assist in publication of subject revision:

- ✓ 1. Pg. 1000-7, Para. 2 *Significant Training*, sub-para. a., "Mid and Senior Level PMS Requirements" should be changed to **PME**.
 - ✓ 2. Table 1001-2, pg. 1001-18, para. (10) "...increased living allowance (**\$40**) shall apply..." should be (**\$50**).
 - ✓ 3. Table 1001-2, pg. 1001-18, para. (13) "...guest instructors at SCIATTS (**insert: and IAAFA**) will be the ..."
 - ✓ 4. Pg. 1003-7, Para. C-8, *Responsibility for Tour* should be revised as follows: While every effort will be made to meet SAO recommendations, the final tour agenda and itinerary will be the responsibility of the tour IA and **DSAA-Plans**. The IA is required to **clear all itineraries with DSAA-Plans prior to the release of the proposed agenda to the country team. Additionally, all changes to the approved itinerary must be cleared by DSAA-Plans prior to publication.**
 - ✓ 5. Section 100105, Specific Policy Constraints Requiring Waiver Approval: Add Para. G. as follows: **Training of Civilians**. Training of Defense civilians, non-defense ministry civilians, legislators, individuals who are not members of the government (NGOs) under the Expanded IMET program, training of defense civilians for the express purpose of teaching, developing, or managing in-country English language training programs, and training of defense civilians in counternarcotics related areas is authorized. Additionally, maritime law enforcement and other maritime skills training for agencies which are non-defense, or agencies which perform a maritime law enforcement mission, and other maritime skills training provided to a country which does not have a standing armed forces is authorized. Training of civilians in other than these four areas requires an exception to policy.
 - ✓ 6. Section 100114, Medical Costs, pg. 1001-9. Update table as follows: Colombia - new expiration date of 4-8-96; Ecuador - new expiration date of 1-27-96; El Salvador - new expiration date of 2-6-96. The following should be added as follows:
 - ✓ Venezuela, 9-22-94, 9-21-97, Yes*, No, Yes, No
 - ✓ Guatemala, 4-24-94, 4-23-97, Yes, No, No, No
 - ✓ Bolivia, 9-13-94, 9-12-97, Yes, No, No, No
 - ✓ Romania, 4-26-95, 4-25-98, Yes, No, No, No
- ✓* Dependents covered of all students regardless of funding source

Keith Webster
Plans-PGM

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appropriation, fund or account used to procure such defense articles or to the appropriation, fund, or account currently available for the same general purposes."

3. Any net proceeds from disposal will be reimbursed in US dollars except where government-to-government arrangements, with DoS representing the USG, specify otherwise. "Net proceeds" means the balance of the gross proceeds of sale after reasonable administrative costs of the sale are deducted.

C. **Supervision.** FAA Sec 623 shows SecDef responsibilities, including [Sec 623(a)(3)] responsibility for "the supervision of end-item use by the recipient countries."

110103 SAO ACTION.

A. **MAP Item Supervision.** In order to meet the requirement shown in 110102.C above, each SAO must work with the country to ensure that a sound process exists for accountability, including technical inspection and disposal, of US-origin defense articles.

1. The SAO should ensure the country property accountability process specifically identifies aircraft, ships, radars, armored vehicles, general purpose vehicles, artillery, mortars, and missiles, including non-consumable/reparable components of those items, which were acquired under the FAA of 1961, as amended. Utilization reporting for these items (to DSAA, with an information copy to the UCOM) is required if information is obtained which indicates use contrary to 110102.A above.

2. Noting the presence and utilization of US origin equipment should be done during the course of other duties. End-use inspection or FAA materiel-related functions will not justify SAO budget or personnel authorizations. Note that end-use observation and reporting extends to items of US origin acquired other than under the FAA, although only monitorship as discussed in Section 3000Z.C.1, not supervision as discussed in this section, is required for those items.

B. **Excess Determinations.** SAOs should encourage the country to declare MAP materiel excess when it is no longer needed and before items deteriorate. Items which are redistributed to defense forces within the country are not excess under this section.

1. When MAP materiel is determined to be excess, the SAO will ascertain its condition based, to the extent possible, on total or sample inspection, as appropriate, by qualified US personnel. When this is not feasible, classification by foreign government authorities may be accepted.

2. Disposal condition codes in DoD 4160.21-M will be used for turn-in to DRMO or to obtain DoS disposal approval. Condition Code S (scrap) consumable items not requiring demilitarization or other special controls are no longer defense articles and may be disposed of without further US approval.

C. **Screening.** SAOs will report, to the managing MILDEP's ILCO with an information copy to the UCOM, the items listed in 110103.A.1 above which are excess and meet the following criteria:

1. Have a line item acquisition value of \$50,000 or more.
2. In disposal Condition Codes 1 and 2 (unused-good and fair), 4 and 5 (used-good and fair), and 7 and 8 (repairs required-good and fair).

16 October 1995

MEMORANDUM FOR COMMANDANT, DEFENSE INSTITUTE OF SECURITY
ASSISTANCE MANAGEMENT

SUBJECT: SAMM Change 7, Leases

The following should replace sections 120001-120004 in SAMM Change 7:

120001 AUTHORITY AND PURPOSE

A. **Use of Leases** DoD normally makes defense articles available to foreign governments and international organizations by FMS under the AECA. Leases may be authorized under AECA Chap 6 when it is determined that there are compelling foreign policy and national security reasons for providing such articles on a lease, rather than a sales, basis and the articles are not for the time needed for public use. Typical leases might provide a defense article for a short period for testing purposes to assist in determining whether to procure the article, or may allow the USG to respond to an urgent foreign requirement when the item must be returned to inventory after a specified term. Leases or loans to foreign countries or international organizations under Title 10, USC 2667 are not authorized.

B. **DoD Approval** The Director, DSAA, must approve entry into a Chap 6 lease. IAs will obtain DSAA concurrence before indicating to a potential lessee that a lease is an available option. The IA will provide a Table 1200-1 Determination under the cover memorandum at Table 1200-2, for DSAA signature when the draft lease is provided to DSAA for coordination and countersignature. Detailed rationale must be provided for any proposed lease, including reason(s) for lease rather than sale.

C. **Administration**

1. **DoD Implementing Agency Responsibility** The administration of leases is delegated to the IA logistically responsible for the defense article(s) being leased. This responsibility includes: Preparing the lease; providing data for Congressional notifications; maintaining the lease through its effective period; maintaining a record of all items; including associated tools, GSE, and other material to be recovered at the end of the lease period; ensuring monitorship of the defense articles during the period of the lease; advising DSAA of non-compliance by the lessee; ensuring that the lease is properly terminated, extended, or revised; ensuring that the appropriate rental payment schedule is maintained; ensuring that all related costs are recovered under FMS procedures; and ensuring that the leased material is returned by the lessee and restored to its original condition, in accordance with the terms of the lease. Within the IA, a specific individual or activity will be assigned the responsibility for administering the lease during the lease period, for reporting to DSAA, and for ensuring proper disposition of the defense article(s) upon expiration or termination of the lease.

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2. **SAO Responsibilities** The US SAO in the host country will be provided a copy of each lease entered into with the host government, and will assist IAs in the direct monitorship of the use of USG-owned equipment in the host country. To the best of its ability, and within the access authorized by the host country, the SAO will observe and report on the use of the US-owned equipment to ensure that it is consistent with the terms and conditions of the lease. Any indications of unauthorized use or non-compliance will be reported to the IA and DSAA/OPS-MGT.

120002 LEASE TERMS AND CONDITIONS

A. **Lease Format** The lease format at Table 1200-3 may not be altered unless special circumstances require a case-specific exception. Additional provisions may be added to a lease when determined to be appropriate and with concurrence of the legal office of the IA and with DSAA approval. Variations, with rationale, will be included in the forwarding memorandum at Table 1200-2. The lease will not be provided on an LOA, but the LOA will be used for packing, crating, handling, transportation, and sale of associated articles and services, including refurbishment of the defense article(s) required prior to, during, or after the lease period. The LOA will also be used to recover applicable costs if the article is lost or destroyed during the lease period. The lease will be signed by the IA and provided to DSAA/OPS-MGT for staffing and countersignature by DSAA prior to signature by the foreign country representative.

B. **Lease Identification** The IA will assign a designator, unique to the country and IA, to each lease. The designator will be constructed to differentiate the lease from FMS cases, as follows: Country Code-- IA Identification--Tri-alpha Identifier. This lease designator will be shown on the top of each lease page, including schedules, appendices, and accompanying documents. The associated FMS case must reference the lease designator.

C. Duration

1. **Not to Exceed Five Years** Leases shall be for a fixed time not to exceed five years and shall provide that, at any time during the leasing period, the USG may terminate the lease and require the immediate return of the defense article(s). Leases of less than five years may be extended via amendment but the total period under a specific lease may not exceed five years. Subject to receipt of any initial deposit required, the period will begin on the date shown at the beginning of the lease, unless the period is otherwise specified within the terms and conditions.

2. **Amendments** Lease amendments (Table 1200-14) may be used to renew or change existing leases. Each amendment will include the original lease designator, and will undergo the same staffing process as the original. As with original leases, the cover memorandum at Table 1200-2 shall be included when the draft lease amendment is provided to DSAA for coordination and countersignature.

a. Renewals will require the IA to submit a lease amendment and Determination to DSAA for staffing and signature. For those renewals which meet the one year Congressional reporting requirement, the IA will also provide to DSAA reporting data, in the format at Table 1200-4, at least 60 days prior to the projected date for providing the lease renewal to the foreign country or international organization.

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b. Changes to existing leases are also authorized, such as changes to payment schedules, to Schedule A items, or to periods of performance. The same procedures as those outlined for renewals apply.

D. **Loss, Destruction, or Damage** Lease terms will also require the lessee to pay the cost of restoration or replacement, less any value depreciation during the period of the lease, if the articles are damaged, lost, or destroyed while leased. Such costs will be recouped under an FMS transaction. The replacement cost will be specified as a fixed sum in the lease agreement and will normally be developed based on the same considerations as payment in Paragraph E, below.

E. **Rental Payment** The lessee must pay in US dollars all costs incurred by the USG in leasing defense articles, including reimbursement for depreciation while leased (the rental payment). The charge for depreciation will be based on the current contract price for an identical item or item acquisition cost (if known), adjusted as appropriate for condition and market value. Pending further notice, an administrative charge will not be applied to rental payments.

F. **Certificate of Delivery** DSAA or the IA may require a certificate (Table 1200-12) of delivery when an item is transferred to the foreign customer.

G. **Exceptions** The provisions of Paragraphs 120002.D and E. above shall not necessarily apply to leases entered into for purposes of cooperative research or development, military exercises, communications or electronics interface projects, or to any defense article which has passed three quarters of its normal service life. Where an IA recommends application of an authorized exception, express authority will be requested from DSAA, identifying the exception.

120003 COORDINATION

A. **DSAA Coordination Responsibilities** The IA will prepare and forward the proposed lease, together with the proposed Determination, using the cover memorandum format at Table 1200-2, for coordination and countersignature. DSAA Comptroller will prepare and coordinate lease certifications to Congress if required (see Section 120004).

B. **Terminations** USG lease termination also requires coordination in A. above.

120004 CONGRESSIONAL NOTIFICATION

A. Certification Requirements

1. **Leases of One Year or Longer** Under AECA Sec 62(a), Congress must be notified not less than 30 days before entering into or renewing an agreement with a foreign country or international organization to lease a defense articles for a period of one year or longer. AECA Sec 63(a)(1) provides that leases of MDE valued at \$14 million or more, or defense articles valued at \$50 million or more, except those for NATO, NATO member countries, Japan, Australia, or New Zealand may not be entered into or renewed if the Congress within 30 calendar days after receiving the certification required by Section 62(a) adopts a joint resolution stating it objects to the proposed lease. Valuation for purposes of Sec 63(a)(1) compliance is in terms of replacement cost as specified in Paragraph 120002.D. above.

2. **Renewals** If a lease for less than one year is renewed (amended) so that the total period of the original lease and the renewal or renewals equals or exceeds one year, the renewal which would cause the one year period to be reached or exceeded must be reported to the Congress 30 days before being entered into. Subsequent renewals require a new notification.

B. Certification Procedures

1. **Submission** AECA Sec 62(a) requires certification to the Speaker of the House of Representatives, the Chairman of the Committee on Foreign Relations of the Senate, and the Chairman of the Committee on Armed Services of the Senate. Such certification must occur not less than 30 days before the lease agreement is entered into or renewed. To ensure submission of a timely certification, the IA will forward to DSAA Operations Directorate the Table 1200-4 information at least 60 days prior to the projected date for providing the lease or amendment to the potential lessee for acceptance. When possible, a copy of the draft lease will be included as an attachment to the memorandum. DSAA Operations Directorate will assure the adequacy of the data provided, to include the justification, and the approval of the lease prior to passing the data to DSAA Comptroller Financial Management and Programs Division for development of the Congressional notification and its coordination within OSD, including DSAA Operations (which will obtain DoS concurrence), DSAA Plans (as required), and the DSAA General Counsel. The DSAA Comptroller will then prepare the AECA Sec 62(a) report to Congress using the format in Table 1200-5 for signature of the DSAA Director and the cover letters in Tables 1200-6 through 1200-8.

2. **Approval** The finalized original lease agreement and Determination must be provided to DSAA Operations not later than five days before completion of the Congressional notification period. The IA, with coordination from DSAA Operations Directorate, may furnish the prospective lessee an unsigned copy of the lease under a cover letter in the format at Table 1200-9 for leases which do not meet AECA Sec 63 criteria, and Table 1200-10 when the lease is reported to Congress. Thirty days after the Congressional notification, DSAA Operations will authorize the IA to enter into the lease. Immediately on signature of the lease by the parties, the IA will assure that appropriate copies of the lease agreement have been distributed by the country and that any required initial deposit has been received by DFAS-DE before the lease is executed.

C. Emergency Waiver of Congressional Notification Requirement AECA Sec 62(b) authorizes waiver of the Congressional certification requirement described above if the President determines and immediately reports to Congress that an emergency exists which requires that the lease be entered into immediately based on US national security interests. This authority has been reserved to the President for his exercise only. In the event of such an emergency, DSAA will provide instructions to the IA as appropriate to the particular circumstances.

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LEASE OF [M113 APCs]
BETWEEN
THE UNITED STATES GOVERNMENT
AND
[THE GOVERNMENT OF AUSTRALIA]

This LEASE, made as of [20 October 1995] between the United States Government (hereinafter called the "Lessor Government") represented by its Department of the [Army] and [the Government of Australia] (hereinafter called the "Lessee Government") represented by its [Australian Regular Army],

WITNESSETH:

WHEREAS, The Lessor Government has determined that [two M113 Armored Personnel Carriers] and, if applicable, all associated nonexpendable support equipment as listed in Schedule A of this lease (including but not limited to tools, ground support equipment, test equipment, and publications) (hereinafter referred to as the "Defense Articles") are not for the time needed for public use, and

WHEREAS, The Lessor Government has determined that there are compelling foreign policy and national security reasons for providing such Defense Articles on a lease basis rather than on a sales basis under the Arms Export Control Act,

WHEREAS, The Lessor Government has considered the effects of the lease of the articles on the technology and industry base, particularly the extent, if any, to which the lease reduces the opportunity of entities in the national technology and industrial base to sell new equipment, and

WHEREAS, This lease is made under the authority of Chapter 6 of the Arms Export Control Act,

NOW THEREFORE, The parties do mutually agree as follows:

1. In consideration of a rental charge as indicated in Schedule A, and the maintenance and other obligations assumed by the Lessee Government, the Lessor Government hereby leases to the Lessee Government and the Lessee Government hereby leases from the Lessor Government the Defense Articles for the period of [180 days] commencing on the date

TABLE 1200-3. SAMPLE LEASE

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first above written (unless otherwise agreed under terms of this lease) and under the terms and conditions set forth in the General Provisions hereto annexed.

2. The Lessor Government shall deliver the Defense Articles to the Lessee Government at such time and place as may be mutually agreed upon. Such delivery may be evidenced by a certificate of delivery.

IN WITNESS WHEREOF, Each of the parties has executed this lease as of the day and year first above written, unless otherwise agreed under terms of this lease.

[THE GOVERNMENT OF
AUSTRALIA]

THE UNITED STATES GOVERNMENT

BY _____

BY _____

Typed Name

Typed Name

Title

Title

Date

Date

COUNTERSIGNATURE:

Typed Name

Director, Defense Security
Assistance Agency

Date

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GENERAL PROVISIONS

1. Operations and Use

a. Except as may be otherwise authorized by the Lessor Government and except for the purposes of transfer from and return to the Lessor Government, the Lessee Government shall keep the Defense Articles in its own possession, custody, and control. The Lessee Government shall not transfer title to or possession of the Defense Articles to anyone not an officer, employee, or agent of the Lessee Government and shall not permit any encumbrance or other third party interest in the defense articles.

b. The Lessee Government shall, except as may be otherwise mutually agreed in writing, use the items leased hereunder only:

(1) For the purposes specified in the Mutual Defense Assistance Agreement, if any, between the Lessor Government and the Lessee Government;

(2) For the purposes specified in any bilateral or regional defense treaty to which the Lessor Government and Lessee Government are both parties, if subparagraph (1) of this paragraph is inapplicable.

(3) For internal security, individual self-defense, and/or civic action, if subparagraphs (1) and (2) of this paragraph are inapplicable.

c. To the extent that any Defense Articles may be classified by the Lessor Government for security purposes, the Lessee Government shall maintain a similar classification and employ all measures necessary to preserve such security, equivalent to those employed by the Lessor Government, throughout the period during which the Lessor Government may maintain such classification. The Lessor Government will use its best efforts to notify the Lessee Government if the classification is changed.

2. Initial Condition The Defense Articles are leased to the Lessee Government on an "as is, where is" basis without warranty or representation concerning the condition or state of repair of the Defense Articles or any part thereof or concerning other matters and without any agreement by the Lessor Government to alter, improve, adapt, or repair the Defense Articles or any part thereof.

3. Conditioning and Transfer Cost The Lessee Government shall bear the cost of rendering the Defense Articles operable and transferable and of transferring the Defense Articles from the United States or other point of origin and back to the place of redelivery. In the event the Defense Articles are transported by vessel, only U.S. flag vessels may be used, unless waived by the Lessor Government.

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4. **Inspection and Inventory** Immediately prior to the delivery of the Defense Articles to the Lessee Government, an inspection of the physical condition of the Defense Articles and an inventory of all related items may be made by the Lessor Government and the Lessee Government. A report of the findings shall be made which shall be conclusive evidence as to the physical condition of said Defense Articles and as to such items as of the time of delivery. A similar inspection, inventory, and a report may be made by the Lessor Government upon the termination or expiration of this Lease. The findings of that report shall be conclusive evidence as to the physical condition of the Defense Articles and as to such items as of the date of termination or expiration of this Lease. At the election of the Lessor Government, the Lessee Government at its own cost shall either promptly correct any deficiency or rebuild, replace, or repair any loss of or damage to the Defense Articles or compensate the Lessor Government for the restoration or replacement value (less any depreciation in the value as determined by the Lessor Government) of such correction, rebuilding, replacement, or repair. At the Lessor Government's option, the Lessee Government at its own cost will remove any alterations or additions to the Defense Articles or pay the Lessor Government the cost of such removal, as determined by the Lessor Government. In the absence of removal by the Lessee Government, title to any such alterations or additions shall vest in the Lessor Government.

5. **Maintenance** The Lessee Government shall maintain the Defense Articles in good order, repair, and operable condition and except as provided in paragraph four, shall upon expiration or termination of this Lease return the Defense Articles in operable condition and in as good condition as when received, normal wear and tear excepted.

6. **Risk or Loss** All risk or loss of or damage to the Defense Articles during the term of this Lease and until their return to the place of redelivery shall be borne by the Lessee Government.

7. **Indemnification** The Lessee Government renounces all claims against the Lessor Government, its officers, agents, and employees arising out of or incidental to transfer, possession, maintenance, use, or operation of the Defense Articles and will indemnify and hold harmless the Lessor Government, its officers, agents, and employees for any such claims of third parties and will pay for any loss of or damage to Lessor Government property.

8. **Alterations** The Lessee Government shall not make any alterations or additions to the Defense Articles without prior consent of the Lessor Government. All such alterations or additions shall become the property of the Lessor Government except items paid for by the Lessee Government which can be readily removed without injury to the Defense Articles and are removed by the Lessee Government prior to redelivery of the Defense Articles. As a condition of its approval of any alteration or addition, the Lessor Government may require the Lessee Government to restore the Defense Articles to their prior condition.

9. **Termination** This Lease may be terminated without cost to the Lessor Government:

- a. By mutual agreement of the parties;
- b. By the Lessee Government on 30-days written notice; or
- c. By the Lessor Government at any time.

The Lessee Government shall immediately return the leased Defense Articles at the direction of the Lessor Government. Termination will be subject to the Lessee Government's residual responsibilities hereunder (such as, duty to return leased Defense Articles promptly, to pay costs required hereunder, and to indemnify and hold harmless the Lessor Government).

10. **Place of Redelivery** Upon expiration or termination of this lease, the Defense Articles shall be returned to the Lessor Government at [Red River Depot, Texas], or as mutually agreed.

11. **Title** Title to the Defense Articles shall remain in the Lessor Government. The Lessee Government may place the Defense Articles under its flag or display its national insignia when appropriate.

12. **Reimbursement for Support** The Lessee Government will pay the Lessor Government for any services, packing, crating, handling, transportation, spare parts, materials, or other support furnished for the Defense Articles by the Lessor Government pursuant a Letter of Offer and Acceptance under the Arms Export Control Act. (FMS Case [AT-B-UAA] applies).

13. **Covenant Against Contingent Fees** The Lessee Government warrants that no person or selling agency has been employed or retained to solicit or secure this Lease upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee.

14. **Officials Not to Benefit** No members of or Delegate to Congress of the United States, or Resident Commissioner of the United States shall be admitted to any share or part of this Lease or to any benefit that may arise therefrom.

15. **Proprietary Rights** The Lessee Government will ensure, by all means available to it, protection of proprietary rights in any Defense Article and any plans, specifications, or information furnished, whether patented or not.

16. **Reports** When the Lessee Government performs tests and evaluations on the leased Defense Articles and prepares a formal report of the resulting data to be released to a third party, the Lessee Government will allow the Lessor to observe the test and evaluation and to review the report. The Lessee Government will obtain Lessor Government approval of any release to a third party.

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17 **Cost of Lessor Government** The Lessee Government agrees to pay in United States dollars all costs incurred by the Lessor Government in leasing the Defense Articles covered by this Lease including, without limitation, reimbursement for depreciation of such Defense Articles while leased. The costs of restoration or replacement will be billed to the Lessee Government under the Lessor Government's foreign military sales procedures. The rental charge shown in Schedule A is based on costs identified at the time of signature of this Lease and does not relieve the Lessee Government from liability for other costs in accordance with the provisions of this Lease.

18. **Distribution.** Copies of the accepted Lease will be distributed by the Lessee as follows:

- a. [U.S. Army Security Assistance Command] - Original
- b. [ODC Canberra] - copy
- c. DFAS-DE - copy and, if applicable, check for initial deposit
- d. DSAA/OPS-MGT - copy

[Sample information which would be entered by IA is bracketed in bold type. This sample is unrelated to actual programs with any country.]

TABLE 1200-3. SAMPLE LEASE (Continued)

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TRANSMITTAL NO.[NUMBER] - [YEAR]
NOTICE OF PROPOSED LEASE PURSUANT TO SECTION
62 OF THE ARMS EXPORT CONTROL ACT

- (i) Prospective Lessee:
- (ii) Description of Articles Provided: [Type and Quantity]
- (iii) Total Estimated Value: [In terms of replacement cost]
- (iv) Terms and Duration of Lease: [Period of Lease/Total Rental/Special Conditions]
- (v) Justification: [Explanation/Reasons why defense article is being leased rather than sold]
- (vi) Industrial Impact: [Explanation why leasing defense article will not adversely impact industry]

change 7

DOD 5105.38-M

Page 1 of [3] pages
[AT-B-AAA]

AMENDMENT # [1] TO
LEASE OF [M113 APCs]
BETWEEN
THE UNITED STATES GOVERNMENT
AND
[THE GOVERNMENT OF AUSTRALIA]

WHEREAS, the United States Government and the Government of [Australia] signed a lease agreement dated [20 October 1995] for [180 days] of [M113 Armored Personnel Carriers and related items].

WHEREAS, [reason for amendment; e.g., An additional 60 days will be required for completion of equipment tests],

NOW THEREFORE, the parties do mutually agree as follows:

1. [List replacement page(s) or show applicable changes, including clarifications; e.g., The period of lease is hereby changed from 180 to 240 days.]
2. [List additional changes as needed.]
3. Other provisions, terms, and conditions of the original lease remain unchanged.

IN WITNESS WHEREOF, each of the parties hereto has executed this lease amendment as of the day and year last below written unless otherwise agreed under terms of this amendment.

[THE GOVERNMENT OF AUSTRALIA]

THE UNITED STATES GOVERNMENT

BY _____

BY _____

Typed name

Typed name

Title

Title

Date

Date

Countersignature:

Typed name

Director
Defense Security Assistance Agency

Date

[Sample information to be entered by the IA is bracketed in bold type. Data are unrelated to actual programs with any country.]

FROM: Bough, Bennie

TO: OPS_ALL

DATE: 05-04-94

TIME: 15:13

CC: Ludlow-MacMurray, Susan

SUBJECT: Leases

PRIORITY:

ATTACHMENTS:

Change 7

*Background
(not sent to DISAM)*

Chapter 6 of the Arms Export Control Act (AECA) has been amended by the Foreign Relations Authorization Act, Fiscal Years 1994 and 1995, (P.L. 103-236) to require that before leasing defense articles, the U.S. Government will consider the effects of the lease of the articles on the national technology and industrial base.

As required by the new amendment, the lease format as shown in the Security Assistance Management Manual, Table 1200-3, page 1200-9 will be modified to show between the second and third WHEREAS, a new third WHEREAS to read as follows:

"WHEREAS, The Lessor Government has considered the effects of the lease of the articles on the national technology and industrial base, particularly the extent, if any, to which the lease reduces the opportunity of entities in the national technology and industrial base to sell new equipment, and"

Change the current third WHEREAS to become the fourth WHEREAS.

Effective April 30, 1994, all leases not countersigned by DSAA on or prior to that date will be required to include the new paragraph as required by law. Any leases that has not been countersigned by DSAA beginning on May 1, 1994, will be required to be rewritten to include the new clause and will need to be coordinated probably with DOD Acquisition, Production Base and Production Resources Division. I am working on this issue.

If you have any questions, please contact me on extension 368.

Bennie Bough

*Previously approved by
Dr. B. thru channels*

cles and defense services acquired under this chapter prior to their transfer, as well as the administrative costs of the Department of Defense incurred in the acquisition of such items to the extent not reimbursed pursuant to section 43(b) of this Act.

Sec. 53.²¹⁰ Annual Reports to Congress.—(a) Not later than December 31 of each year, the President shall submit to the Congress a comprehensive report on acquisitions of defense articles and defense services under this chapter. Each such report shall include—

(1) a description of each contract for the acquisition of defense articles or defense services under this chapter which was entered into during the preceding fiscal year;

(2) a description of each contract for the acquisition of defense articles or defense services under this chapter which the President anticipates will be entered into during the current fiscal year;

(3) a description of each defense article or defense service acquired under this chapter which 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 this chapter on United States defense production and the readiness of the United States Armed Forces.

(b) As part of the annual written report to the Congress required by section 2431(a) of title 10, United States Code, regarding procurement schedules for each weapon system for which funding authorization is required, the President shall provide a report estimating the likely procurements to be made through the Fund.

Chapter 6—LEASES OF DEFENSE ARTICLES AND LOAN AUTHORITY FOR COOPERATIVE RESEARCH AND DEVELOPMENT PURPOSES ²¹¹

Sec. 61.²¹² Leasing Authority.—(a) The President may lease defense articles in the stocks of the Department of Defense to an eligible foreign country or international organization if—

(1) he determines that there are compelling foreign policy and national security reasons for providing such articles on a lease basis rather than on a sales basis under this Act;

(2) he determines that the articles are not for the time needed for public use; and

(3) the country or international organization has agreed to pay in United States dollars all costs incurred by the United States Government in leasing such articles, including reimbursement for depreciation of such articles while leased, the costs of restoration or replacement if the articles are damaged while leased, and the replacement cost (less any depreciation in the value) of the articles if the articles are lost or destroyed while leased.

²¹⁰ 22 U.S.C. 2795b.

²¹¹ Chapter 6 was added by sec. 109(a) of the International Security and Development Cooperation Act of 1981 (Public Law 97-113; 95 Stat. 1524). Sec. 1003(b) of Public Law 100-456 revised the title of chapter 6. It formerly read "Leases of Defense Articles".

²¹² 22 U.S.C. 2796.

The requirement of paragraph (3) shall not apply to leases entered into for purposes of cooperative research or development, military exercises, or communications or electronics interface projects, or to any defense article which has passed three-quarters of its normal service life.

²¹³ The President may waive the requirement of paragraph (3) with respect to a lease which is made in exchange with the lessee for a lease on substantially reciprocal terms of defense articles for the Department of Defense, except that this waiver authority—

(A) may be exercised only if the President submits to the Committee on Foreign Affairs and the Committee on Appropriations of the House of Representatives and the Committee on Foreign Relations and the Committee on Appropriations of the Senate, in accordance with the regular notification procedures of those Committees, a detailed notification for each lease with respect to which the authority is exercised; and

(B) may be exercised only during the fiscal year 1994 ²¹⁴ and only with respect to one country, unless the Congress hereafter provides otherwise.

The preceding sentence does not constitute authorization of appropriations for payments by the United States for leased articles.

(b) Each lease agreement under this section shall be for a fixed duration of not to exceed five years and shall provide that, at any time during the duration of the lease, the President may terminate the lease and require the immediate return of the leased articles.

(c) Defense articles in the stocks of the Department of Defense may be leased or loaned to a foreign country or international organization only under the authority of this chapter or chapter 2 of part II of the Foreign Assistance Act of 1961, and may not be leased to a foreign country or international organization under the authority of section 2667 of title 10, United States Code.

Sec. 62.²¹⁵ Reports to the Congress.—(a) Not less than 30 days before entering into or renewing any agreement with a foreign country or international organization to lease any defense article under this chapter, or to loan any defense article under chapter 2 of part II of the Foreign Assistance Act of 1961, for a period of one year or longer, the President shall transmit to the Speaker of the House of Representatives, and to the chairman of the Committee on Foreign Relations of the Senate and the chairman of the Committee on Armed Services of the Senate, a written certification which specifies—

(1) the country or international organization to which the defense article is to be leased or loaned;

(2) the type, quantity, and value (in terms of replacement cost) of the defense article to be leased or loaned;

(3) the terms and duration of the lease or loan; and

²¹³ The words from this point to the end of subsec. (a) were added by sec. 147 of the Continuing Appropriations Act for Fiscal Year 1987 (Public Law 99-591; 100 Stat. 3341-354).

²¹⁴ Sec. 524 of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1994 (Public Law 103-87; 107 Stat. 952), struck out "1993" and "inserted in lieu thereof" "1994".

²¹⁵ 22 U.S.C. 2796a.

Change 7 Background (not to DISAM)

(4) a justification for the lease or loan, including an explanation of why the defense article is being leased or loaned rather than sold under this Act.

(b) The President may waive the requirements of this section (and in the case of an agreement described in section 63, may waive the provisions of that section) if he determines, and immediately reports to the Congress, that an emergency exists which requires that the lease or loan be entered into immediately in the national security interests of the United States.

Sec. 63.²¹⁶ Legislative Review.—(a)(1) In the case of any agreement involving the lease under this chapter, or the loan under chapter 2 of part II of the Foreign Assistance Act of 1961, to any foreign country or international organization for a period of one year or longer of any defense articles which are either (i) major defense equipment valued (in terms of its replacement cost less any depreciation in its value) at \$14,000,000 or more, or (ii) defense articles valued (in terms of their replacement cost less any depreciation in their value) at \$50,000,000 or more, the agreement may not be entered into or renewed if the Congress, within 30 calendar days after receiving the certification with respect to that proposed agreement pursuant to section 62(a), enacts a joint²¹⁷ resolution prohibiting the proposed lease or loan.

(2) This section shall not apply with respect to a loan or lease to the North Atlantic Treaty Organization, any member country of that Organization, Japan, Australia, or New Zealand.

(b) Any joint²¹⁷ resolution under subsection (a) shall be considered in the Senate in accordance with the provisions of section 601(b) of the International Security Assistance and Arms Export Control Act of 1976.

(c) For the purpose of expediting the consideration and enactment of joint²¹⁷ resolutions under subsection (a), a motion to proceed to the consideration of any such resolution after it has been reported by the appropriate committee shall be treated as highly privileged in the House of Representatives.

Sec. 64.²¹⁸ Application of Other Provisions of Law.—Any reference to sales of defense articles under this Act in any provision of law restricting the countries or organizations to which such sales may be made shall be deemed to include a reference to leases of defense articles under this chapter.

Sec. 65.²¹⁹ Loan of Materials, Supplies, and Equipment for Research and Development Purposes.—(a)(1) Except as provided in subsection (c), the Secretary of Defense may loan to a country that is a NATO or major non-NATO ally materials, supplies, or equipment for the purpose of carrying out a program of cooperative research, development, testing, or evaluation. The Secretary may accept as a loan or a gift from a country that is a NATO or major non-NATO ally materials, supplies, or equipment for such purpose.

²¹⁶ 22 U.S.C. 2796b.

²¹⁷ Sec. (d) of Public Law 99-247 (100 Stat. 9) struck out "concurrent" and inserted "joint".

²¹⁸ 22 U.S.C. 2796c.

²¹⁹ 22 U.S.C. 2796d. Sec. 1003(a) of the National Defense Authorization Act for Fiscal Year 1989 (Public Law 100-456; 102 Stat. 2038) added sec. 65.

(2) Each loan or gift transaction entered into by the Secretary under this section shall be provided for under the terms of a written agreement between the Secretary and the country concerned.

(3) A program of testing or evaluation for which the Secretary may loan materials, supplies, or equipment under this section includes a program of testing or evaluation conducted solely for the purpose of standardization, interchangeability, or technical evaluation if the country to which the materials, supplies, or equipment are loaned agrees to provide the results of the testing or evaluation to the United States without charge.

(b) The materials, supplies, or equipment loaned to a country under this section may be expended or otherwise consumed in connection with any testing or evaluation program without a requirement for reimbursement of the United States if the Secretary—

(1) determines that the success of the research, development, test, or evaluation depends upon expending or otherwise consuming the materials, supplies, or equipment loaned to the country; and

(2) approves of the expenditure or consumption of such materials, supplies, or equipment.

(c) The Secretary of Defense may not loan to a country under this section any material if the material is a strategic and critical material and if, at the time the loan is to be made, the quantity of the material in the National Defense Stockpile (provided for under section 3 of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98b)) is less than the quantity of such material to be stockpiled, as determined by the President under section 3(a) of such Act.

(d) For purposes of this section, the term "NATO or major non-NATO ally" means a member country of the North Atlantic Treaty Organization (other than the United States) or a foreign country other than a member nation of NATO designated as a major non-NATO ally under section 2350a(i)(3) of title 10, United States Code.²²⁰

Chapter 7—CONTROL OF MISSILES AND MISSILE EQUIPMENT OR TECHNOLOGY²²¹

Sec. 71.²²² Licensing.—

(a) **ESTABLISHMENT OF LIST OF CONTROLLED ITEMS.**—The Secretary of State, in consultation with the Secretary of Defense and the heads of other appropriate departments and agencies, shall establish and maintain, as part of the United States Munitions List, a list of all items on the MTCR Annex the export of which is not controlled under section 6(l) of the Export Administration Act of 1979.

(b) **REFERRAL OF LICENSE APPLICATIONS.**—(1) A determination of the Secretary of State to approve a license for the export of an

²²⁰ Sec. 705(d)(2) of Public Law 102-25 (105 Stat. 120) struck out "section 1105 of the National Defense Authorization Act for Fiscal Year 1987 (22 U.S.C. 2767a)" and inserted in lieu thereof "section 2350a(i)(3) of title 10, United States Code". Sec. 1105 of the National Defense Authorization Act for Fiscal Year 1987 was repealed in 1989.

²²¹ Sec. 1703 of the National Defense Authorization Act for Fiscal Year 1991 (Public Law 101-510; 104 Stat. 1745) added chapter 7, secs. 71-74.

²²² 22 U.S.C. 2797.

*Change 7 (contingent)
not to discuss*

UNCLASSIFIED

**DEFENSE SECURITY ASSISTANCE AGENCY
OPERATIONS DIRECTORATE
MANAGEMENT DIVISION
1111 JEFFERSON DAVIS HIGHWAY
ARLINGTON, VA 22202-2800**

FACSIMILE TRANSMISSION

TO: Ms. Vicki Ebert/Mr. Don Crigger

PHONE NUMBER: 94-785-2994

FAX NUMBER: 99-1-513-255-4319 or 476-4685

*transmission confirmed
10/19/95 11:49*

REMARKS, INSTRUCTIONS, COMMENTS:

Vicki/Don,

Please call if the fax does not come through clear and I will read the vague parts or mail you the original.

These are the final few pages, of which I am aware, that are to be published in Change 7. Based on past experience, a few things are likely to be added, but will try to keep those to a minimum and talk with you before we decide they can be included.

Please call if any of this is confusing and when you have a reasonably solid estimate of (1) when it will go to the publishers and (2) be published.

Thanks again for all your help.

FROM:

Wayne Wells, DSAA/OPS-MGT
DSN 664-6635, x367; CML (703) 604-6635, x367

FAX NUMBER: (703) 604-6541
NUMBER OF PAGES INCLUDING HEADER: 7

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Reports Control Symbol (RCS)	Report Title	Reporting Frequency	Reporting Components	Responsible Office
<u>Other Reports (Continued):</u>				
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)1226	Status of Coproduction Programs Approved Under Security Assistance Program (DOD Directive 2000.9)	Quarterly	Army, Navy, Air Force	DSAA/OPS/MGMT
DSAA(Q)1228	Special Defense Acquisition Fund (SDAF) Inventory Report	Quarterly	Army, Navy, Air Force, DLA, NSA	DSAA/PLANS, SDAF
DSAA(A)1230	Foreign Military Trainee Positions of Prominence and Influence	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/PBD
DSAA(A)1236	Annual Report of Motor Vehicle Data (SF 82)	Annually	Army, Navy, Air Force, SAOs, Unified Commands	DSAA/COMPT/PBD PLANS/PGM

TABLE E-7. (Continued) Page 5 of 5.

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Change No. 4, 2 March 1992

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** | Change 7

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d. Working Funds. The amount of funds to be expended on behalf of the case during the period cited on the form; that is, an estimate of the disbursements (reimbursable and direct cite) that SAAC will make from the trust fund for deliveries and contractual progress payments.

e. TL/Contractor Holdback. Estimate of additional funds that should be collected for these requirements. [See Chapter 7, Para 70103.H.3.b.(2).] **

f. Estimated Supply Completion Date. The date that all articles will have been delivered and all services performed. Provide date in YYYYMM 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. (YYYYMM)

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~~^{SIX} DSAA dedicated C-12 aircraft is to support SAO security assistance program management. Other missions may be flown when they do not have an adverse impact on the SA mission and when they are reimbursed.

1. **Security Assistance Missions:** These missions must support SA management responsibilities as outlined in Section 515 of the FAA. Included in this category are local in-country training, evaluation, and maintenance flights. These missions are financed by SA administrative funds.

2. **Other Missions:** There is no legal basis to use SAO SA administrative funds for C-12 flights for other than SAO SA management purposes. Missions flown in the "Other" category shall be flown on a reimbursable basis. Other missions may be flown only when they will not impair SA missions and only in compliance with the laws and regulations governing the use of DOD transportation assets. Examples include: disaster relief, UCOM exercises, visitors who are on non-SA management business, flights flown in support of the U.S. embassy, U.S. Defense Representative responsibilities, or flights flown in support of an FMS case which specifically includes a transportation line. C-12 flights which support Congressional or Congressional Staff Delegations (CODELs) are also included in this category (See Paragraphs 130304D.2.b.(2) and 130304D.2.c.(1). below).

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C. DSAA C-12 Policies.

1. When SAOs share or jointly use C-12 aircraft, SA missions take precedence over any other SAO requirements.

2. All C-12 missions flown out of the SAO area of accreditation require prior justification to, and approval by, the UCOM.

3. The C-12 aircraft shall be used only when such use is more economical than commercial aircraft or airline services are not available, readily obtainable, or for reasons which must be specified, incapable of satisfying the transportation requirements. The C-12 should not be used if travel requirements can be met when other safe, more cost effective modes of transportation are available; e.g., rail, automobile, etc. The SAO Chief has the authority to make these decisions.

4. Passenger travel and reimbursement shall be in accordance with DOD 4515.13-R, *Air Transportation Eligibility*, ~~January 1980~~, or by specific UCOM approval before flight, except in case of emergency. NOVEMBER 1994

D. Areas of Special Concern. Three major areas of concern are: Flight authority, passenger approval/eligibility/reimbursement, and flying hour program management.

1. Flight Approval Authority:

a. The SAO Chief may approve Flights within his area of accreditation in support of SA management functions, as specified in Paragraph 130302.A.

b. For "Other" missions, established UCOM approval procedures will be followed and fund cites obtained prior to flight.

c. For DSAA dedicated C-12s, the SAO Chief may approve missions requested by USAF agencies (usually located in close proximity to the SAO) desiring to use their own pilots and flying time. If the USAF agency will use the C-12 on a regular basis, the SAO and the USAF agency should negotiate a written agreement and forward it through the UCOM to DSAA for approval. The agreement should outline scheduling priorities, responsibilities, and administration and shall be consistent with the DSAA/DIA/USAF MOU dated 23 September 1983. These missions will be approved on a non-interference basis.

d. For DSAA dedicated C-12s, the SAO Chief will retain responsibility for the proper use of the C-12 regardless of the agency using or funding the use of the C-12. For DIA dedicated C-12 aircraft, jointly used by the SAO, the SAO Chief will retain responsibility for proper C-12 use for SAO missions.

2. Passenger Approval/Eligibility/Reimbursement.

a. Passenger eligibility for all DOD aircraft is set out in DOD 4515.13-R. In brief, normal categories of military travel are permitted to include temporary duty and space-available travel of military members and dependents, provided that such travel does not interfere with the primary SA mission. Special categories of passengers may be eligible for C-12 travel if approved by the appropriate authority as set out in DOD 4515.13-R. NOTE: DSAA dedicated C-12 missions may not be scheduled solely for rest and recuperation purposes.

b. The SAO Chief is responsible to determine if movement of travellers will interfere with the SA mission and is therefore the final authority for passenger movement. This includes authorization of SA travel as well as determination that "Other" travel will not interfere

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with the SA mission. The SAO may also approve space-available ^{10-I} travel. In addition, the SAO Chief has special authority as outlined in DOD 4515.13-R, Paragraph ~~14.7~~, for specified American Embassy personnel, distinguished foreign nationals, key foreign military, and wives of certain officials under certain conditions.

(1) Spouses of DOD personnel, other than authorized by Paragraph ^{10-I} ~~14.7~~, must have ITOs. Due to unique funding of DSAA C-12 operations, these procedures may differ from other DOD aircraft transportation requirements. In any case, the spouse travel must clearly be in the national interest and there must be an unquestionable official requirement in which the spouse is actually to participate.

(2) CODELs warrant special consideration. The ASD for Legislative Affairs (ASD/LA) has approval authority for non-sponsored, non-reimbursable flights in support of CODELs. In addition, sponsored, non-reimbursable CODEL flights outside of the U.S. must be submitted to SECDEF (DOD 4515.12). In the process of determining the availability of DSAA dedicated C-12 aircraft to support a CODEL mission, DSAA will verify to ASD/LA that the aircraft does not have a higher priority SA requirement. Normally, DSAA will request the appropriate UCOM to obtain C-12 availability from the SAO. Once a decision has been made to use the DSAA dedicated C-12, the MILDEP which has been assigned by ASD/LA to support the CODEL should immediately provide the SAO, UCOM, and DSAA/Plans, ~~TO&M~~ with a fund cite to support the missions, as well as list of names of official members of the CODEL, identified by the Chairman of the Committee which is sponsoring the CODEL, to ensure that all concerned clearly understand who the authorized passengers are. Pursuant to 31 U.S.C 1108(g), and the rules promulgated thereunder; such as, DOD 4515.12, 12 December 1964, official members of CODELs may be authorized passengers on DSAA dedicated C-12 aircraft. On short notice requests, SAOs should telephone DSAA/Plans, ~~TO&M (AV 224-7976)~~ to resolve questions on CODEL travel. SAOs will keep the UCOM and DSAA/Plans, ~~TO&M~~ Division informed. PGM

c. The reimbursement requirement for passenger travel is also addressed in DOD 4515.13-R. If the passenger is on official duty in support of SAO management functions, he/she is authorized travel and no reimbursement is required. In addition, approval authority for space-available, non-reimbursable travel for designated individuals is granted to SAO Chiefs by DOD 4515.13-R, Paragraph ~~14.7~~. Embassy requests for permission to transport non-DOD individuals (outside the authority of Paragraph ~~14.7~~) shall be in accordance with Department of State Foreign Affairs Manual Volume 6, Section 185 (6 FAM 185), 18 December 1987, as amended to ensure proper inter-agency coordination. Note that DOS requires that 6 FAM 185 procedures be followed by all non-DOD elements of the Embassy. All other passengers must fall under the purview of DOD 4515-13-R, Paragraph ~~14.7~~ as non-reimbursable, or they must reimburse DSAA for their travel. ^{10-I} PGM (COM'L 703-604-6644, DSN 664-6644)

(1) While some CODEL missions may be considered by DSAA and SAOs to be SA missions, there is no authority for the use of SA administrative funds to support non-SA CODEL missions on DSAA dedicated C-12 aircraft. CODEL mission funding will be the responsibility of the MILDEP tasked by ASD/LA to support the CODEL. The cost for the CODEL mission will be reported by the SAO via DSAA Form 78-001 to the DSAA Comptroller-Budget Division for reimbursement action

(2) For reimbursable travel, there is no seat mile rate for DSAA dedicated C-12 aircraft. Flying hour rates shall be used. Questions may be directed to DSAA/Comptroller-Budget.

3. Flying Hour Program Management: The responsibilities of SAOs, UCOMs, and DSAA are stated in the following paragraph.

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E Responsibilities.

1. SAO Responsibilities:

a. SAOs will provide ^{UCOM} ~~DSAA~~, through the appropriate UCOM, the flying hour programs for the yearly budget in accordance with criteria established by this manual and DSAA/Comptroller annual budget call. ^{UCOM WILL REVIEW AND FORWARD RECOMMENDED FLYING HOUR REQUIREMENTS,}

b. SAOs are required to submit monthly activity reports to the C-12 System ~~Manager~~ ^{PROGRAM} in accordance with the ~~2852 Air Base Group (ABG/XP), McClellan AFB, CA 95652-5000 and DSAA C-12 Support Agreement FB2049-84200-647, Appendix B, 14 October 1987.~~ ^{OKLAHOMA CITY AIR LOGISTICS CENTER (OL-ALC/LKO), OKLAHOMA CITY, OK AND DSAA C-12 SUPPORT AGREEMENT T-607 ATTACHMENT 3, JANUARY 1991.}

c. SAOs will provide the UCOM with copies of all MOUs between the SAO and other organizations where a shared or joint use agreement is in effect.

d. The SAO is responsible for completing DSAA Form(s) 78-001, "Request for Revenue Traffic Aircraft", and a memorandum certifying actual flying time, for each reimbursable flight and for mailing these forms to DSAA/Comptroller-Budget, ~~Pentagon, Washington DC 20301-2800~~ ^{1111 JEFFERSON DAVIS HIGHWAY, SUITE 303, ARLINGTON, VA 22202} as soon as practical (not later than ten working days after the date of the flight). For additional guidance see SAMM Chapter 13, Section 1302, Paragraph 130202.C.2.e.(2).

e. The SAO will keep the appropriate UCOM and DSAA/Plans ^{TO&MD PGM} informed on all CODEL missions, as appropriate.

f. The SAO will provide ^{UCOM} ~~DSAA~~ information pertaining to changes in overall flying hour program requirements as soon as possible. *Changes to flying hour programs, or movement of aircraft, can require a lead time of six months to become effective. *^{(ADD) UCOM WILL REVIEW AND FORWARD RECOMMENDED CHANGES TO DSAA PLANS-PGM.}

g. The SAO Chief will ensure that SAO complies with this section as well as guidance which may be provided by the UCOM. Questions regarding this section should be directed to DSAA/Plans, ^{TO&MD PGM}

2. UCOM Responsibilities:

a. UCOMs are charged with administrative oversight of DSAA dedicated C-12 aircraft in their area of accreditation consistent with applicable guidelines and directives to ensure safe and efficient use of these resources.

b. UCOM will keep the Director, DSAA informed of problems or issues resulting from reviews of SAO monthly reports, or other sources, to include corrective action(s) underway.

~~(DELETE) e. The UCOM will explain to DSAA/Comptroller, Budget not later than 30 days after any flight of DSAA dedicated C-12 aircraft of "other" missions without proposed reimbursement from other than UCOM operations and maintenance funds.~~

~~c. d.~~ The UCOM will assist SAOs in obtaining fund cites for "Other" missions, as necessary, prior to the mission.

~~d. e.~~ The UCOM will maintain copies of all MOUs between SAOs and other organizations for joint or shared use of DSAA dedicated C-12 aircraft.

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3. DSAA Responsibilities:

a. DSAA/Comptroller-Budget Division:

- (1) Obtain funding and establish approved flying hour budgets for SAOs.
- (2) Administer reimbursement to the USAF for the total cost of the SAO flying hour program to include the maintenance contract costs, engine overhaul, and fuel.
- (3) Process DSAA Forms 78-001 submitted by SAOs.

→ (DELETE) (4) ~~Establish annual flying hour program reporting requirements.~~ -

→ (DELETE) (5) ~~Provide annual flying hour requirements to the C-12 System Manager at Sacramento Air Logistics Center.~~ -

b. DSAA/~~Plans-Training, Organization, and Manpower~~ ^{PROGRAMS} Division:

- (1) Provide policy and program guidance on management of DSAA dedicated C-12 aircraft.
- (2) DSAA office of primary responsibility for Internal Management Control (IMC) reporting on C-12 aircraft to higher authority.

→ (5) (3) ^(ADD 3+4 - SEE BELOW) DSAA office of primary responsibility on the DIA/DSAA/USAF C-12 MOU. -

→ (6) (4) DSAA point of contact for CODEL travel. -

→ (7) (5) DSAA POC for 2852 ABG/DSAA Support Agreement. -

(3) ESTABLISH ANNUAL FLYING HOUR PROGRAM REPORTING REQUIREMENTS.

(4) PROVIDE ANNUAL FLYING HOUR REQUIREMENTS TO THE C-12 PROGRAM MANAGER AT OKLAHOMA CITY AIR LOGISTICS CENTER.

187. Q

Change 7
(to 7 Dec 95
minimum)

DRAFT SAMM SECTION 1504
TABLE 1504-2
MINIMUM SPECIFICATIONS FOR NEW ADP EQUIPMENT

The Security Assistance Database Programs (TMS, SAARMS) and the IDSS communications software (LINKPC) were developed to only operate on IBM PC compatible systems utilizing the 80386 (or higher) microprocessor, and running under the Microsoft Disk Operating System (MS-DOS) version 5.0 or higher. This should be considered a minimum operating configuration. It is acceptable to upgrade this configuration with larger hard disks, more memory, etc. However, when replacement or other new equipment purchases are warranted, the following minimum specifications apply:

1. PERSONAL COMPUTER SYSTEM

- * IBM compatible with PENTIUM @ Processor
- * 100MHz operating speed with minimum 256K hardware cache.
- * 16 Megabytes Random Access Memory (RAM) (70ns or faster).
- * 540 megabyte hard drive (< 15 millisecond access speed, auto-locking heads). Equivalent removable media may be used.
- * Super VGA color monitor. Minimum 15" diagonal screen measurement. (.28mm dot pitch). Capable of 1024x768 resolution non-interlaced and compatible video display adapter card with 64 bit operation and minimum 1MB on-board video RAM. Video card should also include appropriate video display driver software.
- * One 5.25 inch high density 1.2MB floppy drive and one 3.5 inch high density 1.44MB floppy drive. 5.25 inch floppy drive may be omitted if there is no requirement to use 5.25 inch floppy disks.
- * Full size desktop case or floor standing tower case. Eight internal expansion slots, (6/16 bit, 2/8 bit slots).
- * Microsoft compatible mouse or other pointing device with software drivers.
- * Two serial ports, one parallel port.
- * Full size 101 key keyboard.
- * Surge protection power strip or other power protection device capable of delivering constant voltage and providing

187R

WAYNE

12/7/97

HERE IS THE
ABSOLUTELY LATEST
VERSION OF SECTION
1504.

CHRIS F.

changes included
(in blue)

present to Vicki
12/7/98

Change 7

voltage spike protection. An uninterruptible power supply (UPS) is strongly recommended for use in locations where there are known electrical power supply problems; surges, brownouts, or unscheduled outages.

2. PRINTER

- * Hewlett-Packard Laserjet Series 5 or 100% compatible
 - a. Serial port and parallel port
 - b. Minimum 4MB memory
 - c. (OPTIONAL): OCR-A and OCR-B font print capability. Fonts may be permanently resident in the printer or installed with removable cartridges.

3. COMMUNICATIONS EQUIPMENT

- * Modems must conform to the current ITU (formerly CCITT) specifications for V.32bis/V.42bis and MNP Level 5 operation.
 - a. Compatible with the Hayes "AT" command set and support the special extended command set as applicable. ←
 - b. Support 300-14400 bps (bits per second). 28800 bps modems are also acceptable; however, it should be noted that connections from overseas locations cannot be reliably maintained at that speed. ←
 - c. Combination data/fax modems are acceptable.

4. SYSTEMS SOFTWARE

* Microsoft Disk Operating System (MS-DOS) version 6.22 or higher. The Security Assistance database programs have not been designed for or tested with non-MSDOS operating systems, to include, OS/2 Warp, or UNIX (and UNIX derivatives). The database programs also have not been tested for use with any disk compression programs (DOUBLESPEACE, STACKER, etc.) They have also not been tested under either the Microsoft WINDOWS 95 or WINDOWS NT operating system environments. They will operate under Microsoft WINDOWS 3.1 or WINDOWS for WORKGROUPS 3.11.

5. OPTIONAL EQUIPMENT/STANDARDS

* If a CD-ROM reader is acquired it should conform to the ISSO 9660 standard as a minimum. Access time should be < 200 milliseconds and effective throughput should be 350 KBPS or greater. The interface bus should conform to the latest SCSI or enhanced IDE standards. Drives with a commercial designation of "triple speed" or "quad speed" are acceptable.

or higher speed designations

1875

change 7

* Network architectures should conform to the ETHERNET standard (IEEE 802.3). Network operating systems shall be compliant with existing DoD and Federal standards. Architectural designs and design proposals for networks will be submitted to DSAA for approval prior to the expenditure of FMS and FMF Administrative Funds for acquisition.

Draft prepared: ^{7 b/c} ~~21~~ Nov 95 (w/ b/c changes)

187 T

Defense Institute of Security Assistance Management (DISAM)
Wright-Patterson Air Force Base, Ohio

24-HOUR DATA-FAX TERMINAL
DSN: 785-4319
COMMERCIAL: 513-255-4319

FACSIMILE TRANSMITTAL COVER SHEET



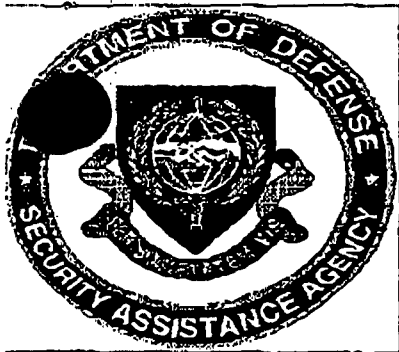
FROM: VICKI EBERT
(NAME) (TELEPHONE)

TO: WAYNE WELLS
(NAME) (TELEPHONE)
(ORGANIZATION/OFFICE SYMBOL) (FAX NUMBER)

DATE: 5 DEC 95
NO. OF PAGES (including cover sheet): 5
ADDITIONAL COMMENTS:

HERE IS THE "LATEST" VERSION
THAT LARRY AND I BOTH
HAVE.

A good we should
reprint present 187R-T
with Vicki/Larry 12/13/95.
Informed P. Porter -



DEFENSE SECURITY ASSISTANCE AGENCY
Office of the Comptroller
Process Analysis Integration Division
Washington, D.C. 20301-2800
Unclassified Facsimile Transmission

To: LARRY MORTSOLF

Company : DISAM/DC

From : CHRIS FRANZ

Fax Number : 1-513-255-4319

Company : DSAA/COMPT/PAI DIV CRYSTAL CITY

Date : 11/21/95

Pages : 4

Voice : 703-604-6585

Subject : CHANGES TO SAMM SECTION 1504

Fax Number : 703-604-6536

LARRY/DAVE:

THROW AWAY THE SAMM SECTION 1504 I SENT YOU YESTERDAY. HAD TO MAKE A FEW CHANGES. HERE IS THE LATEST AND GREATEST VERSION.

DRAFT SAMM SECTION 1504
TABLE 1504-2
MINIMUM SPECIFICATIONS FOR NEW ADP EQUIPMENT

Change 7

DISAM: Please do
not underline (to
highlight changes
only) Thanks,
W.

The Security Assistance Database Programs (TMS, SAARMS) and the IDSS communications software (LINKPC) were developed to only operate on IBM PC compatible systems utilizing the 80386 (or higher) microprocessor, and running under the Microsoft Disk Operating System (MS-DOS) version 5.0 or higher. This should be considered a minimum operating configuration. It is acceptable to upgrade this configuration with larger hard disks, more memory, etc. However, when replacement or other new equipment purchases are warranted, the following minimum specifications apply:

1. PERSONAL COMPUTER SYSTEM

- OBE -
see replacement
187R-1*
- * IBM compatible with PENTIUM (TM) Processor
 - * 100MHz operating speed with minimum 256K hardware cache.
 - * 16 Megabytes Random Access Memory (RAM) (70ns or faster).
 - * 540 megabyte hard drive (< 15 millisecond access speed, auto-locking heads). Equivalent removable media may be used.
 - * Super VGA color monitor. Minimum 15" diagonal screen measurement. (.28mm dot pitch). Capable of 1024x768 resolution non-interlaced and compatible video display adapter card with 64 bit operation and minimum 1MB on-board video RAM. Video card should also include appropriate video display driver software.
 - * One 5.25 inch high density 1.2MB floppy drive and one 3.5 inch high density 1.44MB floppy drive. 5.25 inch floppy drive may be omitted if there is no requirement to use 5.25 inch floppy disks.
 - * Full size desktop case or floor standing tower case. Eight internal expansion slots, (6/16 bit, 2/8 bit slots).
 - * Microsoft compatible mouse with software drivers.
 - * Two serial ports, one parallel port.

Source: PAID, P. PORTER
11/10/95

change 7

- * Full size 101 key keyboard.
- * Surge protection power strip or other power protection device capable of delivering constant voltage and providing voltage spike protection.

2. PRINTER

- * Hewlett-Packard Laserjet Series 4 or 100% compatible
 - a. Serial port and parallel port
 - b. Minimum 4MB memory
 - c. (OPTIONAL): OCR-A and OCR-B font print capability. Fonts may be permanently resident in the printer or installed with removable cartridges.

3. COMMUNICATIONS EQUIPMENT

- * Modems must conform to the current ITU (formerly CCITT) specifications for V.32bis/V.42bis and MNP Level 5 operation.
 - a. Compatible with the Hayes "AT" command set and support the special extended command set as applicable.
 - b. Support 300-14400 bps (bits per second). 28800 bps modems are also acceptable, however it should be noted that connections from overseas locations cannot be reliably maintained at that speed.
 - c. Combination data/fax modems are acceptable.

4. SYSTEMS SOFTWARE

- * Microsoft Disk Operating System (MS-DOS) version 5.0 or higher. The Security Assistance database programs have not been designed for or tested with non-MSDOS operating systems, to include, OS/2 Warp, or UNIX (and UNIX derivatives). The database programs also have not been tested for use with any disk compression programs (DOUBLESPACE, STACKER, etc.) They have also not been tested under either the Microsoft WINDOWS 95 or WINDOWS NT operating system environments. They will operate under Microsoft WINDOWS 3.1 or WINDOWS for WORKGROUPS 3.11.

187.5

Change 7

5. OPTIONAL EQUIPMENT/STANDARDS

* If a CD-ROM reader is acquired it should conform to the ISSO 9660 standard as a minimum. Access time should be < 200 milliseconds and effective throughput should be 350 KBPS or greater. The interface bus should conform to the latest SCSI-2 or enhanced IDE standards. Drives with a commercial designation of "triple speed" or "quad speed" are acceptable.

* Network architectures should conform to the ETHERNET standard (IEEE 802.3). Network operating systems shall be compliant with existing DoD and Federal standards. Architectural designs and design proposals for networks will be submitted to DSAA for approval prior to the expenditure of FMS and FMF Administrative Funds for acquisition.

Draft prepared: 20 Nov 95

Change 7

NSA National Security Agency
 NSC Naval Supply Center, or National Security Council (in context)
 NSN National Stock Number ~~(replaces FSN)~~

O

OA Obligation Authority
 OBT Observer Training
 ODC Office of Defense Cooperation
 OJCS Office of the Joint Chiefs of Staff (now Joint Staff)
 OJT On-the-Job Training
 O&M Operation and Maintenance
 OMA Operations and Maintenance, Army
 OMB Office of Management and Budget
~~OMC Office of Military Cooperation~~
~~OPNAV Office of the Chief of Naval Operations~~
 OSD Office of the Secretary of Defense
 OSP Offshore Procurement
 OT Orientation Tour
 OPR Office of Primary Responsibility

P

~~PA Program Authorization~~
 PACAMS Panama Canal Area Military Schools
 PACOM US Pacific Command
 P&A Price and Availability Data
 PC&H/PCH&T Packaging, Crating, & Handling, PC&H and Transportation
 PCS Permanent Change of Station
 PD Presidential Determination
 PDM Programmed Depot Maintenance, or Program Decision Memoranda (in context)
~~PDO Property Disposal Officer~~
~~PIP Product Improvement Program~~
 PKO Peacekeeping Operations
 PL Public Law
 PLT Procurement Lead Time
 PM Bureau of Politico-Military Affairs (Department of State) or Program/Project Manager
 PME Professional Military Education
~~P/N Part Number~~
 POC Point of Contact
 POD Port of Debarkation
 POE Port of Embarkation
 POM Program Objective Memorandum
~~POMCUS Prepositioned Material Configured to Unit Sets~~
 PPBS Planning, Programming, and Budgeting System
 P L O A Pseudo Letter of Offer and Acceptance (FAA sales)

Q

QA Quality Assurance
 QAT Quality Assurance Team
 QTY Quantity
 QRR Quarterly Requisition Report

R

RAD Required Availability Date
 R&D Research & Development

change 7

RCN	Record Control Number
RCS	Report Control Symbol
RDD	Required Delivery Date
RDT&E	Research, Development, Test, and Evaluation (Engineering)
RFP	Request for Proposals
RMS	Resource Management Systems
ROD	Report of Discrepancy
RSI	Rationalization, Standardization, Interoperability
RSN	Record Serial Number

S

SA	Security Assistance
SAAC	Security Assistance Accounting Center (part of DFAS-DE/I)
SAAM	Special Assignment Airlift Mission
SAMAS	Security Assistance Manpower Accounting System
SAMIS	Security Assistance Management Information System (US Air Force)
SAMM	Security Assistance Management Manual (DOD 5105.38-M)
SAN	Security Assistance Network
SAO	Security Assistance Organization/Office
SAPRWG	Security Assistance Program Review Working Group
SAR	Selected Acquisition Report
SATP	Security Assistance Training Program
SDAF	Special Defense Acquisition Fund
SecDef	Secretary of Defense
SecNav	Secretary of the Navy
SET	Specialized English Training
SII	Special Instructions Indicator
SME	Significant Military Equipment
SNAP	Simplified Nonstandard Acquisition Process (Army process)
SOCOM	US Special Operations Command
SOFA	Status of Forces Agreement
SOUTHCOM	US Southern Command
SPC	Strategy and Planning Committee
STANAG	Standardization Agreement
STL	Standardized Training Listing

T

TAC	Type of Address Code
TAFT	Technical Assistance Field Team
TAT	Technical Assistance Team
TCN	Transportation Control Number
TDP	Technical Data Package
TDY	Temporary Duty
TL/TLW	Termination Liability/ TL Worksheet
TLA	Travel and Living Allowance
TO	Technical Order
TOA	Total Obligational Authority or Transportation Operating Agency (in context)
TOR	Terms of Reference
TPA	Total Package Approach
TRADOC	Training and Doctrine Command (US Army)
TRANSCOM	US Transportation Command (includes MAC, MSC, MTMC)

U

UCOM	US 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	US Army
USAF	US Air Force
USAMC	US Army Materiel Command/US Air Mobility Command (US Army Materiel Command)
USARSA	US Army School of the Americas
USASAALA	US Army Security Assistance Agency - Latin America
USASAC	US Army Security Affairs Command
USC	US Code (as in law)
USCENTCOM	US Central Command
USD(A&T)	Under Secretary of Defense for Acquisition and Technology
USD(P)	US Disclosure Policy/Under Secretary of Defense for Policy
USG	US Government
USMC	US Marine Corps
USML	US Munitions List
USN	US Navy

V

[None at this time.]

W

WCN Worksheet Control Number

X Y Z

[None at this time.]

* UNLOA

United Nations Letter of Assistance

Change 7

Foreign Training Officer or FTO - The US military officer or federal civilian employee named to coordinate and monitor the local foreign training program. The FTO provides required administrative support for foreign students at the training installation or activity level, and plans, coordinates and implements the DoD Informational Program (IP), also referred to as the IMS Officer (IMSO).

Formal Training - Training (including special training) in an officially designated course, administered according to an approved program of instruction. This training generally leads to a specific skill in a certain military occupational specialty.

G

Generic Code - Represents the type of materiel or services according to budget activity or project account classification.

Grant Aid - Assistance rendered under authority of the FAA for which the US receives no dollar reimbursement. Currently consists of ^{non-reimbursable} MAP and IMET. Also see Military Assistance Program.

H

Host Nation Support - Civil and military assistance provided by host nations to allied forces and organizations in peace, transition to war, and wartime.

Human Rights - The right to be free from governmental violations of the integrity of the person; the right to the fulfillment of such vital needs as food, shelter, health care, and education; and the right to enjoy civil and political liberties.

I

Identifier, LOA - A unique identifier assigned to an LOA for the purpose of identification, accounting, and data processing of each accepted Offer. The identifier consists of the country code, implementing agency code, and the LOA designator.

IMET Order - Document issued by DSAA to authorize the MILDEPs to expend funds for IMET funded training including English language equipment and materiel.

Implementation Date - Date on which FMS case supply action is first authorized.

Implementing Agency - The DoD Component responsible for the execution of ~~grant or FMS Programs~~ ^{under the AECA or FFA of 1961, as amended.}

Informational Program or IP - Provides for foreign students, information pertaining to the United States; its social, cultural, and political institutions; and its people and their ways of life. It further increases foreign students' awareness of US commitment to basic principles of internationally-recognized human rights.

Interchangeability - Two or more items possess such functional and physical characteristics as to be equivalent in performance, fit, and durability, and either is capable of being used without alteration of the items or of adjoining items, except for adjustment.

Change 7

Memorandum of Understanding - A written understanding between governments or international agencies setting forth the terms under which they will cooperate in the performance of certain work such as research, development, production, or utilization. The MOU usually sets down, in broad terms, the objectives of the program, the work to be performed by each participant and its financing, the rights to technical data and patents to be acquired, and other elements concerned with the performance of the program.

Military Articles and Services List or MASL - Catalog of materiel, services and training used in the planning and programming of MAP, IMET, and FMS. Separate MASLs are maintained for IMET and FMS training to disseminate course availability, price, and duration.

Military Assistance Program or MAP - That portion of the US SA authorized by the FAA of 1961, as amended, which provides defense articles ^{or commodities and services} to recipients on a nonreimbursable (grant) basis. [~~JCS Pub 1~~] Also see Grant Aid. , generally

Military Assistance Program Address Directory or MAPAD - See DoD Activity Address Directory System.

Military Civic Action - The use of preponderantly indigenous military forces on projects useful to the local population at all levels in education, training, public works, agriculture, transportation, communications, health, sanitation, and other areas contributing to economic and social development, which also improve the standing of the local military forces with the population.

Military Export Sales - Sales of defense articles and services made from US sources to foreign governments, foreign private firms, and international organizations, whether made by DoD or by US industry. Such sales, ^{generally} fall into two major categories: Foreign Military Sales and Commercial Sales.

Military Standard Billing System or MILSBILLS - Provides data elements and codes, standard mechanized procedures and formats to be used by DoD components for billing, collecting, and related accounting for sales from stock, including direct deliveries. The mechanized procedures apply to MAP and FMS as outlined in DoDI 7420.12 (regarding Interfund Billing System). [DoDD 4000.25]

Military Standard Contract Administration Procedures or MILSCAP - Provides uniform procedures, rules, formats, time standards, and standard data elements and codes for the interchange of contract-related information between and among DoD components and contractors. [DoDD 4000.25]

Military Standard Requisitioning and Issue Procedures or MILSTRIP - A uniform DoD procedure to govern requisition and issue of materiel within standardized priorities. [JCS Pub 1]

Military Standard Transaction Reporting and Accounting Procedures or MILSTRAP - prescribes uniform procedures, data elements, codes, documents, and time standards for the flow of inventory accounting information pertaining to receipt issue and adjustment actions between inventory control points, stock control activities, storage sites, and posts or bases. [DoDD 4000.25]

Military Standard Transportation and Movement Procedures or MILSTAMP - Standard transportation data, documentation, and control procedures applicable to cargo movements in the DoD transportation system. [JCS Pub 1]

Change 7

On-the-Job Training or OJT - Training devoted to the practical application of a previously achieved skill.

Open Sales Case - An FMS case is designated open as long as any portion of the transaction is incomplete; ~~ie.~~, delivery of materiel, performance of services, financial transactions, or rendering of the final statement of accounts.

Open Sales Offer - An FMS offer made to a foreign buyer which is pending acceptance. ^{that is}

Operation and Maintenance, or O&M, Costs - Costs associated with equipment, supplies, and services required to train, operate, and maintain forces in a recipient country, including cost of spare parts other than concurrent spares and initial stockages, ammunition and missiles used in training or replacements for such items expended in training or operations, rebuild and overhaul costs (excluding modernization) of equipment subsequent to initial issue, training and other services that do not constitute investment costs, and administrative costs associated with overall program management and administration.

Orientation Tours - Tours arranged for key foreign personnel for the purpose of orientation and indoctrination.

P

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

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

Planning, Programing, and Budgeting System - An integrated system for the establishment, maintenance, and revision of the FYDP and the DoD budget.

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

Program Decision Memorandum - A document which provides SECDEF decisions on the POM and the Joint Program Assessment Memorandum (JPAM).

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

R

Reappropriation - Process whereby Grant Aid funds, which at the end of the fiscal year are not reserved or obligated, are made available by the Congress for use in the subsequent fiscal year.

Reciprocal Defense Procurement. Procurement actions which are implemented under MOUs between the US and participating nations whereby the participants agree to effect complementary acquisitions of defense articles from each other's country.

~~False~~ **Pseudo Letter of Offer and Acceptance, or PLOA** - An LOA, designed for sale of defense articles or services under the AECA, which had been modified to accommodate sale of defense commodities or services under the FAR of 1961, as amended. ^{B-14} ~~Change No. 3, 2 November 1992~~

DoD Directive 2140.2 - *Recoupment of Nonrecurring Costs on Sales of USG Products and Technology*

DoD Directive 2140.5 - *Defense Institute of Security Assistance Management*

DoD Directive 4000.25-8-M - *Military Assistance Program Address Directory*

DoD Directive 4100.37 - *Retention and Transfer of Materiel Assets*

DoD Directive ^{4000.21-1-M -}~~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 4160.21-M - *Defense Reutilization and Marketing Manual* *

DoD Directive 4160.21-M-1 - *Defense Demilitarization Manual* *

DoD Directive 4165.6 - *Real Property Acquisition, Management, and Disposal*

~~DoD Directive 4175.1 - Sale of Government Furnished Equipment or Materiel and Services to US Companies for Commercial Export~~

DoD ~~4140.22-M~~ - *Military Standard Transaction Reporting and Accounting Procedures (MILSTRAP)*

DoD Directive 4410.6 - *Uniform Materiel Movement and Issue Priority System (UMMIPS)*

DoD Directive 4500.9 - *Transportation and Traffic Management*

DoD Directive 5000.1 - *Major and Non-Major Defense Acquisition Programs*

DoD Directive 5000.2 - *Defense Acquisition Program Procedures*

DoD Directive 5000.7 - *Official Temporary Duty Travel Abroad*

DoD Instruction 5000.33 - *Uniform Budget/Cost Terms and Definitions*

DoD Directive 5000.35 - *Defense Acquisition Regulatory System*

DoD Instruction 5010.12 - *Defense Technical Data Management Program*

DoD Directive 5030.14 - *Disclosure of Atomic Information to Foreign Governments and Regional Defense Organizations*

DoD Directive 5100.2 - *Support of Headquarters of Unified, Specified, or Subordinate Joint Commands*

DoD Directive 5100.55 - *United States Security Authority for NATO Affairs*

DoD Directive 5105.36 - *Defense Contract Audit Agency*

DoD Directive 5105.38 - *Defense Security Assistance Agency*

DoD Directive 5105.40 - *Defense Mapping Agency (DMA)*

DoD Directive 5123.3 - *DoD Policy and Responsibilities Related to International Security Assistance (ISA)*

DoD Directive 5128.1 - *Assistant Secretary of Defense (Production and Logistics)*

DoD Directive 5132.2 - *Assistant Secretary of Defense (International Security Affairs)*

DoD Directive 5132.3 - *Department of Defense Policies and Responsibilities Relating to Security Assistance*

DoD Directive 5132.11 - *Security Assistance Accounting Center*

DoD Directive 5160.41 - *Defense Language Program*

DoD Directive 5200.12 - *Conduct of Classified Meetings*

DoD Industrial Security Manual 5220.22-M - *Industrial Security Manual for Safeguarding Classified Information*

DoD Directive 5230.11 - *Disclosure of Classified Military Information to Foreign Governments and International Organizations*

DoD Instruction 5230.17 - *Procedures for Disclosure of Classified Military Information to Foreign Governments and International Organizations*

DoD Instruction 5230.20 - *Control of Foreign Representatives*

DoD Directive 5410.17 - *Informational Program for Foreign Military Trainees in the United States*

DoD Directive 5500.7 - *Standards of Conduct*

DoD Directive 5530.3 - *International Agreements*

DoD Directive 7000.14-R - *Financial Management Regulation, Volume 15, Security Assistance Policy and Procedures* *

DoD Instruction 7230.7 - *User Charges*

~~DoD 7290.3 M - Foreign Military Sales Financial Management Manual~~

DoD Directive 7460.2 - *Regulations Governing the Use of Management Funds*

TABLE D-7, GENERIC CODES - ALL SYSTEMS

Change 7
(Replaces present
Table D-7)

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		
R	Reconnaissance.	FSC 1510	X		
U	Utility	FSC 1510	X		
X	Research.	FSC 1510	X		
Z	Airship	FSC 155Z	X		
6	Modification of Aircraft:				
A	Minor Modification/Class IV			X	
B	Major Modification/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		

Change 7
(Replaces present Table D-7)

1961

change 7

Generic Code	Description	Federal Supply Classification	Program as:		Remarks
			Major Item	Dollar Line	
A 7 C*	Launching Equipment	FSC 1720		X	*One dollar line provided for initial stockage and for follow-on.
D*	Specialized Trucks & Trailers (Including Modifications)	FSC 1740		X	
E	Contractor-Provided Support Equipment			X	Program F-16 Avionics Intermediate Shop as major item (MDE).
A 9	Aircraft Components & 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.
D	Contractor-Provided Aircraft Components, Spares & Accessories			X	
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 | W. Roland |
| B. Redeye | H. Entac | P. Stinger | X. Patriot |
| C. Hawk | J. Tow | R. Chaparral | Y. ATACMS |
| D. Mauler | K. Dragon | S. Shillelagh | |
| E. Jupiter | L. Lacrosse | T. Rapier (UK) | |
| F. Sergeant | M. Thor | V. Viper | |

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change 7

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Change 7

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 | P. ATAS (Stinger) | W. Sparrow |
| B. Harm | G. Maverick | R. Sidewinder | Y. Matador |
| C. Standard Arm | H. Hellfire | S. Bullpup | Z. AMRAAM |
| D. Standard | J. Air-Launched TOW | T. Phoenix | |
| E. Walleye | N. Falcon | V. Corporal | |

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
- N. Rolling Airframe Missile (RAM)
- P. Terrier
- Q. Tartar
- R. Harpoon
- S. Tomahawk
- 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
D	Contractor-Provided Guided Missile Parts, Components & Parts for Guided Missile Support Equipment.			X

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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	

Change 7

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Change 7

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		

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Change 7

Change 1

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.

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Change 1

Change 1

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 Landing Vehicles	FSC 2320, 2350	X		
C	Tank Mounted Bulldozers	FSC 2590	X		
E	TACTICAL AND SUPPORT VEHICLES				
1	Semi-Trailers:				
A	Tank	FSC 2330	X		All spare parts for Tactical & Support Vehicles should be programmed under Generic Code K8A.
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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Change 1

Change 1

Generic Code	Description	Federal Supply Classification	Program as:		Remarks
			Major Item	Dollar Line	
E 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		
P	106mm Recoilless Rifles	FSC 1015	X		
Q	120mm Recoilless Rifles	FSC 1015	X		
R	155mm Recoilless Rifles	FSC 1025	X		

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Change 1

change 1

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	
D	Fire Control Equipment (other than naval ordnance).	FSG 12	X	X	(1)
Y	Non-Standard Weapons.			X	
Z	Miscellaneous Other Weapons & Interchangeable Assemblies	FSC 1020, 1055, 1090, 1095	X	X	(1)

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change 1

Change 7

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	5.56mm/22 caliber	FSC 1305			X
B	30 caliber.	FSC 1305			X
C	7.62mm.	FSC 1305			X
D	38 caliber.	FSC 1305			X
E	45 caliber.	FSC 1305			X
F	50 caliber.	FSC 1305			X
G	60 caliber.	FSC 1305			X
H	20mm.	FSC 1305			X
I	22mm.	FSC 1305			X
J	37mm.	FSC 1310			X
K	40mm.	FSC 1310			X
L	57mm.	FSC 1310			X
M	60mm Mortar	FSC 1310			X
N	Shotgun Ammunition.	FSC 1305			X
P	Grenades.	FSC 1330			X
Z	Other Ammunition.	FSC 1305, 1310, 1330			X (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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Change 7

change 7

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	
N	Other Bombs	FSC 1325	X		
P	2.25 Inch Rockets	FSC 1340	X		
Q	2.36 Inch Rockets	FSC 1340	X		
R	2.75 Inch Rockets	FSC 1340	X		
S	3.5 Inch Rockets.	FSC 1340	X		
T	5 Inch Rockets.	FSC 1340	X		
U	7.2 Inch Rockets.	FSC 1340	X		
V	Asroc Rockets	FSC 1356	X		
W	Honest John Rockets	FSG 10, 11 & 13.	X	X	(1)

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change 7

Change 7

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	Program agents as major items; program articles other than agents in FSC 1365 as dollar lines.
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.
7 Z	Non-Standard Communications & Electronic Equipment.			X	

*The following alphabets will be used by the Military Departments as the third character of the Generic Code to identify the type of installation:

- | | |
|------------------------------|--|
| A Airborne | P Pack or Portable |
| B Fixed | V Ground, Vehicular |
| G Ground, General Ground Use | W Water, Surface, and Underwater |
| K Amphibious | Z Other Communications Equipment (Including Modifications) |

9	Communications Equipment Spare Parts and Electronic Supplies:				
A	Communications Equipment Spare Parts and Electronic Supplies.	FSG 58XX, 59XX		X	
B	Non-Standard Communications Equipment Spare Parts and Electronic Supplies.			X	

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Change 7

change 7

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	
D	Digitally Enhanced Photographic Imaging Equipment/Systems.	FSG 67XX (except 6720, 6730, 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 Machinery.	FSG 36XX		X	
N	Safety & Rescue Equipment	FSG 42XX		X	
P	Steam Plant & Drying Equipment.	FSG 44XX		X	
Q	Maintenance & Repair Shop Equipment	FSC 4910, 4925, 4930, 4931, 4933, 4940		X	
R	Power & Distribution Equipment.	FSG 61XX, 62XX		X	
S	Non-Standard Power & Distribution Equipment			X	
T	Instruments & Laboratory Equipment.	FSG 66XX (except 6610, 6630, 6640)		X	
U	Non-Standard Test Equipment			X	
Z	Other Support Equipment	FSG 22XX, FSC 3835, 6310, 6330, 6350, 6650, 6665		X	

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change 7

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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	X	(1)
Y	Support Equipment - Royal Saudi Land Forces (RSLF).			X	**
Z	Other Support Equipment	FSG 37XX, 46XX, 47XX, 48XX, 71XX, 72XX, 73XX		X	
8	Books, Publications, and Maps and Charts:				
A	Technical, Non-Technical Books, Publications, & Maps and Charts.	FSG 76XX		X	
9	Contractor-Provided Technical Order Data				
A	Contractor-Provided Technical Order Data.			X	
K	SUPPLIES				
1	Clothing & Textile Supplies:				
A	Clothing/Textiles & Individual Equipment.	FSG 83XX, 84XX		X	
2	Medical Supplies:				
A	Drugs & 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	
B	Human Subsistence (Offshore Procurement).	FSG 89XX		X	
4	General Supplies:				
A	Hand & Measuring Tools.	FSG 51XX, 52XX		X	

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Change 1

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
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	
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	

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Change 7

Generic Code	Description	Federal Supply Classification	Program as:		Remarks
			Major Item	Dollar Line	
L 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	
B	Staging and Consolidation of FMS Shipments	01		X	Includes staging and consolidation of incoming articles into a single shipment at DOD activity in CONUS or contractor facility, at request of customer.
C	Assemblage of FMS Shipments	01		X	Includes assemblage of articles by FMS case or project code at DOD activity or contractor facility for forwarding to in-country destination, at request of customer.
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	

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Change 2

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	
P	Contractor Engineering Tech Services (CETS)	02		X	
Q	Ship Maintenance Technical Assistance	02		X	
R	Logistics Technical Assistance	02		X	
S	Training Devices, Simulators, and Targets Technical Assistance	02		X	
2	Repair/Rehabilitation/Replacement of Equipment:				
A	Repair/Rehab/Replacement of Aircraft & Aircraft Engine Overhauls (Incl a/c IRAN)	02	X	X	(1)
B	Overhaul of Ships	02	X	X	(1)
C	Repair/Rehab/Replacement, Other	02	X	X	(1)
D	Combat Vehicles	02	X	X	(1)
E	Tactical/Support Vehicles	02	X	X	(1)
F	Weapons	02	X	X	(1)
G	Ammunition	02		X	
H	Communications/Electronics, & Meteorological Equipment	02		X	
J	Support Equipment	02		X	
K	Missiles	02	X	X	(1)
L	Training Devices, Simulators & Targets	02		X	
3	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 & Rehabilitation 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	

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Change 7

Generic Code	Item Ident. No.	Description/Category	Program as:		Remarks
			Major Item	Dollar Line	
N		TRAINING (MAP 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		

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change 2

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		

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Change 7

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		

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Change 7

Generic Code	Item Ident. No.	Description/Category	Program as:		Remarks
			Major Item	Dollar Line	
N I 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			

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change 7

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			
	BUSARSA	Training at USARSA	X		Not included in Unified Command ceiling. Programmed under Non-Regional Command.
	D01AAFA	Training at IAFFA.	X		
	PSCIATT	Training at SCIATT	X		
	P01ANTN	Training at IANTN.	X		

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Change 7

Generic Code	Item Ident. No.	Description/Category	Program as:		Remarks
			Major Item	Dollar Line	
N 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.

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Change 7

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	
)	BOOPCHT	Army PCH&T		X	
X)	DOOPCHT	Air Force PCH&T.		X	
)	POOPCHT	Navy PCH&T		X	
P		RESEARCH & DEVELOPMENT			
1		Development of Advance Design Weapons:			
A		Development of Advance Design Weapons . . .00		X	
B		Aircraft Weapons Certification.00		X	

Change 7

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Generic Code	Description	Federal Supply Classification	Program as:		Remarks
			Major Item	Dollar Line	
P 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	
6	Extraordinary Expenses:				
A	Extraordinary Expenses.	07		X	
B	Program Management.	07		X	

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Change 7

Generic Code	Description	Federal Supply Classification	Program as:		Remarks
			Major Item	Dollar Line	
R 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	

FOOTNOTE: (1) In those generics where both major item and dollar lines may be added to the MASL, the Military Departments must limit major item lines to those pieces of equipment for which visibility is considered absolutely essential to good program control and supply management.

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Change 7

W2

Change 7

Background

DEFENSE SECURITY ASSISTANCE AGENCY
OFFICE OF THE COMPTROLLER
PROCESS ANALYSIS & INTEGRATION DIVISION

September 21, 1995

MEMO FOR: WAYNE WELLS, SAMP COORDINATOR
THROUGH: RUTH SANDERS, CHIEF *no 9/22/95*
SUBJECT: Revised Table D-7, Generic Codes - All Systems

Attached is the revised version of Table D-7, Generic Codes - All Systems, for inclusion in the next SAMP update. Asterisks appear in the right-hand margin on those lines which have been added/changed.

If I can answer any questions, please give me a call.

Judy Frey
Judy Frey
x246

Attachment
As stated

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APPENDIX E

CONGRESSIONAL REPORTS INVENTORY AND DSAA REPORTS CONTROL SYSTEM

A. PURPOSE. This appendix provides an up-to-date inventory of statutory reports to Congress covering security assistance matters submitted by the Department of Defense elements. It does not include reports submitted to Congress by the Department of State. An inventory of current DSAA reporting requirements under the Reports Control System is also contained in this appendix. The inclusion of a report in either of these listings does not in any way imply its availability to a SAMM recipient nor its releasability to a nongovernmental requestor. Some reporting requirements are identified elsewhere in the Manual within the applicable topical areas. This appendix also provides reporting instructions on selected reports, not covered elsewhere in this Manual, requiring feeder information from DOD components.

B. CONGRESSIONAL REPORTS INVENTORY. See Table E-6.

C. DSAA REPORTS CONTROL SYSTEM. See Table E-7.

Process Analysis Integration Division of the

OK 1. The DSAA Reports Control System is managed by the ~~Data Management Division of the~~ *Process Analysis Integration Division of the* Comptroller Directorate, DSAA. Requests for new reporting requirements should be directed to that office. A Reports Control Symbol (RCS) will be assigned according to the nature of the reporting requirement, e.g., whether it relates to MAP, FMS, a combination of programs, or a one-time report. See Table E-4 for the DSAA Reports Control format.

D. REPORTING INSTRUCTIONS:

1. Price and Availability Report (RCS: DSAA(O)1138).

a. The Price and Availability (P&A) Report, required by Section 28 of the Arms Export Control Act, is forwarded quarterly to members of Congress and top-level Defense and State Department officials. It is an important tool used to inform the Congress of major potential FMS cases and it assists the Congress in carrying out its oversight authority of arms transfers, particularly to the Third World. For these reasons the P&A report must contain complete, accurate, and timely information to serve its intended purpose.

b. It is important that all relevant information is reported regardless of its sensitivity. Releasability will be determined by the Director, DSAA, in conjunction with the Secretary of State.

c. The report is due to the Congress on the 15th of the month following the quarter being reported. Input from the Military Departments is due to the DSAA Comptroller, ATTN: ~~Data Management Division~~, no later than the third day of the month following the quarter being reported and should be submitted in two parts. (See Table E-1 for format):

Process Analysis Integration Division

(1) Part I should list each price and availability estimate provided during the quarter to a foreign country with respect to a possible FMS sale of major defense equipment (MDE) for \$7 million or more or of any other defense articles or services for \$25 million or more. Each entry should specify the following:

- (a) The name of the country to which the estimate was provided;
- (b) The name of the articles or services involved;
- (c) The quantity involved; and
- (d) The price estimate provided.

TABLE F-3

TRANSPORTATION COST LOOK-UP TABLE

Change 7
(Replace F-3)
Pages F-5 to F-11
with F-5 through F-14

<u>NSN</u>	<u>ITEM</u>	1-Oct-95 <u>CODE 6*</u>	1-Oct-95 <u>CODE 8*</u>	1-Oct-95 <u>CODE 9*</u>
<u>ARMY ANNEX</u>				
<u>ATACMS</u>				
1427-01-274-3904	GUIDED MISSILE AND LAUNCH POD ASSEMBLY, M39	\$2,606	\$1,675	\$16,923
<u>CHAPARRAL</u>				
1410-01-095-3248	MISSILE, GM, INTERCEPT AERIAL, MIM-72E	\$414	\$222	\$1,567
1410-01-150-2863	MISSILE, GM, INTERCEPT AERIAL, MIM-71F	\$414	\$222	\$1,567
1410-01-216-3775	MISSILE, GM, INTERCEPT AERIAL, MIM-72N	\$414	\$222	\$1,567
1440-00-937-3859	SYS, MISSILE, GM INTERCEPT AERIAL, CARRIER MTD, M48	\$14,549	\$4,863	\$84,046
1440-01-069-8877	MISSILE, GM, INTERCEPT AERIAL, CARRIER MTD, M48A1	\$15,362	\$5,676	\$87,530
1440-01-106-3089	MISSILE, GM, INTERCEPT AERIAL, CARRIER MTD, M48A2	\$15,362	\$5,676	\$87,530
1440-01-181-6002	FLIR	\$351	\$252	\$1,631
1440-01-198-5892	MISSILE, GM, INTERCEPT AERIAL, MTD, M48A2E1	\$15,362	\$5,676	\$85,754
4935-01-104-9827	AN/TSM-96A	\$13,710	\$8,197	\$55,325
<u>DRAGON</u>				
1427-00-163-8959	MISSILE	\$147	\$93	\$551
1430-00-078-8340	TRACKER	\$780	\$767	\$1,162
1430-01-046-9594	NIGHT TRACKER	\$833	\$792	\$1,474
<u>HAWK</u>				
1337-00-484-8551	ROCKET MOTOR, M112	\$859	\$604	\$4,915

Change 7

TABLE F-3

TRANSPORTATION COST LOOK-UP TABLE

NSN	ITEM	1-Oct-95	1-Oct-95	1-Oct-95
		CODE 6*	CODE 8*	CODE 9*
1410-00-234-3266	MISSILE	\$2,731	\$1,454	\$12,870
1410-01-173-9990	MISSILE, MEI	\$2,731	\$1,454	\$12,870
1430-00-103-5270	IPCP, AN/MSW-11	\$13,761	\$4,956	\$54,714
1430-00-135-0267	ICWAR	\$8,479	\$2,686	\$33,824
1430-00-169-1859	ICC	\$14,355	\$5,319	\$55,693
1430-00-178-8453	PAR	\$10,707	\$3,061	\$43,303
1430-00-178-8454	ROR	\$7,922	\$2,593	\$33,487
1430-00-782-9816	HPI	\$13,519	\$5,178	\$51,717
1430-00-880-3357	AN/TPQ-29	\$7,304	\$4,225	\$29,771
1430-01-042-4907	ICWAR/PIP, PHASE I	\$8,479	\$2,686	\$33,824
1430-01-042-4908	PAR/PIP, PHASE I	\$13,006	\$4,201	\$53,342
1430-01-042-4910	BCC/PIP, PHASE I	\$7,913	\$4,510	\$32,459
1430-01-042-4915	IPCP, PHASE I	\$13,761	\$4,956	\$54,714
1430-01-042-4918	ICC/PIP, PHASE I	\$14,077	\$5,272	\$55,103
1430-01-078-9643	HPI/PIP, PHASE II	\$13,519	\$5,178	\$51,717
1430-01-084-1130	IBCC, PHASE II	\$7,912	\$4,509	\$32,458
1430-01-084-1131	IPCP, PHASE II	\$13,983	\$5,178	\$72,009
1430-01-180-5318	PCP/PIP PHASE III	\$14,077	\$5,272	\$55,103
1430-01-181-5884	B&P, PHASE III	\$14,077	\$5,272	\$55,103
1430-01-184-6768	CWAR/PIP PHASE III	\$7,643	\$2,546	\$30,430
1430-01-191-8780	HPI/PIP PHASE III	\$13,519	\$5,178	\$51,717
1440-00-602-5055	LSCB, PHASE I	\$159	\$143	\$633
1440-00-805-3012	LAUNCHER	\$8,042	\$4,477	\$33,304
1450-00-066-8873	LOADER, XM501E3	\$6,075	\$2,136	\$24,427
4935-00-133-9770	SHOP EQUIP, AN/TSM-112 W/SM 35 BEAM	\$2,496	\$1,848	\$9,288
4935-00-604-7460	IAFU OMC GRD	\$1,887	\$1,563	\$5,830
4935-00-782-1957	SHOP EQUIP, AN/TSM-105	\$7,304	\$4,225	\$29,771
4935-00-880-4510	SHOP EQUIP, AN/TSM-107	\$7,304	\$4,225	\$29,771
4935-01-042-4909	SHOP EQUIP, AN/TSM-107	\$8,302	\$5,223	\$30,769
4935-01-043-2244	SHOP EQUIP (NO. 1), PIPHASE I	\$9,436	\$5,223	\$39,495
4935-01-051-8691	SHOP EQUIP, AN/TSM-104, PHASE 1	\$7,304	\$4,225	\$29,249
4935-01-067-3362	SHOP EQUIP, GM, AN/TSM-120, PHASE II	\$2,496	\$1,848	\$9,967
4935-01-083-3128	SHOP EQUIP (NO. 8), PHASE II	\$6,807	\$2,405	\$26,308

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TABLE F-3

TRANSPORTATION COST LOOK-UP TABLE

<u>NSN</u>	<u>ITEM</u>	1-Oct-95	1-Oct-95	1-Oct-95
		<u>CODE 6*</u>	<u>CODE 8*</u>	<u>CODE 9*</u>
4935-01-083-3129	SHOP EQUIP (NO. 1), PHASE II	\$9,436	\$5,223	\$39,495
4935-01-085-5618	SHOP EQUIP (NO. 9), PHASE II	\$5,972	\$2,265	\$22,536
4935-01-085-5679	SHOP EQUIP (NO. 9), PHASE II	\$4,249	\$3,601	\$13,953
4935-01-091-4450	TAS MAINT. KIT PHASE II	\$2,265	\$1,455	\$8,997
4935-01-218-7088	SHOP EQUIP (NO. 8), PHASE III	\$6,807	\$2,405	\$26,308
4935-01-218-7089	SHOP EQUIP (NO. 1), PHASE III	\$8,322	\$3,920	\$29,972
4935-01-223-9122	T.A.G., PHASE III	\$3,289	\$2,965	\$11,141
4935-01-282-9256	SHOP EQUIP (NO. 20), PHASE III	\$24,028	\$6,419	\$101,003
4935-01-286-5599	SHOP EQUIP (NO. 21), PHASE III	\$23,677	\$6,068	\$100,652
5821-00-102-8668	TRANSMITTING SET	\$159	\$143	\$512
<u>HELLFIRE</u>				
1410-01-126-4662	AGM-114A MISSILE	\$228	\$148	\$968
1410-01-192-0293	AGM-114C MISSILE	\$228	\$148	\$968
1410-01-332-2471	AGM-114F MISSILE	\$263	\$174	\$1,073
<u>HELICOPTER, UH-1H</u>				
2840-01-070-1003	ENGINE A/C TURBO SHAFT	\$949	\$437	\$1,181
2840-01-093-7451	ENGINE A/C TURBO SHAFT	\$1,086	\$574	\$1,789
2840-01-284-4011	ENGINE, 701C	\$835	\$323	\$976
2835-01-172-6200	ENGINE, GAS TURBINE	\$450	\$193	\$464
1615-00-183-0834	TRANSMISSION ASSEMBLY	\$919	\$407	\$1,120
1615-01-056-4550	HUB ASSEMBLY, MAIN ROTOR	\$846	\$334	\$1,017
1615-01-096-5427	HUB ASSEMBLY	\$553	\$297	\$796
1615-01-237-0512	HUB ASSEMBLY, MAIN	\$839	\$327	\$992
1615-01-230-6218	GEAR BOX ASSEMBLY INPUT	\$444	\$188	\$443
1615-01-145-3928	GEAR BOX, MAIN	\$1,194	\$682	\$835
1615-01-168-2983	GEAR BOX, MAIN	\$1,194	\$682	\$835
1615-01-306-6948	HEAD, ROTOR WING	\$2,424	\$1,143	\$3,718
1615-01-252-6376	TRANSMISSION	\$1,327	\$815	\$2,735
1615-01-310-4978	BLADE, ROTARY WING	\$1,136	\$367	\$1,284
2915-01-005-9197	FUEL CONTROL, MAIN	\$401	\$145	\$206
2915-01-216-9779	FUEL CONTROL, MAIN	\$401	\$145	\$206

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TRANSPORTATION COST LOOK-UP TABLE

<u>NSN</u>	<u>ITEM</u>	1-Oct-95 <u>CODE 6*</u>	1-Oct-95 <u>CODE 8*</u>	1-Oct-95 <u>CODE 9*</u>
1650-01-273-7608	SERVOCYLINDER	\$401	\$145	\$231
1615-01-284-6419	MAIN GEAR BOX	\$1,194	\$682	\$2,212
1615-01-075-5283	HUB ASSEMBLY, MAIN ROTOR	\$2,022	\$997	\$3,114
1615-01-106-1903	MAIN ROTOR BLADE MODULE	\$1,269	\$500	\$1,654
1615-01-017-9926	HUB, MAIN ROTOR	\$1,485	\$445	\$1,427
6675-01-071-5552	POSITION AND AZIMUTH DETERMINING SYSTEM	\$1,306	\$537	\$1,446
2840-00-134-4803	ENGINE, AIRCRAFT TURBINE SHAFT	\$1,086	\$574	\$1,483
<u>MLRS</u>				
1055-01-192-0358	MLRS LAUNCHER (201 CONFIG)	\$18,342	\$5,433	\$131,294
1055-01-251-9756	MLRS LAUNCHER (202 CONFIG)	\$18,342	\$5,433	\$131,294
1055-01-329-6826	MLRS LAUNCHER (203 CONFIG)	\$18,342	\$5,433	\$131,294
1340-01-122-3506	MLRS ROCKET POD, TACTICAL	\$2,609	\$1,497	\$17,252
1340-01-149-0918	MLRS ROCKET POD, PRACTICE	\$2,609	\$1,497	\$17,252
<u>PATRIOT</u>				
1410-01-087-6343	GM, INTERCEPT AERIAL, MIM-104	\$4,283	\$2,367	\$14,855
1410-01-205-7066	GM, INTERCEPT AERIAL, MIM-104-A	\$4,283	\$2,367	\$14,855
1410-01-267-6685	GM, INTERCEPT AERIAL, MIM-104-B	\$4,283	\$2,367	\$14,855
1410-01-286-9689	GM, INTERCEPT AERIAL, MIM-104-C	\$4,283	\$2,367	\$14,855
1430-01-087-6330	RADAR SET, AN/MPQ-53	\$30,340	\$8,560	\$146,146
1430-01-087-6337	AN/MSQ-116, INFORMATION COORDINATION CENTRAL	\$28,449	\$8,291	\$121,565
1430-01-087-6338	AN/MGQ-104, ENGAGEMENT CONTROL STATION	\$31,688	\$8,291	\$124,700
1430-01-131-5373	ANTENNA MAST GROUP OA-9054 (V) 4/G	\$27,245	\$7,782	\$129,267
1430-01-131-5427	AN/MRC-137 COMMUNICATIONS CONTROL GROUP	\$28,047	\$7,889	\$113,778
1440-01-087-9844	M901, LAUNCHING STATION	\$28,047	\$7,889	\$114,057

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TABLE F-3

TRANSPORTATION COST LOOK-UP TABLE

<u>NSN</u>	<u>ITEM</u>	1-Oct-95	1-Oct-95	1-Oct-95
		<u>CODE 6*</u>	<u>CODE 8*</u>	<u>CODE 9*</u>
4935-01-136-0233	SHOP EQUIPMENT, GM SYSTEM, AN/TSM-16 (BMG)	\$24,185	\$6,207	\$97,403
2330-01-130-7980	SEMI-TRAILER, MAINTENANCE M1032 (SRPT)	\$23,914	\$6,168	\$96,590
4935-01-134-8713	SHOP EQUIPMENT, GM SYSTEM AN/TSM-163 (BME)	\$26,977	\$6,207	\$97,403
4935-01-182-0578	MAINTENANCE CENTER CONTACT TEAM AN/TCM-1	\$26,966	\$7,735	\$119,950
6130-01-109-9112	POWER SUPPLY	\$863	\$701	\$6,449
1430-01-239-6723	MODULATOR	\$1,054	\$815	\$5,624
1430-01-260-4963	EXCITER GROUP	\$1,403	\$1,362	\$2,981
1430-01-111-2419	MICROWAVE DEVICE	\$374	\$264	\$1,473
1430-01-092-4032	EXCITER GROUP	\$1,387	\$1,355	\$2,920
1430-01-234-1498	MICROWAVE DEVICE	\$578	\$424	\$2,181
1430-01-219-5560	COOLER LIQUID	\$863	\$701	\$4,523
1430-01-139-9738	EXCITER GROUP	\$238	\$193	\$848
5960-01-110-2668	ELECTRON TUBE	\$289	\$232	\$1,147
5960-01-091-0668	ELECTRON TUBE	\$260	\$203	\$923
1430-01-387-8436	GM, INTERCEPT AERIAL, MIM-104-D	\$4,283	\$2,367	\$14,855
<u>REDEYE</u>				
1425-00-930-9923	M41 GUIDED MISSILE SYS	\$123	\$81	\$380
1425-01-078-9258	M41 MISSILE W/METL CONT.	\$149	\$92	\$508
1425-01-078-9259	M41 MISSILE ASSEMBLY	\$123	\$81	\$380
6920-00-809-0399	GUIDED MISSILE TRAINING SET	\$341	\$312	\$948
<u>STINGER</u>				
1425-01-024-9982	WPN ROUND	\$210	\$132	\$675
1427-01-024-9967	MSL ROUND	\$130	\$82	\$529
1427-01-219-7116	WPN ROUND, LESS GRIPSTOCK	\$172	\$99	\$554
1427-01-325-3158	MISSILE ROUND	\$130	\$82	\$529
1427-01-325-3160	WEAPON ROUND, PARTIAL	\$145	\$88	\$538
1440-01-170-8618	GRIPSTOCK - CONTROL GROUP	\$38	\$33	\$121
1440-01-281-9458	GRIPSTOCK, CONTROL GROUP	\$38	\$33	\$121
6920-01-024-6948	THT	\$326	\$289	\$1,052
6920-01-246-0701	CAPTIVE FLIGHT TRAINER	\$326	\$289	\$966
6920-01-283-7826	TRAINING SET	\$326	\$289	\$1,052

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TABLE F-3
TRANSPORTATION COST LOOK-UP TABLE

<u>NSN</u>	<u>ITEM</u>	1-Oct-95 <u>CODE 6*</u>	1-Oct-95 <u>CODE 8*</u>	1-Oct-95 <u>CODE 9*</u>
<u>THERMAL IMAGERY</u>				
5855-01-037-7340	NIGHT SIGHT, AN/TAS-6	\$618	\$603	\$1,234
5855-01-037-7341	AN/TAM-3	\$297	\$207	\$1,136
5855-01-083-9051	AN/UAS-11	\$782	\$669	\$2,577
5855-01-154-3871	AN/TAM-3A	\$566	\$387	\$2,133
5855-01-173-0808	NIGHT SIGHT, AN/UAS-12B	\$665	\$622	\$1,864
<u>TOW</u>				
1410-01-007-2507	MISSILE	\$122	\$80	\$532
1410-01-007-2508	MISSILE	\$117	\$75	\$513
1410-01-106-8514	I-TOW	\$122	\$80	\$524
1410-01-135-2092	TOW-2 MISSILE	\$122	\$80	\$524
1410-01-137-9976	MISSILE, PRACTICE	\$117	\$75	\$513
1410-01-180-6790	I-TOW MISSILE W/CLM & MVIC	\$122	\$80	\$524
1410-01-229-9948	MISSILE	\$122	\$80	\$518
1410-01-257-7583	I-TOW MISSILE	\$122	\$80	\$524
1410-01-257-7584	TOW MISSILE, W/CLM	\$122	\$80	\$524
1410-01-257-7585	TOW PRACTICE MISSILE, W/CLM	\$117	\$75	\$513
1410-01-300-0254	TOW-2A MISSILE W/CLM, BGM-71E-1B	\$122	\$80	\$524
1410-01-301-0815	TOW-2 MISSILE W/CLM, BGM-71D-1B	\$122	\$80	\$524
1410-01-303-5172	TOW-2 MISSILE	\$117	\$75	\$513
1410-01-309-8302	TOW PRACTICE MISSILE W/CLM, BTM-71A-1B	\$117	\$75	\$513
1410-01-309-8303	I-TOW MISSILE W/CLM, BGM-71C-2B	\$122	\$80	\$524
1410-01-313-5364	TOW PRACTICE MISSILE W/CLM & DEU	\$117	\$75	\$513
1410-01-313-5365	I-TOW MISSILE, W/CLM & DEU	\$122	\$80	\$524
1410-01-313-5366	TOW-2 MISSILE	\$122	\$80	\$524
1410-01-313-5367	TOW-2A MISSILE	\$122	\$80	\$524
1410-01-322-5333	TOW-2B MISSILE	\$122	\$80	\$524
1410-01-343-8924	BTM-71E-2B PRACTICE MISSILE	\$117	\$75	\$513

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TRANSPORTATION COST LOOK-UP TABLE

<u>NSN</u>	<u>ITEM</u>	1-Oct-95 <u>CODE 6*</u>	1-Oct-95 <u>CODE 8*</u>	1-Oct-95 <u>CODE 9*</u>
1410-01-370-2288	TOW, 2A GUIDED MISSILE BGM-71E-4B	\$122	\$80	\$524
1410-01-370-2289	TOW, 2A GUIDED MISSILE BGM-71E-4B	\$122	\$80	\$524
1410-01-370-2292	TOW, 2A PRACTICE MISSILE BTM-7E-3B	\$117	\$75	\$513
1440-00-169-1764	LCHR	\$1,530	\$1,206	\$4,331
1440-01-104-9834	LCHR, TUBULAR, GM, TOW-2	\$1,530	\$1,206	\$4,802
1440-01-271-3015	TOW-2 LAUNCHER	\$1,530	\$1,206	\$4,802
1440-01-298-9788	TOW-2 LAUNCHER	\$1,530	\$1,206	\$4,802
4935-00-150-5905	CSS	\$3,266	\$1,808	\$14,726
4935-01-070-3426	FIELD TEST SET, TOW 2	\$975	\$651	\$4,166
4935-01-082-7023	ICSS	\$3,221	\$1,763	\$14,681
4935-01-114-3919	CSS, TOW-2	\$3,221	\$1,763	\$14,681
4935-01-142-9561	FIELD TEST SET	\$975	\$651	\$4,166
4940-01-154-3957	IMP. CSS, TOW-2	\$5,962	\$3,045	\$25,117
5855-01-083-9053	NIGHT SIGHT, AN/TAS-4A	\$817	\$785	\$1,762
5855-01-152-8781	NIGHT SIGHT, AN/UAS-12A	\$826	\$789	\$1,815
5855-01-245-8689	NIGHT SIGHT, AN/UAS-12A	\$826	\$789	\$1,815
5855-01-301-0158	NIGHT SIGHT, AN/UAS-12C	\$826	\$789	\$1,815
6130-01-018-9786	BATTERY CHARGER	\$168	\$131	\$778
6920-00-179-7320	M70 TRAINER, TOW	\$1,055	\$731	\$4,082
6920-01-145-6098	M70 TRAINER, TOW-2	\$1,055	\$731	\$4,082
1410-01-379-8253	BGM-71E-6B	\$122	\$80	\$524

NAVY ANNEX

HARM MISSILE

1337-01-162-3421	ROCKET MOTOR SECTION	\$1,290	\$1,216	\$1,820
1337-01-162-3422	WARHEAD SECTION	\$1,290	\$1,216	\$1,820
1410-01-242-4880	TACTICAL MISSILE	\$4,715	\$4,115	\$9,683
1420-00-237-4082	GUIDANCE SECTION	\$1,290	\$1,216	\$1,820
1420-01-241-5790	CONTROL SECTION	\$1,290	\$1,216	\$1,820

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TABLE F-3

TRANSPORTATION COST LOOK-UP TABLE

<u>NSN</u>	<u>ITEM</u>	1-Oct-95 <u>CODE 6*</u>	1-Oct-95 <u>CODE 8*</u>	1-Oct-95 <u>CODE 9*</u>
<u>HARPOON MISSILE</u>				
1410-01-181-8546	AGM-84D-1	\$867	\$611	\$4,846
1410-01-181-2268	ATM-84D-1	\$867	\$611	\$4,846
1410-01-181-8547	RGM-84D-1	\$1,309	\$932	\$6,557
1410-01-181-8550	RTM-84D-1	\$1,309	\$932	\$6,557
1410-01-181-8548	RGM-84D-2	\$1,309	\$932	\$6,557
1410-01-181-8552	RTM-84D-2	\$1,309	\$932	\$6,557
1410-01-139-1741	RGM-84D-3	\$1,350	\$972	\$6,641
1410-01-139-1744	RTM-84D-3	\$1,350	\$972	\$6,641
1410-01-181-8549	RGM-84D-4	\$1,356	\$979	\$6,940
1410-01-139-1748	RTM-84D-4	\$1,356	\$979	\$6,940
1410-01-181-8549	UGM-84D-1	\$2,728	\$988	\$7,352
1410-01-181-8556	UTM-84D-1	\$2,728	\$988	\$7,352
<u>MK 46 TORPEDO</u>				
1356-01-282-4662	TORPEDO, MK 46 MOD 5A(S)	\$769	\$494	\$3,658
<u>SIDEWINDER MISSILE</u>				
1336-01-017-4030	SAFETY-ARMING DEVICE MK 13 MOD 2	\$38	\$20	\$276
1336-01-044-7430	WDU-17/B	\$67	\$34	\$280
1337-01-145-1963	ROCKET MOTOR MOD 11	\$229	\$117	\$760
1337-01-090-9294	ROCKET MOTOR MOD 8	\$229	\$117	\$760
1337-01-145-9360	ROCKET MOTOR MOD 10	\$229	\$117	\$760
1420-01-101-8233	TARGET DETECTOR DSU-15A/B	\$312	\$306	\$904
1420-01-231-1509	TARGET DETECTOR DSU-15B/B	\$312	\$306	\$904
1427-01-114-2054	GUIDANCE & CONTROL WGU-4A/B	\$628	\$607	\$1,292
1427-01-041-8459	GUIDANCE & CONTROL AN/DSQ-29	\$628	\$607	\$1,292
1427-01-369-3383	GUIDANCE & CONTROL WGU-31/B	\$628	\$607	\$1,292
<u>SPARROW MISSILE</u>				
1410-00-149-3507	AIM-7M(F-1 BUILD)	\$3,834	\$3,637	\$4,317
1410-00-306-0435	AIM-7M(H BUILD)	\$3,834	\$3,637	\$4,317
1410-00-320-4823	RIM-7P	\$3,834	\$3,637	\$4,317
1410-00-149-3508	RIM-7M(F-1 BUILD)	\$2,274	\$1,988	\$3,896
1410-00-306-0434	RIM-7M(H BUILD)	\$2,274	\$1,988	\$3,896
1410-00-341-9221	RIM-7/VL	\$2,274	\$1,988	\$3,896

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TABLE F-3

TRANSPORTATION COST LOOK-UP TABLE

<u>NSN</u>	<u>ITEM</u>	1-Oct-95 <u>CODE 6*</u>	1-Oct-95 <u>CODE 8*</u>	1-Oct-95 <u>CODE 9*</u>
<u>P-3 AIRCRAFT</u>				
MODEL# 6846954	T-56 ENGINE	\$3,192	\$1,455	\$6,374
<u>TOMAHAWK MISSILE</u>				
1410-01-344-5355	UGM-109C	\$2,562	\$1,885	\$3,173
<u>AIR FORCE ANNEX</u>				
<u>MAVERICK MISSILE</u>				
1410-01-101-8490JE	AGM-65A	\$781	\$499	\$3,202
1410-00-238-1486JE	AGM-65A	\$781	\$499	\$3,202
1410-01-089-2505JE	AGM-65B	\$781	\$499	\$3,202
1410-00-125-6760JE	AGM-65B	\$781	\$499	\$3,202
1410-01-244-0603JE	AGM-65D	\$781	\$499	\$3,284
1410-01-244-5628JE	AGM-65E	\$761	\$489	\$4,221
<u>AMRAAM</u>				
1410-01-301-3317A1	AIM-120A	\$714	\$629	\$2,298
1410-01-320-7531	AIM-120A	\$714	\$629	\$2,298
1410-01-375-0438	AIM-120A	\$714	\$629	\$2,298
1410-01-375-0439	AIM-120A	\$714	\$629	\$2,298
1410-01-379-4896	AIM-120B	\$714	\$629	\$2,298
1410-01-3364-8453A	CONTROL SECTION	\$417	\$390	\$607
1337-01-383-9721	PROPULSION SECTION	\$482	\$423	\$2,132
1336-01-385-3212	WARHEAD SECTION	\$417	\$390	\$655
1420-01-381-3232AL	GUIDANCE SECTION	\$482	\$423	\$1,678
<u>SIDEWINDER MISSILE</u>				
1410-01-135-2771AB	AIM-9L	\$202	\$135	\$1,238
1410-01-137-5971AB	AIM-9E-2	\$202	\$135	\$1,238
1410-01-137-5972AB	AIM-9P-3	\$202	\$135	\$1,238
1410-01-162-9395AB	AIM-9M-3	\$202	\$135	\$1,238
1427-01-255-3015XZ	AIM-9P-4 GCS	\$76	\$56	\$283
1427-01-342-3811XZ	AIM-9P-4 GCS	\$76	\$56	\$283
1427-01-346-8789XZ	AIM-9P-4 GCS	\$76	\$56	\$283

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TABLE F-3

change 7

TRANSPORTATION COST LOOK-UP TABLE

<u>NSN</u>	<u>ITEM</u>	1-Oct-95	1-Oct-95	1-Oct-95
		<u>CODE 6*</u>	<u>CODE 8*</u>	<u>CODE 9*</u>
<u>SPARROW MISSILE</u>				
1410-01-168-3591BL	AIM-7M	\$27	\$15	\$137
1410-01-168-3592BL	AIM-7M	\$27	\$15	\$137
1410-01-308-3789BL	AIM-7M	\$27	\$15	\$137
1410-01-308-3788BL	AIM-7M	\$27	\$15	\$137
1410-01-135-6176BL	AIM-7E	\$27	\$15	\$137
1410-01-326-3308BL	AIM-7 GCS	\$27	\$15	\$137

*If the priority changes and the actual delivery of material does not correspond with the Delivery Term Code (DTC) designated in the LOA, a Transportation Bill Code (TBC) indicating the actual method of shipment is to be entered on the DD Form 1517 (Position 59).



DEFENSE SECURITY ASSISTANCE AGENCY

WASHINGTON, DC 20301-2800

Change 7
Background

02 OCT 1995

In response refer to:
I-04791/95

MEMORANDUM FOR DIRECTOR FOR SECURITY ASSISTANCE
OFFICE OF THE DEPUTY CHIEF OF STAFF FOR
LOGISTICS
DEPARTMENT OF THE ARMY

DIRECTOR, NAVY INTERNATIONAL PROGRAMS
DEPARTMENT OF THE NAVY


ASSISTANT DEPUTY UNDER SECRETARY
(INTERNATIONAL AFFAIRS)
DEPARTMENT OF THE AIR FORCE

DEPUTY DIRECTOR FOR SECURITY ASSISTANCE
DEFENSE FINANCE AND ACCOUNTING SERVICE -
DENVER CENTER

SUBJECT: Transportation Cost Look-Up Table, Appendix F to the Security Assistance
Management Manual (SAMM)

The attached revision to the subject table is effective 1 October 1995. This
memorandum has been coordinated with the Office of the USD(Comptroller).

Please direct questions to Mr. Richard Miles, DSAA/COMPT/FM&PD, (703)
604-6562, ext. 234 or DSN 664-6562, 234.


James A. McQuality
Comptroller

Attachment: as stated

copy to: DISAM

CMD
DSAA/COMPT-RF
FMPD RF
FMPD SUBJ

Prepared by: R. Miles, COMPT-FMPD, 604-6562

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