



DEFENSE SECURITY ASSISTANCE AGENCY

WASHINGTON, DC 20301-2800

31 DEC 1996

In reply refer to:  
I-06262/96

MEMORANDUM FOR DIRECTOR FOR INTERNATIONAL DEVELOPMENT  
AND SECURITY ASSISTANCE  
OFFICE OF THE DEPUTY UNDER SECRETARY  
OF THE ARMY (INTERNATIONAL AFFAIRS)  
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: Changes to DoD 5105.38-M, Security Assistance Management Manual (SAMM)

The attached guidance will be added to the next change to the SAMM and is effective immediately. It includes:

- Exchange of unserviceable for serviceable reparable, and return to DoD of certain items for credit, based on PL 104-164 amendments to the Arms Export Control Act.
- Shipment of sensitive and hazardous items and other transportation guidance in SAMM section 80206.
- Guidance related to Reports of Discrepancy.

Questions or comments may be directed to Mr. Wayne Wells, DSAA/OPS-MGT, (703) 604-6635 (x367) or 6541 for datafax.

Thomas G. Rhame  
Lieutenant General, USA  
Director

Attachment  
as stated

cc: CMDT, DISAM  
DIR, DFAS/DE  
DLA, DLMISO

polym

Attachment 2

Replace Section 80201 with the following:

**80201 GENERAL** The overall policy concerning logistics support is shown in Section 20202. This section provides guidance in logistics related areas not covered elsewhere in the Manual.

**A. Use of US Logistics System** Implementation of LOAs will be accomplished within the existing organizational and procedural structure of the US military logistics, including acquisition, system. Use of the DTS is an exception to this policy as discussed in section 80206.

**B. Items to Reflect Favorably on US** Items provided under FMS will normally be new or unused or, as a result of rehabilitation, possess original appearance insofar as possible and have serviceability standards prescribed for issue to US forces. If the Purchaser desires exclusively new equipment, this requirement will be stated in the LOA. If the Purchaser desires "as is/where is" items, this will also be stated in the LOA.

**C. Purchaser Service** Delivery performance directly reflects the degree to which the US meets its FMS commitments and is therefore a key element of the supplier-customer relationship. The importance of prompt and effective service to the Purchaser must be continually emphasized to assure overall success in the attainment of FMS program objectives.

**D. Discrepancy Reporting** Every effort must be made to provide the correct defense article or service in the quantity and quality shown in the LOA. Positive actions should be taken to prevent discrepancies. After a discrepancy has occurred, the submission of a discrepancy report should be encouraged. In order to take advantage of a fresh audit trail, Purchasers should be reminded of the importance of reporting discrepancies as soon as possible. SDR (ROD) submissions should be recorded to find and correct program weaknesses and minimize loss of resources and customer confidence. SDRs will be considered based on guidance in Section 80207.

**E. ILCS** The International Logistics Communication System has been developed for the improvement of logistics communications service to SA countries, freight forwarders, and contractors. DLA's DAASO, Wright-Patterson Air Force Base, OH 45433-5328 manages ILCS under DLA General Order 2-83, dated 10 January 1983. As a stand-alone system, or in tandem with processes such as Supply Tracking and Repairable Return/Personal Computer based (STARR/PC), ILCS provides a computer-to-computer telecommunications capability which allows a subscriber to exchange logistics related information with the DoD logistics community and other ILCS subscribers.

**F. Direct Exchange (DX) and Repair and Return Programs** A serviceable item in the stocks of DoD may be exchanged for a repairable item of the same type under certain conditions. The repairable must previously have been obtained under the AECA, must not be an end item, and DoD (including FMS) must have a requirement for the repairable item. Programs may be executed under defined line, BO, or CLSSA LOAs. Also see DoDD 4000.21-1-M.

1. To accept the DX repairable, it must be assured that sufficient customer funds have been provided for the cost of the serviceable replacement. The requisition for the replacement will normally be filled according to normal supply procedures.

2. Repair and return will normally be used when a serviceable replacement is not available from stock on hand or due in within a reasonable time, or if the customer requests repair and return of a specific item. Repair of a customer-owned article requires that the customer return a repairable article under an LOA established for that purpose and await the necessary leadtime for repair. For either DX or repair and return, the total cost will be the same as that charged US forces for similar transactions, plus normal administrative surcharges.

**G. Returns** Returns should be accepted if the defense article (1) was previously provided under the AECA, (2) is not SME, and (3) is in fully functioning condition without need of repair or rehabilitation. DoD, including FMS requirements, must have a funded requirement for the defense article. The customer will not be reimbursed directly, the customer's FMS account must be credited to reflect the transaction, using DoD appropriations or other customer funds, dependent upon the buyer. Also see DoDD 4000.21-1-M and DoD 4140.1-R.

1. Return credits may be added, at customer request, to specific BO or CLSSA LOAs. In order to facilitate program efficiencies (e.g., automated processing), no more than three country LOAs will normally be designated to receive credit funds.

2. Title for returned items will normally accrue to the US following acceptance at the point of US receipt inspection. Returns to or through US controls do not constitute a third party transfer as discussed in 60004.

Paragraph 80206.G.1.c.(1) will be replaced with:

(1) Shipments of sensitive material (Sensitive Arms, Ammunition, and Explosives Categories I, II, III, and IV; see DoD 5100.76-M), including sensitive ammunition, explosives, and other hazardous materiel moving under DTS control, will be shipped DTC 7, 8, or 9, through CONUS water or aerial ports controlled by DoD. FMS shipments of non-sensitive ammunition and explosives or other controlled items, such as pilferable materiel, shown by their Controlled Inventory Item Code (CIIC) to be non-sensitive may be transported to or through Purchaser representatives (normally freight forwarders) and through CONUS commercial airports or seaports, providing:

(a) The Purchaser has directed the shipment in response to a shipper-supplied Notice of Availability (NOA).

(b) The shipment, if hazardous, is certified by the shipping activity for commercial shipment in accordance with 49 CFR (Code of Federal Regulations)/IMDG (International Maritime Dangerous Goods code)/ ICAO (International Civil Aviation Organization)/IATA (International Air Transportation Association) requirements. The Purchaser representative must also comply with international, federal, state, and local codes when handling, storing, and exporting the materiel.

(c) Any classified material is transitioned from DTS to non-DTS channels in accordance with the approved transportation plan developed by the Purchaser (see Table 503-4).

This guidance will normally allow items initially moved via DTS to be released to a Purchaser representative for temporary storage and movement beyond CONUS when the representative has demonstrated experience or the capability to safely and securely ship similar items, from FMS or commercial sources. This will include

movement of most Hazard Division 1.4 items, such as CAD/PAD. If doubt exists, the IA should confirm experience or capability by obtaining, from the Purchaser representative prior to shipment, information showing comparable items have been handled in the past, or other information which confirms capability.

Paragraph 80206 will also be changed by replacing Paragraphs N. and O. with the following (Paragraph P., Documentation, has been moved to Section 80207.C):

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. Regardless of whether the shipment was tendered on a prepaid or collect basis, and whether shipment was a small parcel or freight size carrier, DoD shipping activities will assist by providing evidence of shipment documents, or pertinent information from the documents, so the Purchaser can effect the tracer action.

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, 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. During the intransit stage of movement (carrier departure at origin to arrival at destination), the IA ILCO may be contacted for coordinating correction of potential discrepancies; e.g., to redirect a shipment which would otherwise go astray.

O. **Transportation Discrepancies** If the DTS ships an item (GBL or small parcel carrier) to an FMS recipient, including a recipient freight forwarder, and loss or damage occurs, the recipient must file any claim with the carrier. If resolution with the shipper is unsuccessful, recipient may submit qualifying SDRs per section 80207 to request additional shipment or billing information or to obtain IA assistance in resolving the discrepancy. The USG has responsibility for filing and processing claims with carriers when shipment is made on a prepaid basis to DoD activities. When the USG files the claim, the benefits will be reimbursed to the Purchaser. The US shipper should provide information, complementing that provided under paragraph N above, needed to support claims discussed in this paragraph.

New section 80207 will be added as follows:

### **80207 PROCESSING SUPPLY DISCREPANCY REPORTS (formerly RoDs)**

A. **General** This section provides SA-unique guidance for processing of SDRs (SF 364). Further guidance, such as definitions, instructions for SF 364 completion, DoD processing timeframes, and responsibilities may be found in Joint Regulation DLAI 4140.55/AR 735-11-2/AFJMAN 23-215/NAVINST 4355.18, "Reporting of Supply Discrepancies," hereafter referred to as JR 4140.55. Initial screening of FMS SDRs is outlined in Table 802-1. Table 802-2 summarizes the financing of SDRs. See section 80206 for additional guidance regarding transportation tracers and discrepancies and 130802 for

~~further financial guidance.~~ Should guidance elsewhere appear to conflict, guidance herein will normally be followed.

1. AECA Sec 21 and 22 requirements that USG recover full costs under FMS also apply to SDRs. FMS customers directly or indirectly fund DoD procurement, DBOF item surcharge, and other costs related to discrepancies. Emphasis should be placed on providing articles and services under terms and conditions shown on the LOA, at minimum cost and with maximum customer satisfaction.

2. Item discrepancies are often not due to USG erroneous action or inaction. Further, not every USG erroneous action or inaction gives rise to responsibility for SDR compensation from USG or FMS funds. Table 701-1, LOA Standard Terms and Conditions, should be studied by the IA and FMS customers, with particular attention to 1, 3, 5.4, 6, and LOA supplemental conditions pertaining to assumption of risk. There should be no automatic approval of SDRs based solely on dollar value. Until final decisions are available, commitments to the customer for US financing of discrepancies will not be made.

3. Due to loss of information and customer confidence with the passage of time, SDRs will be addressed as thoroughly and quickly as possible. SDR responses should be provided by the IA within timeframes established by JR 4140.55. Any extension must be approved by the IA FMS SDR focal point. Any required DSAA review should be completed within 30 days of receipt within DSAA.

4. DSAA approval will be obtained when (1) The IA determines the USG is liable for correction of the SDR under terms of the LOA and recommends use of FMS Funds, and the value is in excess of \$50,000; or, (2) The SDR involves an issue likely to be raised at DSAA or higher levels, such treatment to one country which is not consistent with guidance herein.

5. Each IA is responsible for designating to FMS customers the single point(s) of contact for SDR corrective action. Only those points and DSAA are authorized to accept and convey USG liability or originate a commitment for corrective action.

6. When customer countries re-requisition items, the current price should be paid without regard to the price under the original requisition.

7. Any problems involving GFE furnished per Section 603 should be directed by the foreign customer to the contractor. FMS funding and FMS SDR processing do not apply to these sales.

**B. Supply Discrepancies** These include shortages or overages due to incorrect quantity counts, improper packing or marking, duplicate shipments, incorrect items, and condition or quality discrepancies (including damage) prior to release to the carrier by the origin shipper. They also include, for security assistance purposes, documentation, including billing, errors and deficiencies in performance of services. Non-receipt of shipment units qualify only if no evidence of shipment (signed carrier receipt and shipping document) 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.

**C. Shipment Documentation** 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

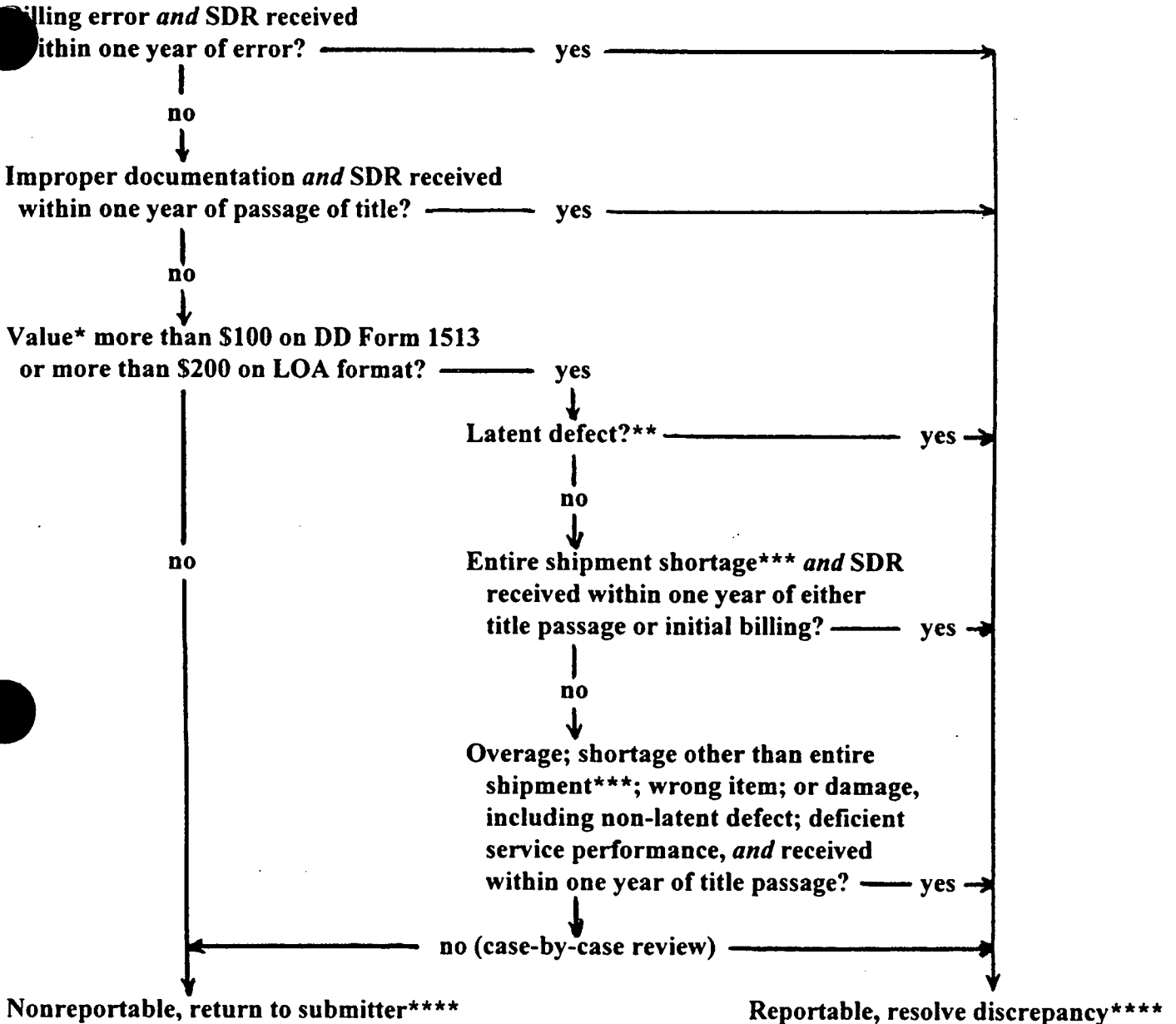
quantity, NSN, mode of shipment, date, TCN, notice of availability number/bill of lading/parcel post insured or registered number, addressee, vessel/voyage or flight number (to the extent possible), and name of the shipper and carrier. This information is essential for adjudication of SDRs. If the freight 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.

**D. SDR Documentation** The documentation package is often the key to effective SDR resolution. It should be initiated carefully but quickly after a discrepancy is reported and expedited through each step. The following are required when SDRs are submitted to DSAA and should be merged into IA procedures tailored for effectiveness (e.g., less research/documentation for low value and non-sensitive item SDRs):

1. Copy of the SDR, SF 364, and supporting data from the customer.
2. Copy of the LOA and any Amendment or Modification bearing on the discrepancy.
3. Chronology of events. The following statement covers pertinent events for most SDRs: "The SDR was filed within the time period allowed by the LOA, which in this instance is [period, normally "one year"] from ["the date of shipment"/"the date of furnishing of services" or "the date of billing"]. Date of ["shipment"/"completion of services"] was [date]. Date of billing was [date]. The SDR was received by [organization] on [date] with document origination date of [date signed by initiator]." Principal SDR processing actions and dates, present status of any assets, and other substantial information pertinent to the SDR background should also be included.
4. An IA General Counsel position regarding USG liability, to include "This office was furnished relevant documents pertaining to SDR [number]. The determination of USG liability for this SDR is supported by [list LOA General Terms and Conditions paragraph(s), footnotes, attachments, legal principle, legal precedent, or other bases for the determination]."
5. Options, with costs, to remedy the SDR. Discuss article or service the USG was responsible to provide. How does that differ from what the country was provided? Will the supply source repurchase the item(s), hold item(s) for DoD/FMS sale, repair, or replace the item? Provide detailed cost estimates, including transportation, TDY, and other associated charges for each remedy. If rework or repair is indicated, include source documents, if possible, from the office responsible for correcting the SDR upon receipt of authority.
6. Corrective action. Discuss policy, procedure, or systems change; education; or other actions to reduce probability of reoccurrence.
7. Retention of records. Show status of records required for resolution, including present and anticipated preservation.

TABLE 802-1

INITIAL SUPPLY DISCREPANCY REPORT (SF 364) SCREENING



\* Example - Ten items, with a U/P of \$100, are shipped together. When received, five have damage which will cost \$150 to repair. Four are missing. The SDR value is \$550 plus transportation, PC&H, or other directly related costs.

\*\* Detection of reduced item operability is dependent upon initial operation or extensive testing, disassembly, or other extraordinary receipt inspection.

\*\*\* When shipped through a freight forwarder, return to submitter if freight forwarder verification that material has not been received on the TCN that applies is not provided.

\*\*\*\* All SDRs which contain sufficient information to be useful in trend analysis should be recorded and, based on continuing process refinements, minimized.

TABLE 802-1. Initial Supply Discrepancy Report (SF 364) Screening

**TABLE 802-2**

**FINANCING SUPPLY DISCREPANCY REPORTS**

The table below shows the most common SDRs and methods of financing when IA research results in approval of an item discrepancy. In summary, corrections will normally be financed:

- (1) Within contract costs for DBOF, O&M, PA, and RDT&E items obtained from procurement.
- (2) Within the surcharge for DBOF items or services supplied from stock.
- (3) From the O&M, PA, or RDT&E account for O&M, PA, or RDT&E items supplied from stock.

(4) From the FMS (Administrative, Transportation, or PC&H) Fund accounts when sources above do not apply. These SDRs are to be financed from current year FMS Administrative/Logistics Support Expense (LSE) budget obligation authority, or reissuance of past unused budget authority.

<u>Nature of Discrepancy</u>	<u>FMS Funds \1</u> (Admin, PC&H, Transportation)	<u>USG Funds/Appropriations</u> (DBOF, PA, O&M, RDT&E)
1. Damage, Defect, or Other Deficiency		
a. From Procurement \2	Generally not applicable except where US action or inaction caused inability of USG to obtain satisfaction from contractor for customer	Generally not applicable. Usually corrected by contractor within existing contract terms.
b. From Stock	Peripheral costs of correction (e.g., testing, transportation, TDY)	Replacement, refund to customer account, or rework of defective items for costs not listed under FMS Fund heading
2. Nonreceipt or Shortage		
a. From Procurement \2	Generally not applicable except where US action or inaction caused inability of the USG to obtain satisfaction from contractor for customer	Generally not applicable (Normally corrected by contractor within existing contract terms)

**TABLE 802-2. Processing Supply Discrepancy Reports**



b. From Stock	Not applicable except where item shipped DTS and US action or inaction caused inability to obtain satisfaction from carrier (see 80206 and USG Fund/Appropriations column at right)	(Shortage/misdirection at origin based on no evidence of shipment) Credit to customer account, charged to USG fund or appropriation initially credited. Lost items will be absorbed as inventory losses.
<b>3. Overage</b>		
a. From Procurement\2	Generally not applicable	Generally not applicable
b. From Stock	Generally not applicable See next column.	If billed and customer does not want item, amount charged will be refunded to customer account and USG appropriation fund charged. If USG directs no return, will be absorbed as inventory loss
<b>4. Incorrect Item</b>		
a. From Procurement\2	Generally not applicable See next column.	Generally not applicable. Normally corrected by contractor within contract terms.
b. From Stock	Generally not applicable See next column.	Unless the item manager chooses to reissue, refund to the customer account, charged against appropriation or fund initially credited. If USG directs no return, absorb as inventory loss.
<b>5. Missing or Improper Documentation</b>		
a. From Procurement\2	Generally not applicable See next column.	Generally not applicable. Normally corrected by contractor.
b. From Stock	Generally not applicable See next column.	Issue documentation and/or proper items without additional charge to FMScustomer. If not available for issue, refund against USG appropriation/fund initially credited. If USG directs no return, absorbed as inventory loss.

**TABLE 802-2. Processing Supply Discrepancy Reports**

6. Duplicate or Erroneous Billings (From procurement <u>2</u> or stock)	Generally not applicable See next column.	Refund or adjustment to customer account. Adjustments charged against appropriate USG or customer account.
7. Loss of Customer Item (provided for repair, etc)	Reimburse customer when item is nonstandard (no longer maintained in USG inventory)	Reimburse customer when item is DoD standard (currently maintained in USG inventory) and the loss is bookkeeping or inventory control only.

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1 In some instances, Administrative, Transportation, or PC&H funds may complement other financing for SDR resolution. For example, it could be appropriate to reimburse PC&H or transportation costs for initial delivery of an overage when this is the sole means for resolution.

2 Procurement includes defense articles and services acquired to fill the FMS requirement and therefore not supplied from on-hand DoD assets. Both stock and procurement guidance may apply in some instances (e.g., item on hand in DoD inventory reworked through a commercial contract prior to shipment).

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**TABLE 802-2. Processing Supply Discrepancy Reports**

ROD	Report of Discrepancy ( <i>see SDR</i> )
RSI	Rationalization, Standardization, Interoperability
RSN	Record Serial Number

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S

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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 <i>Supply Discrepancy Report (formerly ROD)</i>
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
STL	Standardized Training Listing

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T

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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) *

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U

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UCOM	US Unified Command
U/I	Unit of Issue
U/P	Unit Price
UMMIPS	Uniform Materiel Movement and Issue Priority System
UN	United Nations
UND	Urgency of Need Designator
UNLOA	United Nations Letter of Assistance
USA	US Army
USAF	US Air Force

**Pseudo Letter of Offer and Acceptance, or PLOA** - An LOA, designed for sales of defense articles or services under the AECA, which has been modified to accommodate sale of defense commodities or services under the FAA of 1961, as amended. \*\*

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.

**Record Serial Number or RSN** - A line item indicator on the LOA which is perpetuated in the DD Form 645 billing document.

**Recoupments** - Adjustments or cancellations of outstanding MAP orders in prior year program accounts which generate additional funds for current year operations.

**Redistributable MAP Property** - MAP property which has been declared by the recipient to the US as no longer needed for the purposes for which furnished.

**Reimbursements** - Funds realized from the sale of MAP-owned property, such funds being deposited to MAP accounts and available for programing.

~~**Repair and Replace** - Procedure whereby CLSSA customers return repairable carcasses to the US and receive a serviceable replacement without awaiting the normal repair cycle timeframe. Replacement involves an exchange of a customer-owned unserviceable item with a serviceable customer-owned item held by the US. Countries are initially charged the estimated repair cost, with adjustment to the actual repair cost upon completion of repair of the unserviceable item.~~

~~**Repair and Return** - Procedure by which eligible foreign countries return unserviceable repairable items for entry into the US MILDEP repair cycle. Upon completion of repairs, the same item is returned to the country and the actual cost of the repair is billed to the country.~~

S

**Security Assistance Organization/Office** - The generic term SAO encompasses all DoD elements, regardless of actual title, located in a foreign country with assigned responsibilities for carrying out security assistance management functions.

**Security Assistance** - Group of programs authorized by the FAA of 1961, as amended, and the AECA as amended, or other related statutes by which the US provides defense articles, military training, and other defense related services, by grant, credit, or cash sales, in furtherance of national policies and objectives. [JCS Pub 1]

**Significant Military Equipment or SME** - Those defense articles and services on the USML in the ITAR which are preceded by an asterisk. SME are articles which require special export controls because of their capacity for substantial utility in the conduct of military operations.

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DEFENSE SECURITY ASSISTANCE AGENCY

WASHINGTON, DC 20301-2800

Letter of Transmittal

Change 8 to the 1 October 1988 Security Assistance Management Manual includes greater emphasis on end use monitoring, an updated list of countries eligible to acquire items under the AECA or FAA, refinements to the rules regarding cargo preference, several logistics changes, and an update of Special Defense Acquisition Fund guidance, as well as other changes.

Any comments regarding publication or distribution of the manual, including subscriptions for non-USG users, should be directed to the Defense Institute of Security Assistance Management (DISAM), DSN 785-2994 or commercial (937) 255-2994. Questions or comments regarding content should be directed to DSAA, Mr. Wayne Wells, DSN 664-6609 or commercial (703) 604-6609, extension 315.

Attachment  
as stated

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LIEUTENANT GENERAL, USA  
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Prep'd by: Mr. Wells, 46609  
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MEAN-AP Subj-*usl attach*  
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In reply refer to  
I-52051/97

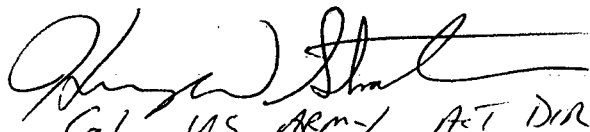
MEMORANDUM FOR COMMANDANT, DEFENSE INSTITUTE OF SECURITY  
ASSISTANCE MANAGEMENT

SUBJECT: Publication of Change 8 to the SAMM

Tab A is provided for publication as change 8 to DoD 5105.38-M,

Security Assistance Management Manual. Questions may be directed to Mr. Wayne Wells;

DSN 664-6609.

  
COL, U.S. ARMY / ACT DIR  
for Edward W. Ross  
Director, Security Assistance Operations  
(Middle East, Asia, North Africa)

Attachment  
as stated

UNCLASSIFIED

DEFENSE SECURITY ASSISTANCE AGENCY  
MIDDLE EAST, ASIA, NORTH AFRICA  
ASIA-PACIFIC REGION  
1111 JEFFERSON DAVIS HIGHWAY  
ARLINGTON, VA 22202

FACSIMILE TRANSMISSION

TO: Mr. Rick Alpaugh

PHONE NUMBERS: (703) 617-<sup>8383</sup>~~8383~~

OFFICES: USASAC

FAX NUMBERS: (703) 617-<sup>4338</sup>~~764077647~~

REMARKS, INSTRUCTIONS, COMMENTS:

Rick,

Could you help here. Apparently DISAM has shipped the Army's supply of SMM Change 8's to USASAC and HQDA and both shipments were not accepted, so a thousand copies are being stored at SA expense. While I could ask DISAM to have them returned to WPAFB and added to their reserve, I imagine the Army will then decide to order them one-by-one. I am not sure who in the Army has been contacted already by DISAM/etc. but figure you or someone in your shop will know where these should go for Army.

Our telephones are out today, as part of a communications upgrade, but I hope to be back on line Mon. (we are again up, with changed number as indicated below)

Thanks in advance--

*Thanks*

(gms) fax3

FROM:

Wayne Wells, DSAA/MEAN-AP  
DSN 664-~~6609~~, ~~x315~~; CML (703) 604-~~6609~~, ~~x315~~  
6612 6612

FAX NUMBER: (703) 604-6541

NUMBER OF PAGES INCLUDING HEADER: 2

UNCLASSIFIED

5/21

Phone thanks → Rick for taking care of Shira.

Danielle M. says she will talk w/ Lou S. and furnish dist list to Army Pubco Center.

Nancy (Mary Lindon @ Army Yard) and Lou Tial @ ICD Phila) was trying to find dist info for Mechanicsburg. Referred to J. Marini & L. Baillie for help.



May 15 98 11:58a

DISAM

(937) 656-4685

p. 1

**DISAM/DR FACSIMILE TRANSMITTAL COVER SHEET**

Defense Institute of Security Assistance Management  
2335 Seventh Street  
Wright-Patterson Air Force Base, Ohio, 45433-7803

24-HOUR DATA-FAX TERMINALS  
COMMERCIAL: (937) 656-4685 or (937) 255-4319  
DSN: 986-4685 or 785-4319  
e-mail: lsamelson@disam.wpafb.af.mil



From: Dr. Lou Samelson  
Director of Research

Phone: (937) 255-2994  
DSN: 785-2994

To: Wayne Wells  
DSAA

Date: 15 May 1998

FAX Number: (703) 604-6543/6541

Total Number of Pages: 1

Turning off your phones is one way of keeping us off your back!

More seriously, it is now over 2 weeks since we learned that the SAMM Change 8s (350 cys) for Hqtrs, Dept. of the Army, could not be delivered. Now, we have learned that the 650 copies for USASAC also were rejected for delivery. The freight company is storing these materials in its warehouse in the DC area, and the printer advises that they will probably charge a storage fee for this service.

I have never been able to speak to Danielle Moretti who presumably controls the distribution list for DA. And at this point I don't know about USASAC, since we sent the copies to AMSAC-MP and they were nevertheless rejected. So, after over 6 hours of telephone calls, I remain at a loss as to how to proceed with the 1,000 Army copies.

I do have a commitment from Dave Johnson at the Army Publications Center [(703) 325-6800] to handle the distribution if we can provide him with the distribution lists. Any help that you, Paula Murphy, or anyone else at DSAA East can furnish, and ASAP, will be much appreciated. Further, I think it is time to terminate these special distribution arrangements, which are not working, and establish distribution through standard Army channels. Thanks for your support.

Send Confirmation Report

Line 1: DSAA/AP  
 Line 2: DSAA/AP

ID: 7036046541  
 ID: 7036046541

18 May '98 7:49AM Page 1

Job	Start time	Usage	Phone Number or ID	Type	Pages	Mode	Status
335	5/18 7:48AM	0'58"	997036174338.....	Send.....	2/ 2	144	Completed.....

Total: 0'58"      Pages sent: 2      Pages printed: 0

UNCLASSIFIED

DEFENSE SECURITY ASSISTANCE AGENCY  
 MIDDLE EAST, ASIA, NORTH AFRICA  
 ASIA-PACIFIC REGION  
 1111 JEFFERSON DAVIS HIGHWAY  
 ARLINGTON, VA 22202

FACSIMILE TRANSMISSION

TO: Mr. Rick Alpaugh PHONE NUMBERS: (703) 617- <del>8000</del> <sup>8323</sup> OFFICES: USASAC FAX NUMBERS: (703) 617- <del>96077607</del> <sup>4228</sup>
REMARKS, INSTRUCTIONS, COMMENTS: <p align="center">Rick,</p> <p>Could you help here. Apparently DISAM has shipped the Army's supply of SMM Change 8's to USASAC and HQDA and both shipments were not accepted, so a thousand copies are being stored at SA expense. While I could ask DISAM to have them returned to WPAPB and added to their reserve, I imagine the Army will then decide to order them one-by-one. I am not sure who in the Army has been contacted already by DISAM/etc. but figure you or someone in your shop will know where these should go for Army.</p> <p>Our telephones are out today, as part of a communications upgrade, but I hope to be back on line Mon. (As we agree up, as it changed number as indicated below)</p> <p>Thanks in advance--</p> <p align="right"><i>J. Wells</i> (gmt) fax</p>
FROM: Wayne Wells, DSAA/MEAN-AP DSN <del>664-6600</del> <sup>6612</sup> ; CML (703) 604- <del>6600</del> <sup>6612</sup> FAX NUMBER: (703) 604-6541

NUMBER OF PAGES INCLUDING HEADER: 2

UNCLASSIFIED

**DEFENSE SECURITY ASSISTANCE AGENCY**  
**Middle East, Asia, North Africa Directorate**  
**Asia-Pacific Region**

9 January 1998

**MEMORANDUM FOR LTG DAVISON**

**THROUGH:** MR MCKALIP *21-14-98*  
MR ROSS  
COL STRATMAN  
MR BRANDT *WB*

**SUBJECT:** SAMM Change 8 Letter of Transmittal

Changes to the SAMM behind the cover memorandum at Tab A are to be forwarded for publication by DISAM.

Background, including staffing papers and approved interim guidance for the changes included, is available upon request.

A letter of transmittal for the cover page of Change 8 is attached at the Signature Tag, recommend signature.

*Wayne Wells*  
Wayne Wells, x315

Attachments  
As stated



DEFENSE INSTITUTE OF  
SECURITY ASSISTANCE MANAGEMENT (DISAM)  
2335 SEVENTH STREET  
WRIGHT-PATTERSON AIR FORCE BASE, OHIO 45433-7803

FAX NUMBERS:

DSN: 785-4319  
COMMERCIAL: (937) 255-4319

DSN: 986-4685  
COMMERCIAL: (937) 656-4685

FROM:

Don CRIGGER  
(NAME)

985-2994  
(TELEPHONE)

TO:

WAYNE WELLS  
(NAME)

(TELEPHONE)

DSAA

(ORGANIZATION/OFFICE SYMBOL)

(FAX NUMBER)

DATE:

6 Nov 97

NO. OF PAGES:

8

(including cover sheet)

ADDITIONAL COMMENTS:

*Edits agreed in 1/16/98 wells - crigger phanor*

Wayne

We have completed making the changes you brought out. These changes caused some pagination changes. Based on what we have so far, I have put together some thoughts reference Change 8.

- 1. Throughout the new pages and those included by pagination changes, I find reference to various offices in DSAA that may or may not have changed. These include

- a. OSD/Comptroller
- b. DSAA COMPT ~~FMS~~ —
- c. DSAA COMPT
- d. Compt FMD *OK*
- e. DSAA Operations *Regional Directorate*
- f. DSAA COMPT-FM ~~DS~~
- g. Compt-FM ~~DS~~
- h. DSAA/COMPT-~~EP~~ FM
- i. *Compt FMD* Chief, EPB, DSAA
- j. DSAA/OPS
- k. DSAA-Plans ?
- l. DSAA/OPS-MGT ?
- m. DSAA Operations *Regional* Directorate

8 {

Guess my question is, Are all of these correct and current? If not, I can change.

- 2. Also, throughout the changes and pagination changes, I find reference to DFAS-DE and DFAS-DE/I, and occasionally, DFAS-Denver. The current office symbol is DFAS-DE/I. Believe we should be consistent. My preference is to change all to DFAS-DE/I. *DFAS-DE/I*
- 3. Some other areas that we can change

- a. Paragraph 70105N Central FMS Transaction Processing Activities. Looks like the information Address for the Army is the old one; Not sure about the Navy; but DMA address should be NIMA now ( not sure of their address) ✓ *Base*

- b. Believe we need to change Table 701-1, page 11 of 12 in paragraph 4.b and 4.c.

- 1. Par 4.b. states "DFAS(SAAC) will ....." Take out SAAC? *yes*
- 2. Par 4.c. states "Questions concerning ...Defense Finance and Accounting Service (SAAC/FS), Lowery AFB, CO 80279-5000. Believe we should change this to the new address - Defense Finance and Accounting Service, Deputate for Security Assistance (DFAS-I), 6760 E. Irvington Place, Denver, CO 80279-2000" *yes*

Note: Both of these are in the Letter of Offer and Acceptance Information section. ✓

c. Same Table, page 12 of 12. The wire transfer and check mailing addresses need to be changed; OK

- 1. Wire transfer address;
  - Federal Reserve Bank of New York
  - U.S. Treasury NYC (3801)
  - DFAS-DE/I
  - ABA #021030004

- 2. Check mailing address; OK
  - DFAS-Denver Center/OCCD
  - P.O. Box 200030
  - Denver CO 80220-0030, USA

d. Same Table, page 12 of 12, par 4.e; Believe the Office Symbol for DFAS should be DFAS-DE/I in lieu of DFAS/DE-FCC (Should be verified by Denver) OK

e. Same Table, page 12 of 12, par 4.f and g. Should remove the term SAAC OK

f. Par. 70303.B.2.

This paragraph states " If Congress .....to be taken (~~see paragraph B.2.d. above~~)" remove

There is no paragraph B.2.d. above. In checking older versions of the SAMM, I couldn't find a paragraph B.2.d. and that statement is in the previous versions of the SAMM. This is paragraph B.2. and there is no B.2.d.

g. Paragraph 70305.A.

The last line of this paragraph indicates that supporting data for 36(b) advanced notification should be sent to the ~~Foreign Military Sales Control and Reports~~ Division. Is there such an office? ←

*Financial management*

h. Table 703-3, paragraph p.

Has the word AUTOVON referring to telephone numbers. Should this be DSN? yes

i. In Table 703-5, Table 703-6B, and Table 703-6C the attention line indicates FMSCRD, FMSCD, AND FMSCD respectively. Should this be changed? *yes, to FM*

j. Paragraph 80101.D. About the middle of this paragraph, there is the statement :...(other than the special contract provisions and warranties referred to in condition A.2 of the LOA).....". This is referring to Section 6 of the now Standard Terms and Conditions. Should we change? *yes*

k. Paragraph 80205.C. Service designated RCOs are: The Navy RCO indicates NAVILCO. Believe this should be Navy IPO. *yes*

l. Paragraph 120002.A. This paragraph was changed but has the sentence, "This restriction extends to the lease memorandum to Director, DSAA." To me, this wording just doesn't sound right.

*see  
draft change*

m. Table 1200-3, paragraph 17, Cost of Lessor Government. The second sentence of this paragraph states, "The Lessee Government also agrees to pay the costs of restoration or replacement, less any depreciation in the value during the term of the lease, to the Lessee Government under the Lessor Government's foreign military sales procedures." This indicates that "Bandaria" will pay restoration to "Bandaria" through the USG FMS procedures. Believe the second "Lessee Government" should be Lessor Government.

*(E)  
yes*

*update lease → 12001*

n. Table 1400-4, DSAA SDAF FINANCIAL ANALYSIS WORKSHEET, second page. The note, discussing distribution still shows SAAC. Believe we should change this.

*yes*

3. Because of pagination, we have to include pages 1300-1 through 1301-9 in the change. These pages have several places that, in lieu of a new Chapter 13, we can update. For example, take out DoD 7290.3-M, take out DD Form 1513, SAAC, new office symbols, the Executive Agent for SAAC, etc.

*yes*

*Don Rigger*

DOD 5105.38-M

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 Attn: SAMS-IA~~  
Washington DC 20310-0512 0102  
Messages - DA WASHINGTON DC//DALO-SA//

*Deputy Under Secretary of the Army  
(International  
Affairs)*

*SAMS-IA*

Navy

Department of the Navy

Navy International Programs Office  
~~Washington DC 20350-5000~~  
Messages - NAVY IPO WASHINGTON DC

*Crystal Gateway North, Suite 701E  
1111 Jefferson Davis Highway  
Arlington, VA 22202-  
1111*

Air Force

Communications, Electronics, Aircraft, and  
Missile Systems -

Headquarters, US Air Force (SAF/IAX)  
Washington DC 20330-1000

Follow-On Support -

Air Force Materiel Command  
Air Force Security Assistance Center  
Wright-Patterson AFB OH 45433-5000

Training -

Air Force Security Assistance Training Group  
Randolph AFB TX 48150-5001

DLA

Excess Property -

Defense Reutilization and Marketing Service  
74 N. Washington Street  
Federal Center  
Attn: DRMS-DPDS  
Battle Creek MI 49016-3412  
Messages - DLA-CAMERON STA VA//DLA SC//

*Ft Belvoir VA // MNCI //*

Contract Administration Service (CAS) -

Defense Contract Management Area New York  
International Logistics Office  
201 Varick Street  
New York NY 10014-4811  
Messages - DCMAO NEW YORK NY//INTL LOG OFC//



DOD 5105.38-M

Cataloging Services -  
 Defense Logistics Service Center  
 74 N. Washington Street  
 Federal Center  
 Attn: DLSC-FD  
 Battle Creek MI 49016-3412  
 Messages - DLSC BATTLE CREEK MI//DLSC/FD//

Cataloging Training -  
 Defense Logistics Agency  
 Attn: ~~DLA-SC~~ ~~MMCI~~ *8725 Kingman Road, Suite 2533*  
~~Cameron Station~~ *Ft Belvoir, VA 22060-0221*  
~~Alexandria VA 22304-6100~~

NIMA  
~~DMA~~

National Imaging and  
~~Defense Mapping Agency~~  
~~Combat Support Center~~  
~~Attn: PMSS~~  
 6001 MacArthur Boulevard, NW  
 Bethesda MD 20816-5001



DOD 5105.38-M

**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 director for security assistance, deputy or, in the absence of both, the person designated to act in his/her stead. This restriction extends to the lease memorandum ~~to the Director, DSAA~~. The lease package will be provided to DSAA/MEAN-AP for staffing and countersignature by DSAA prior to signature by the foreign country representative. *\* forwarding*

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.

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.

DOD 5105.38-M

Page [5] of [6]  
[AT-B-AAA]

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.

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 Lessee Government also agrees to pay the costs of restoration or replacement, ~~less any depreciation in the value during the term of the lease, 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.

---

TABLE 1200-3. Sample Lease. (Continued)

UNCLASSIFIED

**DEFENSE SECURITY ASSISTANCE AGENCY  
MIDDLE EAST, ASIA, NORTH AFRICA DIRECTORATE  
ASIA-PACIFIC REGION  
1111 JEFFERSON DAVIS HIGHWAY  
ARLINGTON, VA 22202-2800**

**FACSIMILE TRANSMISSION**

**TO:** Mr. Crigger, Dr. Samelson, or Ms. Loy

**PHONE NUMBER:** 94-785-2994

**FAX NUMBER:** 94-785-4319

**REMARKS, INSTRUCTIONS, COMMENTS:**

These are added changes to be included with Change 8. They are numbered at the bottom right corner to show where they fit. I have sent the package up again for formal DSAA clearance (these faxed changes are included). The package you have should be good for preparing the changes for publication. The line in/out format sent forward was only for formal clearance (some relatively minor or technical changes may not be included).

Please call if you have questions--

**FROM:**

Wayne Wells, DSAA/MEAN-AP  
DSN 664-6609, x315; CML (703) 604-6609, x315

**FAX NUMBER: (703) 604-6541**

NUMBER OF PAGES INCLUDING HEADER: 7

UNCLASSIFIED

1: fax1

(psc)fax

PP 148a-148e

+  
149a

\*\*\*\*\*  
\*\*\* ACTIVITY REPORT \*\*\*  
\*\*\*\*\*

TRANSMISSION OK

TX/RX NO.	3290
CONNECTION TEL	947854319
CONNECTION ID	
START TIME	01/12 12:01
USAGE TIME	03'45
PAGES	7
RESULT	OK

23 December 1997

MEMORANDUM FOR GENERAL DAVISON

SUBJECT: Some Happenings and Thoughts

Happenings:

1. Israel. Formal 36(b) notification for sale of Popeye missiles sent to Hill 22 December. You will recall that this had implications for establishment of a second, CONUS line and USAF and other FMS procurements.
2. 98 Legislation. Summary message sent to field.
3. SouthCom Student Vetting. Message sent establishing procedures for vetting and maintaining files on SouthCom IMET/FMS students. *Don't - what - what?* This will eventually appear in the SAMM.
4. Egypt. Approved LOI for work on Perry-class frigate to be transferred to Egypt. This will allow hot ship transfer preparations to progress while we wait for Congress to return so we can send the more comprehensive 36(b).
5. FY97 Loan Subsidies. Cleared Counsel paper on use of 97 subsidies for coordination with OSD/GC. Counsel concluded monies are no longer available because, in the case of FMF loans, signing the loan agreement in the appropriate FY is part of the obligation process. I like this outcome; political leadership will not. I can live with either outcome. Copy of paper in your read file.
6. Middle East AMRAAM. NDP exception for Bahrain approved. State sent message to Bahrain, Kuwait, Saudi Arabia, and Egypt providing status. This should allow Bahrain to sign F-16 LOA. Copy of message (classified) in the message read file.
7. Turkey Attack Helicopters. State approved marketing licenses for Apache and W-Cobra. I received calls from both contractors praising cooperation of DSAA (Dan Beasley) for help. He gave them best guess as to provisos on licenses so they could tailor their presentations, due before end of December.
8. Thai F-18s. Media quoted Commander of the Thai AF as saying Thais wanted to sell equity in their F-18s. Communication with MAG did not confirm this; they say Thais still preparing to come here early January to discuss restructuring the program. This may be a trial balloon or simply ramblings. I shared this with Navy IPO and McDonnell-Douglas. Navy will not want because they are C/Ds, and Navy is buying E/Fs. Interesting possibility for Chile, however, if they choose the F-18!!!

9. School of the Americas. Army report remains with the OSD lawyers enroute to the SecDef. Doubtful he will sign before week of 5 January. LPP (Brian Knapp) is setting up a Hill briefing; team to be lead by MG Garrett and RAdm Dorn, SouthCom DCinC. We sent a message to SOA giving time line and recommending they slip C&GS course start date from 5 January to 19 January. Coordinated with SOLIC/IA and SouthCom J-5.

Thoughts:

1. School of the Americas. Ride herd on Army report. Engage Slocombe/Lodal if not moving promptly through OSD/GC.
2. Indonesia SF Training Report. Congressionally requested report is due end of December and is in staffing. Nag MEAN at Tuesday staff meeting.
3. Thailand and Korea Programs. Need full court press as soon as staff reassembled first of year to get under control. Thai Army trying to spend its excess funds; we are allowing LOA signature but will not implement until we see if we need the money to keep the total program solvent. Need to look at Korean situation and decide if we should put controls on their program or even send a team to country for consultations. Better now than later. I have scheduled a meeting with Comptroller on 30 December when I come in for my ethics brief.

Diehl McKalip, 24 December 1997

**DEFENSE SECURITY ASSISTANCE AGENCY**  
**Middle East, Asia, North Africa Directorate**  
**Asia-Pacific Region**

5 August 1997

**MEMORANDUM FOR LTG RHAME**

**THROUGH: MR MCKALIP**  
**MR ROSS**  
**COL STRATMAN**  
**MR BRANDT**

**SUBJECT: SAMM Change 8 Letter of Transmittal**

Changes to the SAMM behind the cover memorandum at Tab A are to be forwarded for publication by DISAM.

Background, including staffing papers and approved interim guidance for the changes included, is available upon request.

A letter of transmittal for the cover page of Change 8 is attached at the Signature Tag, recommend signature.

*Wayne Wells*  
Wayne Wells, x315

Attachments  
as stated

samm8wd



Memorandum for LTG Davison

Through Mr. McKalip

Subject: Slocombe-Pickering Lunch Topics.

It is recognized that the interagency process, or lack thereof, for clearing various actions does at times create problems in the completion of actions. This is especially true for security assistance related actions e.g. Malaysian AMRAAM, F-15 briefing to Greece by the USAF, EDA for Moldova, etc. I would imagine that other offices in USDP and the JCS are also having problems with the interagency process. Therefore, I believe that if we move to establish a Process Action Team (PAT) at this time we could open a Pandora's Box over which we would have little if any control or input.

I am not convinced that the process per se is broken. We may have areas where the interagency process needs to be reinforced, but by and large the process works when it is followed.

There is no way that changing the process will prevent our senior leaders from taking actions such as the EDA package for Moldova and the AMRAAM for Malaysia. In both of these instances our leaders were made aware of the issues in obtaining interagency clearance, but they chose to try and shortcut the process..

While we in DSAA will always consider that the clearing 36(b) notifications and EDA take too long, I think that many times we don't appreciate or realize how long it takes State to consult with their contacts in the Congress. Also in many instances DoD does not give adequate information to State in time for them to meet DoD expedited suspense dates, contract deadlines, customer requests, etc. To think that we will be able to convince State that pre-consultation should be eliminated is wishful thinking on our part. The precedent has been set by the current administration with the current Congress and I have to acknowledge that I now believe we are stuck with pre-consultation for at least the near term.

The briefing of weapons systems to countries without interagency clearance, such as Greece, is also a problem that we will have to deal with from time to time. Again the process would have addressed interagency concerns if it would have been followed.

I think DSAA may be able to assist in helping with this by strengthening the SAMM by more clearly defining what is involved for 36(b)s, EDA notifications and presentations on new weapons systems to our friends and allies. The Asia Pacific Region is currently close to completing Change 8 to the SAMM and I have asked them to review those portions that might be changed to further assist the security assistance community in understanding when we need to obtain interagency clearance and outlining the steps involved in getting the clearances.

*(Don't do until this is cleared & 506 & 507 changes)*  
*1/7/98*  
*Present w/ this to await FO*  
*never get ending*  
*waiting*  
*changes*

**Wells, Wayne, CIV, DSAA/APD**

**From:** Brandt, William, CIV, DSAA/APD

**Sent:** Thursday, October 09, 1997 10:54 AM

**To:** Galante, Al, COL, DSAA/MED; Ross, Edward, CIV, DSAA/MEAN; Stratman, Henry, Col, DSAA/MEAN; Wells, Wayne, CIV, DSAA/APD

**Subject:** Slocombe, Pickering lunch

Attached is the memo I discussed at the huddle today. I've given everyone copies of the memo from the front office.



SLOLUNCH.DOC

Ms. R. awaiting LTG  
Dawson feedback,  
also holding up  
Chg 8 -

12/18/97 AL G. reports "Stand"  
are now part of CENTCOM. Is  
getting official confirmation.

**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**  
**Middle East, Asia, North Africa Directorate**

October 7, 1997

**TO:** Willy Brandt

**SUBJECT:** Note from McKalip on Slocombe-Pickering Lunch Topics

McKalips idea of recommending a PAT has its advantages and disadvantages. On the positive side, it puts the ball in State's court. On the down side, it gives them an opportunity to muck around in our bureaucracy. You need to point this out in the package that goes forward.

Let me know today who has the ball on this.

A handwritten signature in black ink, appearing to be "EPA", is written in a cursive style.

DEFENSE SECURITY ASSISTANCE AGENCY

10-8-87

Memo For Mrs Blendell

Mr Mc Quality

Mr Ross

Noted "process" item on attached  
Blodcombe-Pickering lunch to General  
Davison. Suggested possible "process"  
item on 36(b)s and EDAs (and anything  
else?). He agrees.

Please develop package which  
addresses process, not current backlog.  
Should recommend PAT ~~team~~ led by  
PM and including H, L, DSAA, etc.  
We may even want to invite Hill  
staff input. Let me know who has  
the lead.

SM

cc: Mr Murray

**McKalip, Diehl, CIV, DSAA/FO**

**From:** Pryce, Jeff

**Sent:** Tuesday, October 07, 1997 2:46 PM

**To:** Barnett, Jeffrey, Col, OUSDP; Cressey, Roger (Notes); Heald, Lisa (Notes); Holmes, Allen (Notes); Jones, Frank (Notes); Kaufmann, Joseph G., LTC, BTF; King, Richard, COL, DSAA/FO; Klingenberger, Kurt (Notes); Lodal, Jan, , OUSDP; Longstreth, Tom (Notes); Lowry, Bill (Notes); McCaroon, Katherine (Notes); McCarron, Katherine, OUSDP; McConnell, Bernd (Notes); McKalip, Diehl, CIV, DSAA/FO; Miller, Frank, , OUSDP; Rozek, Joseph (Notes); Schear, James (Notes); Sheridan, Brian (Notes); Starr, Jeffrey, , OUSDP; Todd, Gwenth, , OUSDP; Wright, Bill (Notes); Creek, Peggy; Davis, Wandra; Dzimowicz, John; Kramer, Franklin; Lester, Suzi; Miller, Joe; O'Brien, Daniel; Rodgers, Marykay; Smith, Fred; Walker, Nancy; Warner, Ted; Williamson, Joel

**Cc:** Benkert, Joseph, CAPT, OUSDP; Davidson, Bruce, CAPT, OUSDP; Floumoy, Michele (Notes); Glasow, Timothy, LCDR, OUSDP; Harvey, John, , OUSDP; Hott, Robert, Lt Col, OUSDP; Koch, Susan, , OUSDP; Wallerstein, Mitch, , OUSDP; Aguilar, Michael; Boensel, Mark; Brown, KC; Campbell, Kurt; Fernandez, Maria; Kern, Vince; Romanowski, Alina; Smith, Steven

**Subject:** Slocombe-Pickering Issues

Following are the issues planned to be raised at the upcoming Slocombe-Pickering lunch.

**From State:**

1. S.Africa (Gore-Mbeki) BNC - State/DoD roles in who heads various commissions and subcommissions. (They believe this to be relatively noncontroversial.) [ISA]
2. Upcoming Slocombe Israel trip - request for preview. [ISA]
3. JCS desire to put PK operations under regional CINCs. [Possible] [S&R]
4. Iraq - (interesting topic, but no known State-DoD issues. NESA -- please contact me re: appropriate briefing). [ISA]

**From DoD:**

1. Interagency process -- clearing briefing for bilaterals. [ISA; w/input from others who are so inspired]

\*\* Please notify me soonest if there are any additional issues from DoD.

\*\* Please forward briefing papers, in ABC format with "Slocombe-Pickering" at the top, by 1100 tomorrow morning. (Please contact me if there will be a problem meeting this suspense.)

Many thanks.

*Lets work  
on process issues  
for next mtg.  
Suggest a PAT?  
M&D*

Subject: Publication of Change 8 to the SAMM

The more significant changes are listed below in the order of the first page of each change. Papers marked "Background" are included for DISAM research and course development purposes.

<u>Tab</u>	<u>Description of Change</u>	<u>Page</u>
1	Commercial Air Travel guidance moved to 20202.E.	2
2	Depleted uranium, Stinger, and anti-personnel landmines	6
3	End use monitoring	18
4	Table 600-1 (eligible countries/organizations) update	30
5	End items in GFE/GFM sales defined	70
6	Non-standard support guidance moved to 70002.C.4	75
7	Table 700-2, DSAA LOR staffing form	79a
8	Table 700-6 (MDE/NC charges) update	80
9	MANPADS security provisions revised, moved to 70105.L.9.	96
10	Congressional notification refinement	115
11	FMS Purchaser involvement (in acquisition) moved to 80101.D	119
12	Cargo preference refinements	129
13	Logistics: Returns/direct exchange, sensitive items shipments, cargo pref, SDRs	133
14	Lease guidance refinements	155
15	Table 1301-1, CAS reciprocal agreement list	158
16	SDAF guidance, Section 1400, update	170
17	Appendix A, acronyms refined	186
18	Appendix B, definitions, refined	195
19	Table F-3, Transportation Cost Look-Up Table, replacement	214

S A R A H D I S K E T T E T A B L E O F C O N T E N T S  
R E L E A S I N G D O C U M E N T

CREATION DATE: 290496  
CREATION TIME: 19220000  
H VERSION NUMBER: 3.03  
MINIMUM CLASSIFICATION OF THIS DISKETTE: SSSS  
HIGHEST CLASSIFICATION ON THIS DISKETTE: UUUU  
DISKETTE RELEASING OFFICIAL'S NAME: DAVISON, MICHAEL S., LTG, USA, DIR  
ORG: DSAA OFFICE: MEAN PHONE: 604-6612  
TOC FILE CRC: 2324

FILENAME	MSG TYPE	PREC 	ACTION CLASS	DATE/TIME GROUP	FILETIME SSN	TOT/ TOR	SPECAT CIC	CRC
SAMM1	DD173	RR	UU	REDY 291600ZMAY98			ZYUW N	8156

DSAA/MEAN/604-6612  
ORGANIZATION/OFFICE SYMBOL/PHONE NUMBER



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DAVISON, MICHAEL S., LTG, USA, DIR



01 02 291600Z MAY 98 RR RR UUUU

ZYUW

SECDEF WASHINGTON DC//USDP:DSAA//

AIG 8797

INFO SECDEF WASHINGTON DC//USDP:DSAA//

SECDEF WASHINGTON DC//USDP:CHAIRS//

UNCLAS

SUBJECT: SECURITY ASSISTANCE MANAGEMENT MANUAL, DOD 5105.38-M

A. SAMM CHANGE 8, 1 APR 98

1. COPIES OF SAMM CHANGE EIGHT HAVE BEEN DISTRIBUTED. THIS CHANGE INADVERTENTLY DELETED SECTION 20303, "SECURITY NOTES RELATED TO MAN-PORTABLE AIR DEFENSE SYSTEMS SALES," DURING THE PUBLICATION PROCESS. THIS SECTION SHOULD REMAIN IN THE SAMM AS PAGES 203-4 THROUGH 203-7. IMPLEMENTING AGENCIES SHOULD ENSURE THAT THE [REDACTED] IN SAMM SECTION 20303 CONCERNING MAN-PORTABLE AIR DEFENSE SYSTEM SALES CONTINUES TO BE INCLUDED IN ALL LETTERS OF OFFER AND ACCEPTANCE FOR THESE SALES.
2. ADDITIONALLY, CHANGE 8 RENUMBERS SECTION 20304, "SUSPENSIONS AND CANCELLATIONS OF SECURITY ASSISTANCE," TO SECTION 20303 DUE TO THE INCORRECT CHANGE ABOVE. THIS CHANGE SHOULD NOT BE MADE. THE SECTION ENTITLED "SUSPENSIONS AND CANCELLATIONS OF SECURITY ASSISTANCE" SHOULD REMAIN NUMBERED 20304.

WAYNE WELLS, ANALYST  
DSAA/MEAN-AP, 604-6612

8156

UNCLASSIFIED

291600ZMAY98

UNCLASSIFIED

02 02 291600Z MAY 98 RR RR UUUU

ZYUW

3. FINALLY, SECTION 70203, "CAS PERFORMED OUTSIDE THE U.S.," WAS DELETED IN SAMM CHANGE 7 BUT INADVERTENTLY RE-INTRODUCED IN THIS SECTION SHOULD BE MARKED THROUGH/DELETED WHEN POSTING CHANGE 8.

4. THE SAMM IS EXPECTED IN THE FUTURE TO BE ACCESSED PRIMARILY THROUGH THE INTERNET OR BY CD ROM. HARD COPY DISTRIBUTION WILL BE THE EXCEPTION. IT IS AVAILABLE DIGITALLY AS FOLLOWS:

- A. DSAA HOME PAGE WEB SITE- [HTTP://WWW.DSAA.OSD.MIL](http://www.dsaa.osd.mil)
- B. SECURITY ASSISTANCE NETWORK - [WWW3.IDSS.IDA.ORG\SAN\LOGIN](http://www3.idss.ida.org/san/login)
- C. DOD ISSUANCE LIBRARY - [HTTP://WEB7.WHS.OSD.MIL/CORRES.HTM](http://web7.whs.osd.mil/corres.htm)
- D. DEFENSE ACQUISITION DESKBOOK - [HTTP://WWW.DESKBOOK.OSD.MIL](http://www.deskbook.osd.mil)
- E. DEFENSE ACQUISITION DESKBOOK IS WIDELY DISTRIBUTED VIA CD ROM. E-MAIL ADDRESS IS [DESKBOOK@DESKBOOK.OSD.MIL](mailto:deskbook@deskbook.osd.mil). TELEPHONE IS DSN 785-0423.

5. THE DSAA CONTACT IS WAYNE WELLS, DSN 664-6612; OR EMAIL: [WAYNE.WELLS@OSD.PENTATON.MIL](mailto:WAYNE.WELLS@OSD.PENTATON.MIL)

WAYNE WELLS, ANALYST  
DSAA/MEAN-AP, 604-6612

8156

UNCLASSIFIED

291600ZMAY98

3 K7  
DEFENSE SECURITY ASSISTANCE AGENCY  
Middle East, Asia, North Africa Directorate  
Asia Pacific Region

EX  
EA 100 29 May 98

22 May 1998

MEMORANDUM FOR LTG DAVISON

THROUGH:

MR MCKALIP  
MR ROSS  
MRS GARVEY

*[Handwritten signature]*  
22 23 May 98

SUBJECT: SAMM Information

The attached message will inform the SA community of two errors that were introduced into the SAMM during publication of change 8 (one paragraph was inadvertently deleted and another was added). The problems occurred partially due to separate automated records maintained for SAMM maintenance, SAN, DAD input, and the DSAA home page. DISAM expects to consolidate those records as automation further evolves.

The message will also inform users that hard copy SAMMs will be reduced, and provide information for automated access. Based on staffing within DSAA, including DISAM, and subject to your approval of this message, the following is envisioned:

- We will no longer make consolidated SAMM changes. Incremental changes will be posted to the DISAM automated record as they are formally approved, and accessed through the worldwide web and CD ROM addresses listed in paragraph 2 of the attached message.
- Telephone book style hard copy SAMMs will be published, based on the DISAM automated record, each 12-24 months. Hard copies will be provided to organizations requesting them. This is expected to include DISAM (at least until students have wider access to computers); most libraries now receiving the SAMM; and those needing hard copy for legal, historical, research, or other specific purposes. Others will rely on automated access.
- We would continue to have one point for coordinating changes to be made, to segregate technical (e.g., edits) from substantial (e.g., policy) changes, and ensure substantial changes are consistent with other guidance, properly staffed and approved, etc.

If approved, I will work with DISAM to help ensure a smooth transition. Recommend signature at the Signature Tag.

*Wayne Wells*  
Wayne Wells, 604-6612

Attachments  
as stated

# SECURITY ASSISTANCE MANAGEMENT MANUAL, DOD 5105.38-M A. SAMM CHANGE 8, 1 APR 98

RTTUZYUW RUEKJCS1188 1492303-UUUU--RUEKCHR.  
ZNR UUUUU  
R 291600Z MAY 98  
FM SECDEF WASHINGTON DC//USDP:DSAA//  
TO AIG 8797  
INFO RUEKJCS/SECDEF WASHINGTON DC//USDP:DSAA//  
RUEKJCS/SECDEF WASHINGTON DC//USDP:CHAIRS//  
BT  
UNCLAS

SUBJECT: SECURITY ASSISTANCE MANAGEMENT MANUAL, DOD. 5105.38-M  
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*(Wrong)  
See new  
70105.L.9 !!*

PAGE 02 RUEKJCS1188 UNCLAS

ENTITLED 'SUSPENSIONS AND CANCELLATIONS OF SECURITY ASSISTANCE'  
SHOULD REMAIN NUMBERED 20304.

3. FINALLY, SECTION 70203, 'CAS PERFORMED OUTSIDE THE U.S.,' WAS DELETED IN SAMM CHANGE 7 BUT INADVERTENTLY RE-INTRODUCED IN THIS SECTION SHOULD BE MARKED THROUGH/DELETED WHEN POSTING CHANGE 8.
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  - D. DEFENSE ACQUISITION DESKBOOK - [HTTP://WWW.DESKBOOK.OSD.MIL](http://www.deskbook.osd.mil)
  - E. DEFENSE ACQUISITION DESKBOOK IS WIDELY DISTRIBUTED VIA CD ROM. THE E-MAIL ADDRESS IS [DESKBOOK@DESKBOOK.OSD.MIL](mailto:deskbook@deskbook.osd.mil). TELEPHONE IS DSN 785-0423.
5. THE DSAA CONTACT IS WAYNE WELLS, DSN 664-6612; OR EMAIL: [WAYNE.WELLS@OSD.PENTATON.MIL](mailto:WAYNE.WELLS@OSD.PENTATON.MIL)

BT

#1188

NNNN

The following changes are to be included in Change 8 to the SAMM:

10007. Replace addresses for Navy and Army with:

“Army: Department of the Army  
Office of the Deputy Under Secretary of the Army  
for International Affairs  
ATTN: SAUS-IA-DSA-A  
Washington, DC 20310-0512

“Navy: Director  
Navy International Programs Office  
ATTN: IPO-04B2  
1111 Jefferson Davis Highway, Suite 701E  
Arlington, VA 22202”

20202.C.3.e. Move (“Commercial Air Travel”) to 20202., new paragraph E.

20301. Replace J., K., and L. with:

“J. **M-833 and Comparable Depleted Uranium Rounds** FAA Sec 620G prohibits sale of M-833 depleted uranium ammunition and comparable anti-tank rounds containing a depleted uranium penetrating component except to NATO member countries, major non-NATO allies, Taiwan, and countries for which a Presidential national security interest determination has been completed. Such a determination has been completed for the M-833 round for Bahrain and Saudi Arabia and the M-829 round for Saudi Arabia and Kuwait.

“K. **Stinger** Section 532, Foreign Operations, Export Financing, and Related Programs Appropriations Act, FY94 continues the prohibition on provision of Stinger 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. **Anti-Personnel Landmines** Section 556 of the Foreign Operations, Export Financing, and Related Programs Appropriations Act of FY97 (PL 104-208) extends the moratorium on sale, transfer, or assistance with respect to the provision of anti-personnel landmines.”

20303. Delete (Is being revised and re-added as section 70105.L.9.)

30002.C.11.a. Change (6) to read “(6) Promoting RSI, and other armaments cooperation measures.”

Table 300-4. Change item 15 to read: “When authorized, coordinate and facilitate the interface between US defense industry representatives and the host nation defense establishment, and

provide oversight, without limitation to any particular country or group of countries, for in-country RSI and DIC agreements and initiatives.”

60003. Replace with:

**“60003 PROPER USE OF US-ORIGIN ITEMS** Proper use of US-origin items is a joint responsibility of the recipient and US personnel. US representatives normally have primary responsibility until items are physically transferred to the recipient. The recipient then assumes this responsibility, based on agreements under which transfers are made, including transfer to a third party or other disposal. The following applies to FMS items, including those purchased with MAP Merger funds. Section 1101 provides guidance for items granted under the FAA.

“A. **Guidance Interface** Other specific guidance is in Sections 300 (SAO monitoring duties), 100109 (monitoring of trainees), and 140105 (monitoring of international agreements, including co-production programs). The booklet “End Use Monitoring of Defense Articles and Services,” available from DISAM, provides references to legislation and other details regarding usage controls. These complement other US controls which, together, extend throughout item life.

“B. **End Use Monitoring** EUM encompasses all laws, policies, regulations, and processes which ensure proper use of defense items. It includes all actions to prevent misuse, including illicit transfer, of these items. Its end objective is to minimize the security and safety risks inherent in arms transfers, consistent with the need to support US policy objectives. While items are in US hands, it is integral to formal and informal accountability processes. The capability and will of a recipient to provide EUM controls is a primary factor in determining if programs with foreign countries or international organizations will be allowed to start or continue. Controls established by the receiving country provide the primary means for assuring that defense articles are used, from receipt to final disposition, according to agreements with the US. The SAO and others with knowledge of usage must be alert to indications of unauthorized use and report such use to the appropriate host country or US country team organization.

“1. When an indication of unauthorized end-use is found within a country, checked locally, and not resolved, the country team forwards the information to DoS (PM/DTC and PM/A TEC). DoS will normally determine if AECA Sec 3 criteria for a report to Congress of a possible end-use violation have been met.

“2. The need for SAO-led post-delivery sample checks is indicated when an AECA Sec 3 violation may have occurred, ties are developing with countries to which US defense exports are proscribed (e.g., ITAR Part 126.1), unusual political or military upheaval has occurred or is impending, countries unfriendly to the US in the region are seeking US equipment or support items of the types held by the legitimate user, or substantial problems are found during a GSOMIA security survey.

“3. Checks are mandatory at any time DoS reports an AECA Sec 3 violation. Within 60 calendar days after notification, SAO will initiate action to complete sample checks of at least two US-origin items for each Sec 3 report. The SAO may conduct those checks. Assistance from other country team offices, the UCOM, or experienced country counterparts can often facilitate a level of checks not possible using SAO resources alone. Items selected for

special checks will be those where receipt and subsequent accountability have been representative of the item involved in the DoS Sec 3 report.

“4. Checks are to help ascertain adequacy of country accounting, with a determination if problems exist for the specific items chosen of secondary interest. They help determine if the country’s generally sound process failed due to unusual circumstances, item accounting is not given sufficient priority, or country interests are diverging from those of the US.

“5. Those making these checks should be alert for unauthorized use of hardware items or information provided during training or in technical assistance support. This includes misuse of O&M, study, or production technical data. Information gained should be shared through the country leadership with DoS, DSAA, and the UCOM, particularly when a violation of end-use or retransfer assurances is indicated.

“6. Information from personnel not members of the country team should be reported through the chain of command to DoS (PM/DTC and PM/ATEC).

“C. **Disposal** Special attention must be given to EUM during the disposal stage of item life. At this time, items often move from operating force units to holding areas, where awareness of classified features, potential lethality, or other sensitivity may be reduced. Operation, maintenance, regular inventories, and other activities which could disclose misuse or diversion may also be reduced.

“1. Special Items. Classified features must be neutralized during the disposal process. Features which pose dangers, directly or through environmental hazards, should also be neutralized prior to or during the disposal process.

“2. Demilitarization. This involves destruction of item military capability. If in-country demilitarization practices do not appear to meet US standards, the recipient country should be encouraged to use US demilitarization guidance in DOD 4160.21-M-1 which may be obtained through FMS publications LOAs. Assistance may also be obtained from the DoD integrated materiel managers or DRMS. A disposal process which fails to meet US standards should be raised to the appropriate US level of the command chain, either within the host country or in the US, for resolution.

“3. Disposal Avenues.

“a. Migration to Non-Defense Articles. Scrap (Condition Code S) items, including unserviceable consumable items, non-consumable items beyond repairability, and those for which demilitarization or special item controls have been applied, are no longer defense articles and may be disposed without US involvement. Migration may occur through consumable item wearout, incineration or melting, controlled deep water dumping, or comparable destruction. Cannibalization may be viewed as disposal if controlled parts removal causes item migration to non-defense article status. Because potential for unauthorized disclosure of classified or sensitive information, safety concerns, and other factors vary among countries, use of DoD disposal procedures is encouraged.

“b. Defense Articles. Items may retain military capability and be transferred to another country. It will normally be the responsibility of the transferring country to locate a purchaser from among countries and international organizations listed in Table 600-2. This requires DoS approval (see 60004).”

60004. Change the third line to read: “...must be approved by the DoS on behalf of the President. For SME, the third party recipient must provide...”

60004.A.1., 4., and 5. Change “PM/DRSA” to “PM/ATEC.”

60004.A.3. Add “(for SME)” in the second line between “pending” and “receipt,” in the third line between the first “and” and “requesting,” and in the next-to-last line between “mandatory” and “and.”

60004.A.4. In the first line, add “SME item” between “receives” and “end-use.”

Table 600-1. Replace with revised table at attachment 1.

60302.C. Replace paragraph 1. with: “1. Articles of a type approved for FMS, which have been or would be supplied as GFE or GFM in connection with DoD procurement of the end items, including concurrent or follow-on support, and where the sale would simplify and expedite the direct commercial sale involved. End items in this context means the end product of the commercial program, such as a tank, ship, or plane, or a combination of such items, or a mix of SME and non-SME, with or without services, that form the program.”

60305.C. Replace paragraph 7 with:

“7. Payment terms.

“a. Sales of articles from stock. Total payment is required in advance for the full cost of any USG shipment.

“b. Sales of articles or services from procurement, or sales of services from resources on hand. Payment will normally be cash payable in full at the time the agreement is signed. Based on Purchaser request, a payment schedule may be considered when full funding will not be immediately required. When requested by the Purchaser, the IA, in coordination with the contracting officer, may negotiate a payment schedule which complies with SAMM paragraphs 60304.A. and C. Funds must be available prior to USG entering into a contract, submitting a MIPR, or making any obligations. Payment will be equal to the full cost of the obligations plus reasonable uncertainties, such as costs which could be incurred should it become necessary to prematurely terminate the Sales Agreement.”

70002.C. In the fourth line of 3., change “DBOF” to “WCF.” Add as 4.:

“4. **Non-Standard Support** This includes hardware or services required to support commercial end items; obsolete end items, including those which have undergone system support buyouts; and selected non-US origin military equipment.



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

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

70003.A.2.a. In the first line, substitute "for" in lieu of "to purchase." In the sixth line, change "Requests to purchase SME..." to read "Requests for SME...."

Table 700-2. Replace with revised table at attachment 2.

Table 700-6. Include the following in alphabetical order by category:

Category III, in "Cartridge, 40MM, M385 Dummy (A)," change "M385" to M922A1".

Category IV, add

"BOMB, GUIDED UNIT, GBU-24	2,720	2JUL97"
"MISSILE, AGM-130 POWERED STANDOFF WPN	167,000	7JAN97"
"MISSILE, AGM-142A/B/C/D HAVE NAP	56,764	23MAY97"
change ATACMS line to read		
"MISSILE SYSTEM, ARMY TACTICAL	192,959	19JUN97 (revised)"
and add		
"ROCKET, MLRS EXTENDED RANGE	4,445	18JUL97"

Category VII, add

"VEHICLE, M88A2, IMPROVED RECOVERY(A)	74,400	3JUL97"
---------------------------------------	--------	---------

Category VIII, Aircraft, add

"F-15A/B EAGLE w/MSIP	2,040,322	24Jul96"
"F-15C/D EAGLE w/MSIP	2,467,773	24Jul96"
change NC charges and effective dates for other F15s as follows		
F-15A/B Eagle W/O Engines to	"1,660,591"	"24Jul96"
F-15C/D Eagle W/O Engines to	"2,088,042"	"24Jul96"
F-15E Eagle W/O Engines to	"2,811,879"	"24Jul96"
delete		
(E-3) "Memory Upgrade Modification	1,674,841	8Nov89"
"F-4G Wild Weasel (MOD ONLY)(AF)	667,241	12Mar82"

Category VIII, Engines, change NC charges and effective dates as follows

F100-PW-220 Alternate Fighter Engine to	"458,232"	"24Jul96"
F100-PW-229 Increased Perform Engine to	"283,217"	"24Jul96"
F110-GE-100 Alternate Fighter Engine to	"458,232"	"24Jul96"
F110-GE-129 Increased Perform Engine to	"283,217"	"24Jul96"

70103.B. From the fourth line, delete "for at least 7 days."

70103.H.2. In the next-to-last line, delete "no from "this case contains no PCS personnel."

70105.L. Add as a new paragraph 9:

**"9. Man-Portable Air Defense Systems**

"a. The following note should apply to sales to NATO, NATO Nations, Japan, Australia, and New Zealand:

"Purchaser agrees to adhere to the following additional security requirements associated with [insert appropriate missile/system]. Modification of specified requirements to meet indigenous conditions may be approved by the Office of the Deputy Chief of Staff for Operations and Plans (DAMO-ODL-S), US Army.

"a. Physical Security. The [insert appropriate missile] will be stored in magazines that are at least equivalent in strength to US Army requirements as specified in subparagraph (1) below. The Purchaser also agrees to comply with US Army specified requirements for lighting, doors, locks, keys, fencing, and surveillance and guard systems. Specific requirements will be agreed upon and installed prior to delivery of the missile system. US Army representatives will be allowed to verify security measures and procedures established for implementation of these requirements.

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

"2. Lighting. Lighting will be provided for exterior doors and along perimeter barriers. Security lighting requirements will conform to the ammunition and safety requirements of US Army Technical Manual 9-1300-206, appendix C (standards of which will be provided to the Purchaser).

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

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

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

"6. Access to Storage Facilities. Two authorized persons will be required to be present during any activity which affords access to storage facilities containing

[insert missile/system]. Lock and key procedures will be developed to ensure that no single individual can obtain unescorted or unobserved access to [insert missile/system] storage facilities.

“b. Accountability.

“1. A 100 percent physical inventory of [insert items required to be inventoried], when applicable, will be taken monthly by the Purchaser. A 100 percent physical inventory by serial number shall be taken quarterly of [insert items] issued at the operational unit level. A 100 percent physical inventory by serial number shall be taken semiannually of [insert items] stored or retained at installation, depot, post, or base level. All inventories must be conducted by two authorized persons to ensure verification. [Insert items] expended during peacetime will be accounted for by serial number.

“2. The [insert appropriate foreign country SAO] will be permitted to conduct a US inspection and inventory of [insert items] by serial number annually. [As appropriate, insert {items} are required to be inventoried annually by physical count.] Inventory and accountability records maintained by the Purchaser will be made available for review.

“c. Transportation. Movements of [insert appropriate missile] will meet US standards for safeguarding classified materiel in transit as specified by the USG in DoD 5100.76-M, Physical Security of Sensitive Conventional Arms, Munitions, and Explosives (standards of which will be provided to the Purchaser), and paragraph 8 below.

“d. Access to Hardware and Classified Information.

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

“2. Maintenance which requires access to the interior of the [insert missile, operational system, etc] beyond that required of the operator, and maintenance or repair which requires access to the interior of the guidance assembly of [insert item(s)] will be performed under US control.

“e. Compromise, Loss, Theft, and Unauthorized Use. The Purchaser will report through the security assistance office and country team to the DoS by the most expeditious means any instances of compromise, unauthorized use, loss or theft of any [missile and any other material] or related information. This will be followed by prompt investigation and the results of the investigation will be provided through the same channels.

“f. Third-Party Access. The recipient will agree that no information on [insert appropriate missile] will be released to a third-country government, person or other third-country entity without US approval.

“g. Damaged/Expended Materials. Damaged **[insert systems, material]** will be returned to the US Army for repair or demilitarization.

“h. Conditions of Shipment and Storage for **[insert missile system]**. Principal components (missiles and, as applicable, gripstocks or launchers) of the **[insert missile system and any other items requiring separate storage]** will be stored in at least two separate locations and will be shipped **[show how; e.g., in separate containers, separately]**. The storage locations will be physically separated sufficiently so that a penetration of the security at one site will not place other sites at risk.

“i. Conditions of Use. Assembly of the system will not be permitted for field exercises or deployments wherein the use of the **[insert appropriate missile]** system is simulated. In such cases, inert training devices may be used. The recipient will use information on the **[insert appropriate missile]** only for the purpose for which it was given.’

“b. All sales of MANPADS to nations other than those identified in a. above will include notes in a., with exception of subparagraph i. Subparagraph i, "Conditions of Use," will be replaced with:

“ i. Conditions of Use.

“1. The two principle components of the **[insert appropriate missile system and any other items]** may be brought together and assembled under the following circumstances:

“(a) In the event of hostilities or imminent hostilities.

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

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

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

“2. The Purchaser will advise the US Security Assistance Organization in advance of any assembly of the various missile and **[insert any other items]** for the **[insert appropriate missile]** for training or lot testing.

“3. 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 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 missiles and, as applicable, launchers or gripstocks.

"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 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 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 minimum standards in (a) and (b) above.

"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/MEAN and US Army (USASAC), with an information copy to the applicable UCOM."

Table 701-1 (SAMM pg 701-15). Under "Signed Copy Distribution," in line four change "021-030-004" to read "021030004" (i.e., remove dashes) and "Agency Code 3801" to read "Agency Code 00003801." These same changes should be made to Table 804-1 (SAMM pg 804-9).

70304. Replace C.1. with:

"1. The development of a Congressional notification must begin as soon as possible after receipt of the LOR from a foreign government. Concurrent with LOA or LOI preparation, the IA must submit notification data to DSAA (Attn: DSAA/COMPT-FPD). A copy of the LOR is to be attached to the notification data prescribed in section 703. If the LOR information has not been previously entered into the 1200 system, DSAA will make the entry."

in C.2., last line, change "FMS Control Division" to "Financial Policy Division."

in C.6., third and sixth lines, change "FMSCD" and "FMS Control Division" to "FPD."

in C.8., line four, replace "Operations" to "regional."

in C.9., first line, change "FMSCD" to "FPD."

80101. Add paragraph D:

**"D. FMS Purchaser Involvement** The purchasing activities of defense components and prime contractors shall implement FMS requirements using normal procurement and contract management procedures as set forth in the FAR, other directives, and pertinent contractual provisions. Representatives of the Purchaser shall not be permitted to review bidders' mailing lists or slates of proposed architect engineer firms, nor shall they be permitted to direct the deletion of names or firms from such lists or slates. They may, however, suggest that certain firms be included. The IA should control the procurement process. The IA shall not accept directions from the Purchaser as to source selection decisions or contract terms (other than the special contract provisions and warranties referred to in Condition 6.1 of the LOA), nor shall the Purchaser be permitted to interfere with the prime contractor's placement of his subcontracts. However, to the extent permitted above and as shown in Condition 1.2 of the LOA, IAs may honor a Purchaser's request for the designation of particular prime or subcontract sources. Requests by the Purchaser for rejection of any bid or proposal shall not be honored unless such rejection is justified on the basis of reasons which would be sufficient in the case of a procurement made by DoD to meet its own needs."

80102.C.1. Change the second and third lines of the Supplemental Condition to read "...ment. Paragraph 1.2 of the LOA Standard Terms and Conditions states in part: 'Unless the Purchaser has requested, in writing, that a sole source...'"

80102. Delete 80102.D. (moved to 80101.D).

80103. Delete 80103.F (guidance is in 902-5A, D.6.)

80104.B. Change the form letter address to

"Director  
Defense Security Assistance Agency  
1111 Jefferson Davis Highway  
Arlington, VA 22202-4306"

80105. In the third line, change "ROD" to "SDR."

80201. Replace with:

**80201 GENERAL** The overall policy concerning logistics support is shown in Section 20202. This section provides guidance in logistics related areas not covered elsewhere in the Manual.

**A. Use of US Logistics System** Implementation of LOAs will be accomplished within the existing organizational and procedural structure of the US military logistics, including acquisition, system. Use of the DTS is an exception to this policy as discussed in section 80206.

**B. Items to Reflect Favorably on US** Items provided under FMS will normally be new or unused or, as a result of rehabilitation, possess original appearance insofar as possible and have serviceability standards prescribed for issue to US forces. If the Purchaser desires exclusively new equipment, this requirement will be stated in the LOA. If the Purchaser desires "as is/where is" items, this will also be stated in the LOA.

**C. Purchaser Service** Delivery performance directly reflects the degree to which the US meets its FMS commitments and is therefore a key element of the supplier-customer relationship. The importance of prompt and effective service to the Purchaser must be continually emphasized to assure overall success in the attainment of FMS program objectives.

**D. Discrepancy Reporting** Every effort must be made to provide the correct defense article or service in the quantity and quality shown in the LOA. Positive actions should be taken to prevent discrepancies. After a discrepancy has occurred, the submission of a discrepancy report should be encouraged. In order to take advantage of a fresh audit trail, Purchasers should be reminded of the importance of reporting discrepancies as soon as possible. SDR (ROD) submissions should be recorded to find and correct program weaknesses and minimize loss of resources and customer confidence. SDRs will be considered based on guidance in Section 80207.

**E. ILCS** The International Logistics Communication System has been developed for the improvement of logistics communications service to SA countries, freight forwarders, and contractors. DLA's DAASO, Wright-Patterson Air Force Base, OH 45433-5328 manages ILCS under DLA General Order 2-83, dated 10 January 1983. As a stand-alone system, or in tandem with processes such as Supply Tracking and Repairable Return/Personal Computer based (STARR/PC), ILCS provides a computer-to-computer telecommunications capability which allows a subscriber to exchange logistics related information with the DoD logistics community and other ILCS subscribers.

**F. Direct Exchange (DX) and Repair and Return Programs** A serviceable item in the stocks of DoD may be exchanged for a repairable item of the same type under certain conditions. The repairable must previously have been obtained under the AECA, must not be an end item, and DoD (including FMS) must have a requirement for the repairable item. Programs may be executed under defined line, BO, or CLSSA LOAs. Also see DoDD 4000.21-1-M.

"1. To accept the DX repairable, it must be assured that sufficient customer funds have been provided for the cost of the serviceable replacement. The requisition for the replacement will normally be filled according to normal supply procedures.

"2. Repair and return will normally be used when a serviceable replacement is not available from stock on hand or due in within a reasonable time, or if the customer requests repair and return of a specific item. Repair of a customer-owned article requires that the customer return a repairable article under an LOA established for that purpose and await the necessary leadtime for repair. For either DX or repair and return, the total cost will be the same as that charged US forces for similar transactions, plus normal administrative surcharges.

"G. **Returns** Returns should be accepted if the defense article (1) was previously provided under the AECA, (2) is not SME, and (3) is in fully functioning condition without need of repair or rehabilitation. DoD, including FMS requirements, must have a funded requirement for the defense article. The customer will not be reimbursed directly, the customer's FMS account must be credited to reflect the transaction, using DoD appropriations or other customer funds, dependent upon the buyer. Also see DoDD 4000.21-1-M and DoD 4140.1-R.

"1. Return credits may be added, at customer request, to specific BO or CLSSA LOAs. In order to facilitate program efficiencies (e.g., automated processing), no more than three country LOAs will normally be designated to receive credit funds.

"2. Title for returned items will normally accrue to the US following acceptance at the point of US receipt inspection. Returns to or through US controls do not constitute a third party transfer as discussed in 60004."

80206.C. Change 1. to

"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 exception that space available cargo under FAA Sec 516 is not subject to cargo preference rules."

add to the end of 4.: "Except in unusual circumstances, such as when efforts to honor waiver terms appear to be weak, imbalances will not be carried forward beyond the waiver period."  
change "Attn: DSAA/OPS-MGT" to "Attn: DSAA/MEAN-AP" in the next-to-last line of 4.a.  
delete the second sentence in 5.; i.e., delete "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."

80206.G.1. Remove the last full sentence ("Category I sensitive items normally require delivery to the overseas PoD") and insert at the beginning of 80206.G.1.c.

80206.G.1.b. Change "DBOF" to read "WCF."

80206.G.1.c. Replace c.(1) with:

"(1) Shipments of sensitive material (Sensitive Arms, Ammunition, and Explosives Categories I, II, III, and IV; see DoD 5100.76-M), including sensitive ammunition, explosives, and other hazardous materiel moving under DTS control, will be shipped DTC 7 or 9, or DTC 8 through CONUS water or aerial ports controlled by DoD. FMS shipments of non-sensitive ammunition and explosives or other controlled items, such as pilferable materiel, shown by their Controlled Inventory Item Code (CIIC)



to be non-sensitive may be transported to or through Purchaser representatives (normally freight forwarders) and through CONUS commercial airports or seaports, providing:

“(a) The Purchaser has directed the shipment in response to a shipper-supplied Notice of Availability (NoA).

“(b) The shipment, if hazardous, is certified by the shipping activity for commercial shipment in accordance with 49 CFR (Code of Federal Regulations)/IMDG (International Maritime Dangerous Goods code)/ ICAO (International Civil Aviation Organization)/IATA (International Air Transportation Association) requirements. The Purchaser representative must also comply with international, federal, state, and local codes when handling, storing, and exporting the materiel.

“(c) Any classified material is transitioned from DTS to non-DTS channels in accordance with the approved transportation plan developed by the Purchaser (see Table 503-4).

“This guidance will normally allow items initially moved via DTS to be released to a Purchaser representative for temporary storage and movement beyond CONUS when the representative has demonstrated experience or capability to safely and securely ship similar items, from FMS or commercial sources. This will include movement of most Hazard Division 1.4 items, such as CAD/PAD. If doubt exists, the IA should confirm experience or capability by obtaining, from the Purchaser representative prior to shipment, information showing comparable items have been handled in the past, or other information which confirms capability.”

80206. Replace Paragraphs N. and O. with the following (Paragraph P., Documentation, has been moved to Section 80207.C):

“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. Regardless of whether the shipment was tendered on a prepaid or collect basis, and whether shipment was a small parcel or freight size carrier, DoD shipping activities will assist by providing evidence of shipment documents, or pertinent information from the documents, so the Purchaser can effect the tracer action.

“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, 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. During the intransit stage of movement (carrier departure at origin to arrival at destination), the IA ILCO may be contacted for coordinating correction of potential discrepancies; e.g., to redirect a shipment which would otherwise go astray.

**“O. Transportation Discrepancies** If the DTS ships an item (GBL or small parcel carrier) to an FMS recipient, including a recipient freight forwarder, and loss or damage occurs, the recipient must file any claim with the carrier. If resolution with the shipper is unsuccessful, recipient may submit qualifying SDRs per section 80207 to request additional shipment or billing information or to obtain IA assistance in resolving the discrepancy. The USG has responsibility for filing and processing claims with carriers when shipment is made on a prepaid basis to DoD activities. When the USG files the claim, the benefits will be reimbursed to the Purchaser. The US shipper should provide information, complementing that provided under paragraph N above, needed to support claims discussed in this paragraph.”

80207. Add a new 80207 as follows:

**“80207 PROCESSING SUPPLY DISCREPANCY REPORTS (formerly RoDs)**

**“A. General** This section provides SA-unique guidance for processing of SDRs (SF 364). Further guidance, such as definitions, instructions for SF 364 completion, DoD processing timeframes, and responsibilities may be found in Joint Regulation DLAI 4140.55/AR 735-11-2/AFJMAN 23-215/NAVINST 4355.18, “Reporting of Supply Discrepancies,” hereafter referred to as JR 4140.55. Initial screening of FMS SDRs is outlined in Table 802-1. Table 802-2 summarizes the financing of SDRs. See Section 80206 for additional guidance regarding transportation tracers and discrepancies and 130802 for further financial guidance. Should guidance elsewhere appear to conflict, guidance herein will normally be followed.

“1. AECA Sec 21 and 22 requirements that USG recover full costs under FMS also apply to SDRs. FMS customers directly or indirectly fund DoD procurement, DWF item surcharge, and other costs related to discrepancies. Emphasis should be placed on providing articles and services under terms and conditions shown on the LOA, at minimum cost and with maximum customer satisfaction.

“2. Item discrepancies are often not due to USG erroneous action or inaction. Further, not every USG erroneous action or inaction gives rise to responsibility for SDR compensation from USG or FMS funds. Table 701-1, LOA Standard Terms and Conditions, should be studied by the IA and FMS customers, with particular attention to 1, 3, 5.4, 6, and LOA supplemental conditions pertaining to assumption of risk. There should be no automatic approval of SDRs based solely on dollar value. Until final decisions are available, commitments to the customer for US financing of discrepancies will not be made.

“3. Due to loss of information and customer confidence with the passage of time, SDRs will be addressed as thoroughly and quickly as possible. SDR responses should be provided by the IA within timeframes established by JR 4140.55. Any extension must be approved by the IA FMS SDR focal point. Any required DSAA review should be completed within 30 days of receipt within DSAA.

“4. DSAA approval will be obtained when (1) The IA determines the USG is liable for correction of the SDR under terms of the LOA and recommends use of FMS Funds, and the value is in excess of \$50,000; or, (2) The SDR involves an issue likely to be raised at DSAA or higher levels, such as treatment to one country which is not consistent with guidance herein.

"5. Each IA is responsible for designating to FMS customers the single point(s) of contact for SDR corrective action. Only those points and DSAA are authorized to accept and convey USG liability or originate a commitment for corrective action.

"6. When customer countries re-requisition items, the current price should be paid without regard to the price under the original requisition.

"7. Any problems involving GFE furnished per Section 603 should be directed by the foreign customer to the contractor. FMS funding and FMS SDR processing do not apply to these sales.

**"B. Supply Discrepancies** These include shortages or overages due to incorrect quantity counts, improper packing or marking, duplicate shipments, incorrect items, and condition or quality discrepancies (including damage) prior to release to the carrier by the origin shipper. They also include, for security assistance purposes, documentation, including billing, errors and deficiencies in performance of services. Non-receipt of shipment units qualify only if no evidence of shipment (signed carrier receipt and shipping document) 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.

**"C. Shipment Documentation** 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 SDRs. 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.

**"D. SDR Documentation** The documentation package is often the key to effective SDR resolution. It should be initiated carefully but quickly after a discrepancy is reported and expedited through each step. The following are required when SDRs are submitted to DSAA and should be merged into IA procedures tailored for effectiveness (e.g., less research/documentation for low value and non-sensitive item SDRs):

"1. Copy of the SDR, SF 364, and supporting data from the customer.

"2. Copy of the LOA and any Amendment or Modification bearing on the discrepancy.

"3. Chronology of events. The following statement covers pertinent events for most SDRs: "The SDR was filed within the time period allowed by the LOA, which in this instance is [period, normally "one year"] from ["the date of shipment"/"the date of furnishing of services" or "the date of billing"]. Date of ["shipment"/"completion of services"] was [date]. Date of billing was [date]. The SDR was received by [organization] on [date] with document origination date of [date signed by initiator]." Principal SDR processing actions and dates, present status of any

assets, and other substantial information pertinent to the SDR background should also be included.

“4. An IA General Counsel position regarding USG liability, to include “This office was furnished relevant documents pertaining to SDR [number]. The determination of USG liability for this SDR is supported by [list LOA General Terms and Conditions paragraph(s), footnotes, attachments, legal principle, legal precedent, or other bases for the determination].”

“5. Options, with costs, to remedy the SDR. Discuss article or service the USG was responsible to provide. How does that differ from what the country was provided? Will the supply source repurchase the item(s), hold item(s) for DoD/FMS sale, repair, or replace the item? Provide detailed cost estimates, including transportation, TDY, and other associated charges for each remedy. If rework or repair is indicated, include source documents, if possible, from the office responsible for correcting the SDR upon receipt of authority.

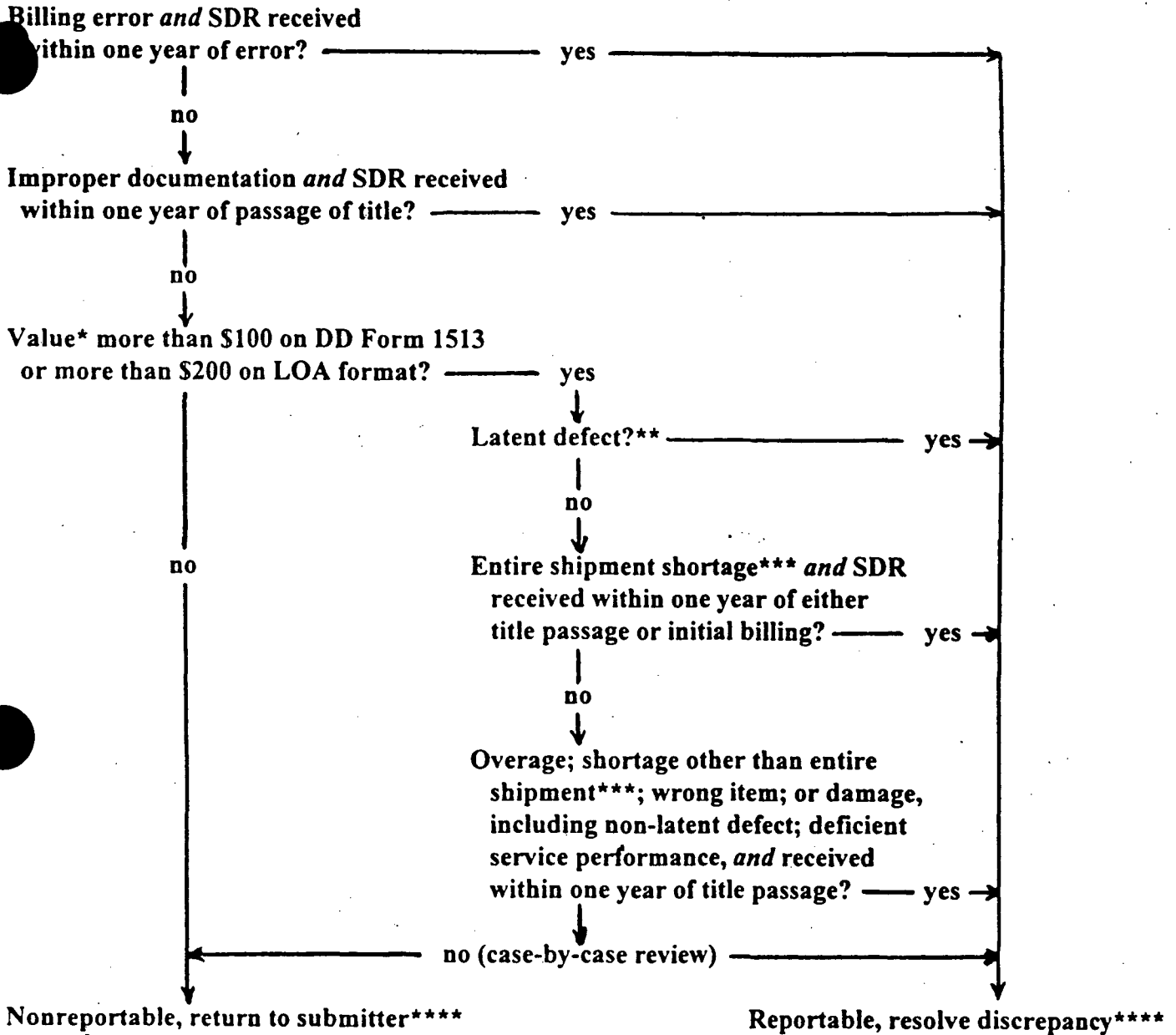
“6. Corrective action. Discuss policy, procedure, or systems change; education; or other actions to reduce probability of reoccurrence.

“7. Retention of records. Show status of records required for resolution, including present and anticipated preservation.”

Tables 802-1 and 802-2. Replace the present tables with the those in the following pages:

TABLE 802-1

INITIAL SUPPLY DISCREPANCY REPORT (SF 364) SCREENING



\* Example - Ten items, with a U/P of \$100, are shipped together. When received, five have damage which will cost \$150 to repair. Four are missing. The SDR value is \$550 plus transportation, PC&H, or other directly related costs.

\*\* Detection of reduced item operability is dependent upon initial operation or extensive testing, disassembly, or other extraordinary receipt inspection.

\*\*\* When shipped through a freight forwarder, return to submitter if freight forwarder verification that material has not been received on the TCN that applies is not provided.

\*\*\*\* All SDRs which contain sufficient information to be useful in trend analysis should be recorded and, based on continuing process refinements, minimized.

TABLE 802-1. Initial Supply Discrepancy Report (SF 364) Screening

**"TABLE 802-2**

**FINANCING SUPPLY DISCREPANCY REPORTS**

The table below shows the most common SDRs and methods of financing when IA research results in approval of an item discrepancy. In summary, corrections will normally be financed:

- (1) Within contract costs for DWF, O&M, PA, and RDT&E items obtained from procurement.
- (2) Within the surcharge for DWF items or services supplied from stock.
- (3) From the O&M, PA, or RDT&E account for O&M, PA, or RDT&E items supplied from stock.

(4) From the FMS (Administrative, Transportation, or PC&H) Fund accounts when sources above do not apply. These SDRs are to be financed from current year FMS Administrative/Logistics Support Expense (LSE) budget obligation authority, or reissuance of past unused budget authority.

<u>Nature of Discrepancy</u>	<u>FMS Funds \1</u> (Admin, PC&H, Transportation)	<u>USG Funds/Appropriations</u> (DWF, PA, O&M, RDT&E)
1. Damage, Defect, or Other Deficiency		
a. From Procurement \2	Generally not applicable except where US action or inaction caused inability of USG to obtain satisfaction from contractor for customer	Generally not applicable. Usually corrected by contractor within existing contract terms.
b. From Stock	Peripheral costs of correction (e.g., testing, transportation, TDY)	Replacement, refund to customer account, or rework of defective items for costs not listed under FMS Fund heading
2. Nonreceipt or Shortage		
a. From Procurement \2	Generally not applicable except where US action or inaction caused inability of the USG to obtain satisfaction from contractor for customer	Generally not applicable (Normally corrected by contractor within existing contract terms)
b. From Stock	Not applicable except where item shipped DTS and US action or inaction caused inability to obtain satisfaction from carrier (see 80206 and USG Fund/Appropriations	(Shortage/misdirection at origin based on no evidence of shipment) Credit to customer account, charged to USG fund or appropriation initially credited.

column at right)

Lost items will be absorbed as inventory losses.

Overage

a. From Procurement 2

Generally not applicable

Generally not applicable

b. From Stock

Generally not applicable  
See next column.

If billed and customer does not want item, amount charged will be refunded to customer account and USG appropriation fund charged. If USG directs no return, will be absorbed as inventory loss

4. Incorrect Item

a. From Procurement 2

Generally not applicable  
See next column.

Generally not applicable.  
Normally corrected by contractor within contract terms.

b. From Stock

Generally not applicable  
See next column.

Unless the item manager chooses to reissue, refund to the customer account, charged against appropriation or fund initially credited. If USG directs no return, absorb as inventory loss.

5. Missing or Improper Documentation

a. From Procurement 2

Generally not applicable  
See next column.

Generally not applicable.  
Normally corrected by contractor.

b. From Stock

Generally not applicable  
See next column.

Issue documentation and/or proper items without additional charge to FMS customer. If not available for issue, refund against USG appropriation/fund initially credited. If USG directs no return, absorbed as inventory loss.

6. Duplicate or Erroneous Billings  
(From procurement 2 or stock)

Generally not applicable  
See next column.

Refund or adjustment to customer account. Adjustments charged against appropriate USG or customer account.

7. Loss of Customer Item  
(provided for repair, etc)

Reimburse customer when item is  
nonstandard (no longer maintained  
in USG inventory)

Reimburse customer when item is  
DoD standard (currently main-  
tained in USG inventory) and the  
loss is bookkeeping or inventory  
control only.

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/1 In some instances, Administrative, Transportation, or PC&H funds may complement other financing for SDR resolution. For example, it could be appropriate to reimburse PC&H or transportation costs for initial delivery of an overage when this is the sole means for resolution.

/2 Procurement includes defense articles and services acquired to fill the FMS requirement and therefore not supplied from on-hand DoD assets. Both stock and procurement guidance may apply in some instances (e.g., item on hand in DoD inventory reworked through a commercial contract prior to shipment).”



80403.A.4. and 80403.C. Change "SAAC" in each to "DFAS-DE."

80403.B.2. Delete "SDAF" in the first line.

80403.B.3. Replace 3.a. with: "The FMS country official who requests the shift in value has the authority to accept LOAs and a copy of the LOR must be attached to each Modification. Any shift which results in a scope increase or decrease must be as requested in the LOR."

90209. Add the following as new 90209.C.:

**"C. Audit rights** As requested by DSAA, DoD will conduct audits of private firm contracts which are FMF financed and entered into directly with foreign governments. Contractors and country representatives should plan for the time required to conduct such audits. Based on Table 902-6 Guidelines and 902-7 Contractor Certification, contractors will permit, for three years from the date of final receipt of contract payment, DoD or other authorized USG representatives access to the contractors' facility and the right to examine any of the contractors' pertinent books, documents, papers, or other records related to the contract."

100002.A. and B. Change "AIASA" to "FYPA" in each place it appears.

100007. Replace this paragraph with:

"100007. Screening Student Candidates. For IMET students, also see 100109. ITOs will not be issued until SAOs have complied with guidance in this paragraph. The minimum age for students receiving SA training is 18 years, or 17 years with parental consent. If an individual's reputable character cannot be validated, the individual shall not be approved for training. The following DoD and DoS developed guidance, in addition to any guidance provided separately to country teams by DoS, is to be used in scrutinizing candidates for records of human rights abuses, drug trafficking, corruption, criminal conduct, or other activities inconsistent with US policy goals:

A. The SAO will inform host country of the checks needed and that formal provision of a student name constitutes certification that required checks have been completed.

B. US Embassy personnel, including human rights officer, regional security officer, Drug Enforcement Agency, consular section, and other offices as appropriate screen the nominees thoroughly.

C. SAOs will develop a checklist that, as a minimum, encompasses these steps. The checklist will be included with other documents related to country nominees and maintained for ten years. SAOs shall make reasonable adjustments to accommodate specific regional guidance."

100103. Replace the second sentence with: "Expanded IMET trains military and civilian officials, including civilian personnel and from non-defense ministries, personnel from the country's legislative branch who are involved in military matters, and individuals who are members of NGOs. These personnel are trained in managing and administering military establishments and budgets, in promoting civilian control of the military, and in creating and

maintaining effective military justice systems and military codes of conduct, in accordance with internationally recognized human rights."

100109. Change "A. Selection." To read "A. Selection (Also see 100007)."

100112.C. Delete from the first sentence: "or if the student is from a country with a per capita GNP greater than \$2,349 in the 1988 World Bank Report."

100114. In the first line, change "\$50" to read "\$35." Delete <sup>the sentence</sup> the balance of the paragraph starting "Health care agreements exist ...." *and ending "... students regardless of funding source."*

120002.A. Replace the last sentence with: "The lease will be signed by the IA director for SA, deputy or, in the absence of both, the person designated to act in his/her stead. This restriction extends to the lease memorandum to Director, DSAA. The lease package will be provided to the DSAA regional directorate for staffing and countersignature by DSAA prior to signature by the foreign country representative."

Table 1200-3. In the lease "General Provisions", replace the second sentence of provision 17 with: "The Lessee Government also agrees to pay the costs of restoration or replacement, less any depreciation in the value during the term of the lease, to the Lessee Government under the Lessor Government's foreign military sales procedures." In lease provision 18, replace d. with "d. DSAA regional directorate - copy". Add as the last page of the Table:

"SCHEDULE A

TO

LEASE AGREEMENT

BETWEEN

THE UNITED STATES GOVERNMENT, DEPARTMENT OF THE [IA] (LESSOR)

AND

THE GOVERNMENT OF [Country, International Organization] (LESSEE)

I This Lease Agreement authorizes the use of U.S. Government property identified herein;

<u>Description</u>	<u>NSN</u>	<u>Qty</u>	<u>Replacement Cost</u>		<u>Rental Includ</u>
			<u>Unit Val</u>	<u>Total Val</u>	<u>(Includ Depreciation)</u>
					<u>Per Month</u>

- A.
- B.
- [C., and so forth]

Total Value \$ \_\_\_\_\_

II Rental Payment

- A. Initial Payment With Acceptance [As applicable]  
B. \_\_\_Qtr FY\_\_\_: [Amount due]. Date due: [15th day of month preceding quarter]  
\_\_\_Qtr FY\_\_\_: [Amount due]. Date due: [15th day of month preceding quarter]  
[C., and so forth]

Total Rental: [\$ Value]

III Designator (if known) of FMS LOA Supporting the Lease:

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TABLE 1200-3 (Continued)"

Paragraph 130104. Replace 130104.B. and 130104.B.1. as shown in attachment 3.

Table 1301-1. Replace with:

"TABLE 1301-1  
CONTRACT ADMINISTRATION RECIPROCAL AGREEMENTS

<u>Country</u>	<u>Effective Date</u>	<u>Cost Waived</u>
Belgium (BE)	26 Apr 1983	Quality Assurance and Inspection
Canada (CN)	27 Jul 1956	Contract Audit
Denmark (DE)	3 Apr 1985	Quality Assurance and Inspection
France (FR)	17 Jul 1981	Quality Assurance and Inspection
	23 Apr 1986	Contract Audit
	23 Apr 1986	Quality Assurance and Inspection
Germany (GY)	6 Dec 1985	Contract Administration Services
	6 Dec 1983	Contract Audit
Greece (GR)	23 Sep 1992	Quality Assurance and Inspection
Italy (IT)	7 Jan 1983	Quality Assurance and Inspection
Netherlands (NE)	18 Apr 1985	Quality Assurance and Inspection
	9 Apr 1982	Contract Audit
Norway	23 Nov 1986	Quality Assurance and Inspection
United Kingdom (UK)	30 Oct 1979	Quality Assurance and Inspection
	30 Dec 1985	Contract Audit
European Participating Governments (EPG)	19 Dec 1980	Quality Assurance and Inspection
		(F-16 Follow-on Buy)
NATO (All infrastructure programs administered by a NATO)	30 Sep 1981	Contract Audit
	28 Oct 1980	Quality Assurance and Inspection

Command or NATO Agency)		
NATO (All other infrastructure programs administered by a host country)	10 Feb 1981	Quality Assurance and Inspection
NATO E-3A (N1, K7) K8, W1)	Program Conception	Full waiver of all contract administration
NATO Integrated	30 Sep 1981	Contract Audit
Commun Sys Mgmt Agcy (NICSMA) (N2, K4)	6 May 1980	Quality Assurance and Inspection

**TABLE 1301-1. Contract Administration Reciprocal Agreements"**

Table 1301-2. Delete item 18 related to Federal Republic of Germany (pg 1301-12)

1400. Replace with:

**"SECTION 1400 - SPECIAL DEFENSE ACQUISITION FUND**

**"140001 AUTHORITY AND PURPOSE**

"A. **Authority** SDAF was authorized in 1981 by enactment of Chapter 5 of the AECA. The SDAF Charter and Operation Instructions were approved by the Principal Deputy Assistant Secretary of Defense (Comptroller) on 30 December 1982. Sec 51(a) of the AECA (22 USC 2795(a)) was amended in 1989 and provided that SDAF may be used for narcotics control purposes. Decapitalization of SDAF was initiated in 1993 with no new procurements authorized after 30 September 1995.

"B. **Purpose** SDAF funds the procurement of defense articles in anticipation of sale to foreign governments. The basic objective of the fund is to facilitate delivery of material in advance of normal PLT for selected items of materiel. Such source enhances the USG capability to satisfy urgent military requirements of allied and friendly nations while avoiding diversions from US forces.

"C. **Policy Guidance** This chapter is the principal source of policy necessary for implementation of SDAF. In addition, other guidance facilitating program execution includes DoD 7000.14-R; the SDAF Charter; standard operating procedures (SOPs) previously distributed to DoD components; and IA implementing instructions.

**"140002 MANAGEMENT** SDAF is implemented through the following components of the DoD organizational structure:

"A. **DSAA** DSAA has overall management responsibility for SDAF. Specific DSAA responsibilities include, but are not limited to, the following:

"1. Issuance of SDAF funding documents to maintain articles and services procured by the Fund;

- “2. Allocation of SDAF assets for the USN and the USAF;
- “3. Assessment of fund status to include profit and loss analysis.

“**B. IAs** The IAs have overall responsibility for program implementation. Tasks performed by IAs include, but are not limited to, those cited below:

- “1. Program management of SDAF assets
- “2. Contract management
- “3. Allocation of selected assets for NSA and the USA
- “4. FMS LOA management for sell-out of SDAF equities from LOA preparation through delivery reporting.

“**C. DFAS-DENVER** DFAS-Denver performs centralized accounting and no other activity is authorized to disburse, or collect, SDAF funds. In addition to duties common to all FMS programs, DFAS-DE assures the adequacy of FMS Trust Fund deposits to meet case requirements of SDAF sell-out and transfers such amounts to the SDAF account as required.

#### **“140003 OVERVIEW OF OPERATIONS**

“The operation of SDAF primarily encompasses buy-in and sale (or sell-out). Buy-in is generally complete. Sales through the established FMS process are expected to continue until SDAF closeout. Following the decision to provide funding, DSAA issues a MIPR, DD Form 448, to the appropriate IA. When a sale is pending, SDAF assets are allocated by DSAA or the IA as applicable. At the time of LOA acceptance, the asset moves from an allocated to a sold status. In general, LOA standard procedures apply (see Chap 7).

#### **“140004 PROGRAM IMPLEMENTATION**

“**A. MIPR Issuance** DSAA issues MIPRs to the appropriate IA for the maintenance of SDAF procured items. MIPRs are processed generally in accordance with DFARS 208.70, Coordinated Acquisition. A Category II method of funding (Direct Citation) is normally utilized. DFAS-Denver will be identified in each contract as the paying station. Each SDAF MIPR is restricted to one major end item and associated spare parts, ground support equipment, or other related items.

“1. Upon receipt of the MIPR, the IA processes ‘Acceptance of MIPR’, DD Form 448-2. Affixing a stamp to the DD Form 448-2 as acceptance of the MIPR is not acceptable. Use of a Category I Method of Funding (Reimbursable) is prohibited unless agreed to in advance by DSAA. Acceptance of MIPR requires the identification of costs in the categories shown in Table 1400-2 ‘MIPR Cost Checklist’, to assure SDAF full cost recovery. A completed copy of Table 1400-2 must accompany the basic MIPR acceptance and balance to the MIPR value. See DoD 7000.14-R for clarification on how to accumulate the costs for Table 1400.2. MIPR adjustments (that is, requests for additional funds, withdrawing funds, change of quantity) are the

responsibility of the procuring IAs to initiate. Any later requests to amend existing MIPRs will be justified in Blocks 12 and 13 on DD form 448-2. Upward adjustments in funding requirements can only be requested via the IA, and require a MIPR amendment processed by DSAA. Adjustments changing MIPR quantity require DSAA approval. MIPR acceptances must be accompanied by a forecast of disbursements for the procurements covered by the MIPR. The disbursement forecast requires updating based on the cumulative disbursements for all contracts and in-house efforts. MIPR acceptances must also include estimated delivery dates and subsequently provide contract delivery dates, including adjustments, when known.

2. If it is determined to be necessary, due to the urgency of the requirement, and modification of an LOA is not possible, a reverse MIPR may be used for the sale of an asset. A reverse MIPR is also required when SDAF owned assets are used to pay back the IA for assets diverted from the IA's inventory to satisfy urgent FMS requirements. Acceptance of a reverse MIPR by DSAA authorizes IAs to purchase defense equipment from the SDAF account. The procuring activity prepares and sends a MIPR to DSAA providing funds and requesting the purchase of assets previously identified by mutual agreement between the IA and DSAA. DSAA accepts the IA's MIPR and forwards the MIPR and Acceptance to DFAS-Denver for billing.

**B. Allocation Process** The SDAF allocation process is as follows:

1. The applicable IA verifies the availability of SDAF assets to meet a foreign purchaser's request;

2. IA notifies DSAA Plans/PGM immediately upon receipt of an LOR when SDAF assets are involved.

3. COMPT-CPD initiates the decision process for allocating assets.

4. Generally, SDAF assets are allocated by DSAA. In some instances, NSA issues priority allocations for COMSEC. The USA has allocation authority for the SDAF assets it manages upon approval by DSAA.

5. DSAA or USA issues an allocation message or fax, directing LOA preparation and specifying the item, quantity, and other pertinent information.

6. Asset allocations are reviewed periodically by DSAA and the IAs to assure transactions are completed or to initiate proper follow-up.

**140005 SALES TO THE SDAF (BUY-IN)**

**A. General** Materiel and recurring services in support of purchases by SDAF will be priced according to the requirements in DoD 7000.14-R.

**B. Pricing of SDAF Items Purchased From Stock** DBOF-funded items sold to SDAF will be priced at standard price plus the current replacement surcharge rate for non-CLSSA customers.

**“C. Interdepartmental Orders** Sub-MIPRs issued by one IA to another may not cite SDAF funds. Sub-MIPRs must cite the issuing IA’s funds.

**“D. Payments for CAS** IAs bill CAS to DFAS-DE simultaneous with other CAS billings for FMS and DFAS-DE makes payments to the IAs from the CAS account. The CAS account will be replenished at a 1.5% rate applied to contract disbursements on SDAF purchases. In the event SDAF assets or equities are sold to an FMS customer for which a reciprocal waiver of CAS is in effect, the amount for CAS paid to the IA will be refunded to the SDAF account. Payment of CAS is also required on ammunition purchases.

#### **“140006 INVENTORY CONTROL AND REPORTING**

**“A. Custodial responsibility** SDAF inventory is the responsibility of the IAs. The procedures for proper inventory management followed for other DoD inventory should be followed for SDAF. SDAF items, as defined in the MIPR, are accounted for and traceable by established mechanisms such as serial numbers. Additionally, quarterly inventory reporting to DSAA in the format shown in Table 1400-3 as well as a year end inventory of assets on hand, not on an implemented case, are the responsibility of the IAs.

**“B. Reporting Deliveries to the SDAF Account** Delivery of items to the SDAF account will be reported to DSAA as part of the quarterly inventory report (Table 1400-3). Delivery of items should correlate to the same end items for which MIPRs were provided. For items provided from DoD sources, SF 1080 billings, with accompanying back-up detail, will serve as the source documents. For items provided from new procurement, DD 250s, with accompanying back-up detail, will serve as the source documents.

**“C. Storage of SDAF Inventories** Major SDAF equipment held in DoD inventories will normally be segregated from other DoD items. However, as an exception to this general policy, SDAF items may be co-mingled with Service inventories for specific purposes such as reduction of loss for shelf life items. IAs will forward bills for SDAF storage to DFAS-DE. Bills will be for direct out-of-pocket costs incurred on major equipment.

**“D. Inventory Losses** If SDAF items are lost while held in inventory, the responsible IA will conduct an investigation in accordance with the requirements of DOD 7200.10-M. Results of this investigation will be forwarded to the Director, DSAA for disposition, to include the possible billing of the IA for the loss.

**“140007 PRICING SALES FROM THE SDAF (SELL-OUT)** Sales from SDAF will be priced according to DoD 7000.14-R. Sales from SDAF are distinguished from sales of DoD stocks and sales from new procurement.

**“A. Stabilized Pricing** Stabilized pricing insures that the price of major items remains the same from initial appearance on the LOA to delivery reporting and LOA closure. SDAF items will be quoted as firm prices and the LOA will be annotated accordingly. Amendments or modifications are generally not processed for SDAF LOAs in order to accommodate normal changes in buy-in costs. For DBOF items, the reported price at the time of delivery may not agree with the LOA price due to catalog pricing. The pricing elements outlined in Table 1400-4 and DOD 7000.14-R comprise the selling price of items sold from SDAF.

**B. Sales to FMS Countries** The price for SDAF assets sold to FMS countries will be computed by establishing a base acquisition price as described below. Applicable NC charges will be added to the base price to arrive at the SDAF selling price. Charges for PC&H, transportation, and FMS administrative surcharges are additives to (and not a component of) the item selling price.

“1. The SDAF full value base price will be the higher of the SDAF procurement price or the current DoD contract price.

“a. The SDAF procurement price is the total estimated unit price as reflected on SDAF procurement requests for the item being priced, and includes appropriate add on charges.

“b. The current DoD contract price, identifying add-on charges, will be estimated by IA.

“2. In accordance with DoD 7000.14-R, if DSAA determines an SDAF item is of reduced utility, an appropriate reduction to the price may be made. Such a reduction could conceivably lower the selling price to below the SDAF cost.

#### **“140008 FMS SALES OF SDAF ITEMS**

**A. P&A Data** Requests for P&A for items that are on contract for SDAF procurement are coordinated with DSAA prior to responding to the LOR. DSAA, in conjunction with the IAs, will decide whether to fill the request from SDAF contracts, DOD inventories, or new procurements. The IA responds with P&A data. Pricing information will be coordinated with DSAA prior to release.

**B. LOA Management** Except as shown in this chapter, LOAs for SDAF items will be prepared in accordance with guidance provided in Chapter 7:

“1. Originally, all SDAF LOA designators were assigned by DSAA and used an IA code of “Q”. Currently, the USA is utilizing a “B” IA Code, “J” designator, and “F” Source of Supply Code to indicate SDAF.

“2. SDAF and non-SDAF items are normally not included on the same LOA. Army “J” cases include both SDAF and non-SDAF lines. SDAF and non-SDAF items will not be commingled on the same LOA line.

“3. The SDAF Financial Analysis Worksheet (FAW) (Table 1400-4) must be provided for each line and is to be used in lieu of the regular FMS FAW when source of supply is SDAF. The SDAF FAW must include the SDAF MIPR line and support line numbers. DSAA COMPT-CPD requires an extra LOA accompanied by three sets of SDAF FAWs (one copy for DSAA/COMPT-CPD, one copy for DFAS-DE SDAF, and one for DFAS-DE country manager). When a variation in price occurs on the LOA, a new SDAF FAW must be submitted for each line affected on the basic LOA.



"4. For "J" cases, payment schedules must distinguish payments required for SDAF lines. Payment schedules must reflect disbursement profiles for applicable SDAF contracts. Payment schedule changes on SDAF LOAs must be approved by DSAA/COMPT-CPD.

"5. Initial deposits as normally computed for FMS LOAs will be increased by the value of disbursements already made for SDAF items being sold. DFAS-DE will provide disbursement information on SDAF items upon request to activities preparing SDAF LOAs.

"6. Amendments or Modifications to SDAF LOAs are generally not processed for normal changes to SDAF buy-in costs. However, country-specific changes which affect SDAF buy-in costs should be reflected by an Amendment or Modification. Other changes such as those relating to quantities, delivery schedules, and policy changes should also utilize an Amendment or Modification as appropriate (see Chap 8).

"7. Signed copies of LOAs, Amendments, and Modifications, involving SDAF items, should be forwarded to DSAA/COMPT-CPD.

**"C. Requisitioning and Billing Procedures for Items Purchased from DoD Stocks (MILSTRIP)** For DBOF items, the requisitioning activity uses its own fund code, Signal Code L, and the activity's DODAAC. DFAS-DE is billed by SF 1080 for all reimbursable costs.

**"D. Payment for Transportation of SDAF Items** Costs not included in the item price, incurred to transport materiel to assembly or holding points, are funded on the original MIPR issued for such materiel. When a GBL is processed by a transportation officer, a copy of the GBL will be forwarded to DFAS-DE. This will alert DFAS-DE that transportation costs will be incurred against the original MIPR. DFAS-DE is the paying office for all FMS GBLs. Attach copies of the GBLs to the copy of the Daily Register of Meal Tickets and Transportation Transactions provided to DFAS-DE. Recoupment of transportation expenses for FMS sell-out will follow existing FMS guidance in DoD 7000.14.R.

**"E. Supply Discrepancy Reports (SDRs)** This supplements guidance contained in Section 80207 and DoD 7000.14-R. It is DoD policy that the appropriation that is credited with proceeds of a sale will pay SDR costs or replace the material when the USG is deemed to be liable to the FMS customer. Hence, it is DoD policy that SDAF should finance SDRs on SDAF cases, when applicable. When SDAF is considered responsible for a SDR, the SDRs must be submitted to DSAA, along with a legal opinion when required, for concurrence.

**"F. LOA Closure** See Section 130503. SDAF LOA closure involves additional reviews as follows:

"1. **SDAF LOA Closure - "Q" Cases** DFAS-DE informs DSAA/COMPT-CPD monthly of those LOAs for which all collections have been made, accounts are balanced, and which are ready for closure.

"2. **Combined SDAF/IA LOA Closure - "B, D, P, M" LOAs - DFAS-DE as Financial Manager** DFAS-DE is the financial manager for any FMS LOA line on IA LOAs that sell SDAF assets. Closure responsibilities are accomplished as agreed between DFAS-DE and

the appropriate IA for each SDAF LOA line. Once an LOA line is balanced, DFAS-DE informs DSAA/COMPT-CPD that the line is ready for closure and requests approval. Final closure of an LOA line will not be accomplished until the amount of SDAF reimbursement is approved by DSAA/COMPT-CPD.

"3. **SDAF LOA Closure - DFAS-DE is not Financial Manager** LOA closure responsibilities for the sale of SDAF assets transferred to a Purchaser, wherein DFAS-DE is not the LOA line manager, resides with the appropriate IA responsible for the FMS LOA or LOA line. DSAA/COMPT-CPD assures recoupment of the appropriate amount to the SDAF account.

#### **"140009 SDAF DELIVERY REPORTING**

"A. **Delivery Reporting** Assets sold to an FMS customer will be reported to DFAS-DE by the IAs on DD 1517 (See DoD 7000.14-R). LSC must be excluded from the reported delivered price. Two categories of items will be reported to DFAS-DE.

"1. **Major Equipment** Major SDAF equipment items shipped to FMS customers will be reported to DFAS-DE by the IAs on DD 1517 within ten days of shipment

"2. **Support Items** Support items owned by SDAF and sold to an FMS customer will be reported to DFAS-DE by the IAs on DD 1517. Reports will be submitted to DFAS-DE within seven days of the date of the drop from inventory and contain the latest FMS price for the items being sold.

"B. **Delivery Codes** SDAF shall use three delivery source codes.

"1. SA - Sale of items originally purchased from DoD inventories.

"2. SD - Sale of items procured from contractors by the Fund. This delivery source code will compute PC&H.

"3. SE - Sale of items procured from contractors and shipped directly from the contractor to the FMS customer, providing there is no requirement for any special packing, crating, or handling. This delivery source code will not compute PC&H.

**"140010 REPORTING** Input for A. through C. below will be provided by DFAS-DE.

"A. **Reporting** DFAS-DE prepares a number of reports in accordance with applicable sections of DoD accounting manuals.

"B. **Collection Reporting** If SDAF were to be recapitalized, DoD components would be responsible for identifying SDAF collections from authorized sources and for depositing these collections to account 11X4116. Monthly reporting of SDAF deposits to DSAA/COMPT is required by the 25th day of each month. As a minimum, a segregation of the SDAF deposits into the following subheads (limits) that show the source of collections is required.

**“Accounting Subhead**

**Source**

- .1 Non-excess principal/major end items which will not be replaced within the obligation availability of current procurement appropriations.
- .2 Excess stock fund and procurement secondary items.
- .3 NC charges.
- .6 Contractor rental payments for USG plant and production equipment.
- .7 Payments from FMS Trust Fund or Military Assistance Appropriations for sale of SDAF equity in contracts and inventories.
- .8 Payments from IA Appropriations for SDAF items transferred to the IA for temporary use and which are not returned.

**“C. DOD Internal Reporting** Defense items received from SDAF and taken into property accountability by the IAs require quarterly reporting to DSAA (see Table 1400-3).”

Tables 1400-1 and 1400-5. Delete without replacement.

*Add to book 2/1/10 -*

Tables 1401-1 and 1401-2. Add between item 6 and item 7: “7. Estimated date by which USG repair parts support will terminate: \_\_\_\_\_.” Renumber balance of items.

50204.B.2.c.(2). Replace “47-57 Leave blank” with:

“47-65			Leave blank
66-68	Delivery Period	1	Enter current delivery program year and quarter
69	Change Originator	1	Enter appropriate Program Change Originator. See Appendix D.
70-72			Leave blank
73-80	Total Delivery Value	2	Total value delivered (not the value during this reporting period)

Footnotes: 1 - Field requires an entry; 2 - Field requires total delivered to date be entered. If no entry is made, a previously reported value will be zeroed out.”

Appendix A. Change, delete, or add in alphabetic order the following:

- delete “AAA Army Audit Agency”
- after AIASA explanation, add “(see FYPA)”
- add “AMC Army Materiel Command or Air Mobility Command (in context)”
- delete “COPAD Contractor Operated Parts Depot (DLA nonstandard items)”
- after DBOF explanation, add “(see WCF)”

in DCA, delete “or Defense Communications Agency (in context)”  
to DEA, add “or Drug Enforcement Agency (in context)”  
add “DISA Defense Information Systems Agency”  
delete “DMA Defense Mapping Agency”  
change DSA to “DSC Defense Supply Center or Delivery Source Code (in context)”  
add “DSWA Defense Special Weapons Agency (formerly DNA)”  
delete “FMSMP FMS Management Plan”  
add “FYPA Fiscal Year Planning Assessment (formerly AIASA)”  
change LOA to “LOA Letter of Offer and Acceptance (replaced DD Form 1513)”  
delete “MAC Military Airlift Command (US Air Force)”  
add “NGO Non-Governmental Organization (pertains to peacekeeping)”  
add “NIMA National Imaging and Mapping Agency (formerly DMA)”  
delete “OMA Operations and Maintenance, Army”  
add “PA Procurement Appropriation or Pacific Command (in context)”  
add “PROS Parts and Repair Ordering System (USAF non-standard support process)”  
add to end of RoD explanation “(see SDR)”  
add “SDR Supply Discrepancy Report (replacing RoD)”  
change in TRANSCOM explanation “MAC” to “AMC”  
replace AMC explanation with “See AMC”  
add “USDP US Disclosure Policy”  
delete from USD(P) explanation “US Disclosure Policy”  
add “WCF Working Capital Funds (formerly DBOF, includes Army, Navy, Air Force, and DoD WCFs)”

Appendix B. Change, delete, or add in alphabetic order the following:

delete “Defense Business Operating Fund” and its definition.  
add “Major Non-NATO Ally - A country designated in accordance with FAA Sec 517 as a major non-NATO ally for the purposes of the FAA and AECA, initial designations are Australia, Egypt, Israel, Japan, the Republic of Korea, and New Zealand.”

Appendix D.

in item 14 (pg D-4),  
change “Defense Communications Agency” to “Defense Information Systems Agency (DISA)”  
change Naval International Logistics Control Office (NAVILCO)” to “Navy Inventory Control Point (NAVICP)”  
change “Defense Mapping Agency” to “National Imaging and Mapping Agency (NIMA)”  
change “Defense Nuclear Agency” to “Defense Special Weapons Agency (DSWA)”  
in items 16 and 20, change “SAAC” to “DFAS-DE”  
in item 51.a., change “Defense Communications Agency” to “Defense Information Systems Agency”  
in item 51.b.,  
change “Defense Communications Agency” to “Defense Information Systems Agency (DISA)”

change "Defense Mapping Agency (DMA)" to "National Imaging and Mapping Agency (NIMA)"

change "Security Assistance Accounting Center (SAAC)" to "Defense Finance and Accounting Service - Denver (DFAS-DE)"

change "Defense Nuclear Agency (DNA)" to "Defense Special Weapons Agency (DSWA)"

in item 52, change "SAAC" to "DFAS-DE" each time it appears

Table D-1.A. (pg D-19)

in Action Code Y line, delete "or does not match MASL"

add "3-4-P-Q U Does not match MASL"

in Action Code L line, delete "or add with an existing RCN"

add "3-4 P Add has RCN which already exists on master file"

Appendix E.

delete para D.1.(starting pg E-1). Change introductory for D.2. to "**D. Excess Defense Articles Sold Under RCS DSAA(Q)1118**"

delete Table E-1 ("Price and Availability Report (RCS: DSAA(Q)1118"), SAMM pg E-4)

in Table E-6, replace item 22. (pg E-15) with "22. Deleted"

Table F-3. Replace with table at attachment 4.

Index. Insert "Offshore Procurement, 902-5"

The following acronyms or abbreviations are used in this table:

**Country/Organization and Code** The short names and two digit Codes 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. Publication 10-4, "Federal Information Processing Standards", maintained by NIMA. 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 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	F <sub>1</sub>		
<del>Albania</del>	<del>AL</del>	<del>EU</del>	<del>EUR</del>	<del>F</del>		
Albania	AL	EU	EUR	F		T
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	<del>EU</del> NR	EUR			
Australia	AT (AS)	PA	EAP	F	U	
Austria	AU	EU	EUR	F	U	
Azerbaijan	AJ	<del>EU</del> NR	EUR			

<u>Country</u>	<u>Code</u>	<u>UCOM</u>	<u>Reg</u>	<u>FMS</u>	<u>DU</u>	<u>DTS</u>
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	<del>EU</del> NR	EUR			
Belgium	BE	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		T
Bolivia INC	D1	SO	AR	F		
<del>Bosnia-Herzegovena</del>	<del>BK</del>	<del>EU</del>	<del>EUR</del>			
Bosnia and Herzegovina	BK	EU	EUR	F		
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	
<del>Bulgaria</del>	<del>BU</del>	<del>EU</del>	<del>EUR</del>	<del>F</del>		
Bulgaria	BU	EU	EUR	F		T
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		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			
<del>Czech Republic</del>	<del>EZ</del>	<del>EU</del>	<del>EUR</del>	<del>F</del>		
Czech Republic	EZ	EU	EUR	F		T

<u>Country</u>	<u>Code</u>	<u>UCOM</u>	<u>Reg</u>	<u>FMS</u>	<u>DU</u>	<u>DTS</u>
Denmark	DE (DA)	EU	EUR	F	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	
El Salvador	ES	SO	AR	F	U	T
Equatorial Guinea	EK	EU	AFR	F		T
Eritrea	ER	CE	AFR	F		
<del>Estonia</del>	<del>EN</del>	<del>EU</del>	<del>EUR</del>	<del>F</del>		
Estonia	EN	EU	EUR	F		T
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
<del>Georgia</del>	<del>GG</del>	<del>EU</del>	<del>EUR</del>			
Georgia	GG	NR	EUR	F		
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			
<del>Hungary</del>	<del>HU</del>	<del>EU</del>	<del>EUR</del>	<del>F</del>		
Hungary	HU	EU	EUR	F		T



<u>Country</u>	<u>Code</u>	<u>UCOM</u>	<u>Reg</u>	<u>FMS</u>	<u>DU</u>	<u>DTS</u>
IcelandIL (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	
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
<del>(Kampuchea) See Cambodia</del>						
<del>Kazakhstan</del>	<del>KZ</del>	<del>EU</del>	<del>EUR</del>			
<del>Kazakstan</del>	<del>KZ</del>	<del>NR</del>	<del>EUR F</del>			
Kenya	KE	CE	AFR F		U	T
Kiribati	KR	PA	EAP			
Korea (Seoul)	KS	PA	EAP F		U	
Kuwait	KU	CE	NESA F		U	
<del>Kyrgyzstan</del>	<del>KG</del>	<del>EU</del>	<del>EUR</del>			
<del>Kyrgyzstan</del>	<del>KG</del>	<del>NR</del>	<del>EUR F</del>			
Laos	LA	PA	EAP F <sub>1</sub>			
<del>Latvia</del>	<del>LG</del>	<del>EU</del>	<del>EUR F</del>			
<del>Latvia</del>	<del>LG</del>	<del>EU</del>	<del>EUR F</del>			T
Lebanon	LE	EU	NESA F		U	
Lesotho	LT	EU	AFR F			T
Liberia	LI	EU	AFR F		U	T
Libya	LY	EU	NESA F <sub>1</sub>			
Liechtenstein	LS	EU	EUR			
<del>Lithuania</del>	<del>LH</del>	<del>EU</del>	<del>EUR F</del>			
<del>Lithuania</del>	<del>LH</del>	<del>EU</del>	<del>EUR F</del>			T
Luxembourg	LX (LU)	EU	EUR F		U	
Macau (PT)	MC	PA	EAP			
<del>Macedonia</del>	<del>MK</del>	<del>EU</del>	<del>EUR</del>			
<u>Macedonia, Former Yugoslav</u>						
Republic of (FYROM)	MK	EU	EUR F			T
Madagascar	MA	PA	AFR F			T
Malawi	MI	EU	AFR F			T
Malaysia	MF (MY)	PA	EAP F		U	
Maldives	MV	PA	NESA			

<u>Country</u>	<u>Code</u>	<u>UCOM</u>	<u>Reg</u>	<u>FMS</u>	<u>DU</u>	<u>DTS</u>
Mali	RM (ML)	EU	AFR	F		T
Malta	MT	EU	EUR	F	U	
Marshall Islands	R1 (RM)	PA	EAP	F		
Martinique (FR)	MB	AT	AR			
Mauritania	MR	EU	AFR	F		T
Mauritius	MP	PA	AFR	F		T
Mexico	MX	<del>SONR</del>	AR	F	U	
Micronesia	FM	PA	EAP	F		
<del>Moldova</del>	<del>MD</del>	<del>EU</del>	<del>EUR</del>			
<del>Moldova</del>	<del>MD</del>	<del>NR</del>	<del>EUR</del>	<del>F</del>		
Monaco	MN	EU	EUR			
<del>Mongolia</del>	<del>MG</del>	<del>PA</del>	<del>EAP</del>			
<del>Mongolia</del>	<del>MG</del>	<del>PA</del>	<del>EAP</del>	<del>F</del>		
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			
Nepal	NP	PA	NESA	F	U	
Netherlands	NE (NL)	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	F <sub>1</sub>		
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	
Oman	MU	CE	NESA	F	U	
Pakistan	PK	CE	NESA	F <sub>1</sub>	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			
<del>Poland</del>	<del>PL</del>	<del>EU</del>	<del>EUR</del>	<del>F</del>		
<del>Poland</del>	<del>PL</del>	<del>EU</del>	<del>EUR</del>	<del>F</del>		<del>T</del>
Portugal	PT (PO)	EU	EUR	F	U	

<u>Country</u>	<u>Code</u>	<u>UCOM</u>	<u>Reg</u>	<u>FMS</u>	<u>DU</u>	<u>DTS</u>
Qatar	QA	CE	NESA	F	U	
Reunion (FR)	RE	PA	AFR			
<del>Romania</del>	<del>RO</del>	<del>EU</del>	<del>AFR</del>	<del>F</del>		
Romania	RO	EU	AFR	F		T
<del>Russia</del>	<del>RS</del>	<del>EU</del>	<del>EUR</del>			
Russia	RS	NR	EUR	F		
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	<u>PACE</u>	AFR	F		T
Sierra Leone	SL	EU	AFR	F		T
Singapore	SN	PA	EAP	F	U	
<del>Slovak Republic</del>	<del>LO</del>	<del>EU</del>	<del>EUR</del>	<del>F</del>		
Slovak Republic	LO	EU	EUR	F		T
<del>Slovenia</del>	<del>S3 (SI)</del>	<del>EU</del>	<del>EUR</del>			
Slovenia	S3(SI)	EU	EUR	F		T
Solomon Islands	BP	PA	EAP	F		
Somalia	SO	CE	AFR	F		T
<del>South Africa</del>	<del>UA (SF)</del>	<del>EU</del>	<del>AFR</del>			
South Africa	UA(SF)	EU	AFR	F		
Spain	SP	EU	EUR	F	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	<u>EUNR</u>	EUR			
<del>Turkmenistan</del>	<del>TX</del>	<del>EU</del>	<del>EUR</del>			
Thailand	TH	PA	EAP	F	U	

<u>Country</u>	<u>Code</u>	<u>UCOM</u>	<u>Reg</u>	<u>FMS</u>	<u>DU</u>	<u>DTS</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	
<u>Turkmenistan</u>	<u>TX</u>	<u>NR</u>	<u>EUR</u>	<u>F</u>		
Turks and Caicos (UK)	TS	AT	AR			
Tuvalu	TV	PA	EAP			
Uganda	UG	EU	AFR	F		T
<del>Ukraine</del>	<del>UP</del>	<del>EU</del>	<del>EUR</del>			
<del>Ukraine</del>	<del>UP</del>	<del>NR</del>	<del>EUR</del>	<del>F</del>		
<del>United Arab Emirates</del>	<del>TC</del>	<del>CE</del>	<del>NESA</del>	<del>F</del>	<del>U</del>	
<u>United Arab Emirates (UAE)</u>	<u>TC(to 9/1/97)</u>	<u>CE</u>	<u>NESA</u>	<u>F</u>	<u>U</u>	
<u>UAE after 9/1/97</u>	<u>AE</u>	<u>CE</u>	<u>NESA</u>	<u>F</u>	<u>U</u>	
United Kingdom	UK	EU	EUR	F	U	
UK Polaris Project	UZ	EU	EUR			
Uruguay	UY	SO	AR	F	U	T
<del>Uzbekistan</del>	<del>U2</del>	<del>EU</del>	<del>EUR</del>			
<u>Uzbekistan</u>	<u>U2</u>	<u>NR</u>	<u>EUR</u>	<u>F</u>		
Vanuatu	NH	PA	EAP	F		
Venezuela	VE	SO	AR	F	U	
Vietnam	VS (VM)	PA	EAP	<u>F<sub>1</sub></u>		
Western Sahara	WI	EU	AFR			
Western Samoa	WS	PA	EAP	F		
Yemen	YE (YM)	CE	NESA	<u>F<sub>1</sub></u>		
Yemen, Aden	YS (YM)	CE	NESA			
Zaire	CX (CG)	EU	AFR	F		T
<del>Zambia</del>	<del>ZA</del>	<del>EU</del>	<del>AFR</del>	<del>F</del>		
<u>Zambia</u>	<u>ZA</u>	<u>EU</u>	<u>AFR</u>	<u>F</u>		<u>T</u>
Zimbabwe	ZI	EU	AFR	F		T

<u>Organization</u> <u>v2 /Other</u>	<u>Code</u>	<u>UCOM</u>	<u>Reg</u>	<u>FMS</u>	<u>DU</u>	<u>DTS</u>
Central Treaty Organization (CENTO)	T3	NR	NR			
DSAA\DFAS reserved						
Airborne Warning and Control System	W1	NR	NR <sub>3</sub>			
Department of Defense	00	NR	NR			
European Participating Grp F16 follow on	PG	NR	NR			

Organization \2 /Other	Code	UCOM	Reg	FMS	DU	DTS
Expanded IMET (Nonspecific)	66	NR	NR			
F-16, Belgium	F1	NR	NR			
F-16, Denmark	F2	NR	NR			
F-16, Netherlands	F3	NR	NR			
F-16, Norway	F4	NR	NR			
FAA Grants - Other	S7	NR	NR			
FAA Sec 607 Sales, Reimbursable (Delayed Payment)	S5	NR	NR			
FAA Sec 607 Sales, Payment in Advance	S6	NR	NR			
FAA Sec 632 Transactions	S4	NR	NR			
FMF Admin (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 Prop Sales and Disposal (MAPSAD)	M2	NR	NR			
NAMSA Nike Training Center	K6	NR	NR			
Pan Canal Area Mil Schools (PACAMS)	11	SO	AR			
Seasparrow (Sec 1004, P.L. 98-525)	N3	NR	NR <sup>3</sup>			
Special Defense Acquisition Fund (SDAF)	D2	NR	NR			
Intl Civil Def Organization (ICDO)	T8	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 Agcy (NACISA)	K4	EU	EUR	F	U	
Euro Fighter Acft Dev, Prod, & Log Mgt Agency (NEFMA)	M1	EU	EUR	F	U	
HAWK Prod & Log Org (NHPL0)	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	
<del>NAMSA General Other</del>	<del>M9</del>	<del>EU</del>	<del>EUR</del>	<del>F</del>	<del>U</del>	
NAMSA-HAWK	N7	EU	EUR	F	U	
NAMSA Nike Training Center (NNTC)	K6	EU	EUR	F	U	
<del>NAMSA Patriot</del>	<del>M8</del>	<del>EU</del>	<del>EUR</del>	<del>F</del>	<del>U</del>	
NAMSA-Weapons	M5	EU	EUR	F	U	
Southern Region Signal/Communications	M7	EU	EUR	F	U	
Supreme Allied Cmdr, Atlant (SACLANT)	K5	EU	EUR	F	U	
<del>Organization of African Unity</del>	<del>A3</del>	<del>NR</del>	<del>NR</del>	<del>F</del>		
Supreme HQ, Allied Pwrs, Eur (SHAPE)	A2	EU	EUR	F	U	

<u>Organization \2 /Other</u>	<u>Code</u>	<u>UCOM</u>	<u>Reg</u>	<u>FMS</u>	<u>DU</u>	<u>DTS</u>
Organization of African Unity	A3	NR	NR	F		
<del>Organization of American States (OAS)</del>	<del>A1</del>	<del>NR</del>	<del>NR</del>	<del>F</del>		
Organization of American States (OAS)	A1	NR	NR	F		T
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			
SE Asia Treaty Organzn (ceased 24 Sep 75)	T4	NR	NR			
Trust Territory, Pacific Islands	PS	PA	EAP			
United Nations	T9	NR	NR	F		
International Civil Aviation Org (ICAO)	T7	NR	NR	F		
Ofc for the Coord of UN Humanitarian and Economic Assistance Progs (UNOCHA)	A4	NR	NR	F		
<u>Dept of Humanitarian Affairs (UNDHA)</u>	<u>A5</u>	<u>NR</u>	<u>NR</u>	<u>F</u>		

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 African Unity (OAU)  
 Organization of American States (OAS)  
 United Nations (UN) and its agencies  
 International Commission of Control and Supervision in Vietnam (inactive)  
 International Commission of Control and Supervision in Laos (inactive)

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

MEMORANDUM FOR THE CHAIRMAN, JOINT CHIEFS OF STAFF

ASSISTANT SECRETARY OF DEFENSE  
(ECONOMIC SECURITY), OUSD(A&T)

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

(\*) The attached request from [**Country or International Organization**] for [**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 by [**Normally 15 days from date of this memo**]. My point of contact for this action is [**Name, office symbol, and phone number of DSAA contact**].

(Space for signature by Director  
or Deputy Director, DSAA)

Attachment[s]  
as stated

Copy furnished:

OJCS, Director, J-5  
DTSA(TSPD)  
OASD(ISA)  
Applicable SAO  
Applicable DoD Component  
Applicable Unified Command

\*Memoranda will be classified if applicable.

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

Attachment 2

Replace paragraph 130104.B. and 130104.B.1 with the following:

**B. Cost Recoupment Waivers and Exclusions** Some charges may be excluded or waived (including reductions) in certain circumstances. DoD 7000.14-R, Vol. 15, paragraph 070104.C. provides more detail on these charges.

**1. Nonrecurring Cost (NC) Charges**

a. Exclusions. NC charges are exempted by the AECA and the FAA for those countries and organizations whose LOAs are fully financed with MAP grant or other funds made available on a nonrepayable basis. NC charges apply only to government-to-government sales of MDE. New sales of non-MDE are not eligible for the charge. This policy does not nullify or modify government-to-government agreements for waivers of NC that were signed prior to 1 January 1982.

b. Waivers. Authority to approve NC waivers is vested in the SecDef and delegated to the Director, DSAA. Waiver requests are Purchaser-initiated and sent to the responsible MILDEP for submittal to DSAA. Requests for waiver must be submitted to DSAA prior to acceptance of the LOA (or Amendment for increased quantities). All waivers are on a case-by-case basis—blanket waivers will not be considered. NC charges may be waived or reduced as follows:

(1) For particular sales that would significantly advance US interests in NATO standardization, standardization with the armed forces of Japan, Australia, or New Zealand, or foreign procurement in the US under coproduction arrangements. Waivers, including reductions, must be specified by law and are not provided by general agreements.

(2) For the sale of MDE that is also being procured for the use of US Armed Forces and the sale results in a savings to the US. Waiver requests using this justification must be validated by the applicable MILDEP to determine if US cost savings would be realized. The savings must substantially offset the revenue foregone by the potential waiver. The determination will be coordinated with the MILDEP's comptroller organization and should be provided to DSAA prior to the LOA or Amendment being submitted for countersignature. This waiver authority does not apply to a sale from stock unless the equipment is being replaced by procurement of additional equipment which DoD is currently procuring for use by US Armed Forces.

(3) For sales when imposition of the charge would likely result in the loss of the sale. Waiver requests using this justification should indicate that denial of the waiver request would result in the loss of the sale. The competing item and its cost, if known, should be identified. The request should be signed by a country representative authorized to accept (sign) LOAs. Acceptance by the Purchaser of the LOA or amendment will negate this basis for a waiver request. In order to expedite processing,

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the request should be submitted with the LOR. The MILDEP should forward the request to DSAA immediately upon receipt.

(4) For sales when an increase in NC charges results from the correction of an estimate of the production quantity base that was used for calculating the charge. Requests for waiver using this justification are not necessary. DoD policy in DoD Directive 2140.2 provides that "approved revised NC recoupment charges shall not be applied retroactively to accepted foreign military sales agreements."

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Replaces present  
Table

TABLE F-3

TRANSPORTATION COST LOOK-UP TABLE

<u>NSN</u>	<u>ITEM</u>	1-Oct-96 PUBLISHED CODE 6*	1-Oct-96 PUBLISHED CODE 8*	1-Oct-96 PUBLISHED CODE 9*
<u>ARMY ANNEX</u>				
<u>ATACMS</u>				
1427-01-274-3904	GUIDED MISSILE AND LAUNCH POD ASSEMBLY, M39	\$3,328	\$2,246	\$15,956
<u>CHAPARRAL</u>				
1410-01-095-3248	MISSILE, GM, INTERCEPT AERIAL, MIM-72E	\$529	\$313	\$1,555
1410-01-150-2863	MISSILE, GM, INTERCEPT AERIAL, MIM-71F	\$529	\$313	\$1,555
1410-01-216-3775	MISSILE, GM, INTERCEPT AERIAL, MIM-72N	\$529	\$313	\$1,555
1440-00-937-3859	SYS, MISSILE, GM INTERCEPT AERIAL, CARRIER MTD, M48	\$16,069	\$4,809	\$74,903
1440-01-069-8877	MISSILE, GM, INTERCEPT AERIAL, CARRIER MTD, M48A1	\$18,009	\$6,749	\$80,641
1440-01-106-3089	MISSILE, GM, INTERCEPT AERIAL, CARRIER MTD, M48A2	\$18,009	\$6,749	\$80,641
1440-01-181-6002	FLIR	\$380	\$265	\$1,519
1440-01-198-5892	MISSILE, GM, INTERCEPT AERIAL, MTD, M48A2E1	\$18,009	\$6,749	\$79,073
4935-01-104-9827	AN/TSM-96A	\$14,512	\$8,103	\$49,989
<u>DRAGON</u>				
1427-00-163-8959	MISSILE	\$187	\$126	\$545
1430-00-078-8340	TRACKER	\$660	\$645	\$1,101
1430-01-046-9594	NIGHT TRACKER	\$715	\$669	\$1,389

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## TRANSPORTATION COST LOOK-UP TABLE

<u>NSN</u>	<u>ITEM</u>	1-Oct-96	1-Oct-96	1-Oct-96
		PUBLISHED <u>CODE 6*</u>	PUBLISHED <u>CODE 8*</u>	PUBLISHED <u>CODE 9*</u>
<b>HAWK</b>				
1337-00-484-8551	ROCKET MOTOR, M112	\$1,084	\$795	\$4,807
1410-00-234-3266	MISSILE	\$3,477	\$2,034	\$12,270
1410-01-173-9990	MISSILE, MEI	\$3,477	\$2,034	\$12,270
1430-00-103-5270	IPCP, AN/MSW-11	\$15,982	\$6,032	\$51,375
1430-00-135-0267	ICWAR	\$9,395	\$2,849	\$30,598
1430-00-169-1859	ICC	\$16,601	\$6,389	\$52,290
1430-00-178-8453	PAR	\$11,860	\$3,219	\$39,024
1430-00-178-8454	ROR	\$8,780	\$2,757	\$28,518
1430-00-782-9816	HPI	\$15,678	\$6,251	\$48,760
1430-00-880-3357	AN/TPQ-29	\$7,848	\$4,369	\$27,217
1430-01-042-4907	ICWAR/PIP, PHASE I	\$9,395	\$2,849	\$30,598
1430-01-042-4908	PAR/PIP, PHASE I	\$15,092	\$5,142	\$49,017
1430-01-042-4910	BCC/PIP, PHASE I	\$8,496	\$4,651	\$29,629
1430-01-042-4915	IPCP, PHASE I	\$15,982	\$6,032	\$51,375
1430-01-042-4918	ICC/PIP, PHASE I	\$16,293	\$6,343	\$51,762
1430-01-078-9643	HPI/PIP, PHASE II	\$15,678	\$6,251	\$48,760
1430-01-084-1130	IBCC, PHASE II	\$8,496	\$4,651	\$29,629
1430-01-084-1131	IPCP, PHASE II	\$15,982	\$6,032	\$51,375
1430-01-180-5318	PCP/PIP PHASE III	\$16,293	\$6,343	\$51,762
1430-01-181-5884	B&P, PHASE III	\$16,293	\$6,343	\$51,762
1430-01-184-6768	CWAR/PIP PHASE III	\$8,471	\$2,710	\$27,579
1430-01-191-8780	HPI/PIP PHASE III	\$15,678	\$6,251	\$48,760
1440-00-602-5055	LSCB, PHASE I	\$137	\$119	\$545
1440-00-805-3012	LAUNCHER	\$8,450	\$4,422	\$29,927
1450-00-066-8873	LOADER, XM501E3	\$6,339	\$2,109	\$21,776
4935-00-133-9770	SHOP EQUIP, AN/TSM-112 W/SM 35 BEAM	\$2,503	\$1,771	\$8,545
4935-00-604-7460	IAFU OMC GRD	\$1,856	\$1,490	\$5,276
4935-00-782-1957	SHOP EQUIP, AN/TSM-105	\$7,848	\$4,369	\$27,217
4935-00-880-4510	SHOP EQUIP, AN/TSM-107	\$7,848	\$4,369	\$27,217
4935-01-042-4909	SHOP EQUIP, AN/TSM-107 PIP PHASE I	\$7,848	\$4,369	\$27,217
4935-01-043-2244	SHOP EQUIP (NO. 1), PHASE I	\$10,116	\$5,355	\$35,940
4935-01-051-8691	SHOP EQUIP, AN/TSM-104, PHASE 1	\$7,848	\$4,369	\$26,756

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TRANSPORTATION COST LOOK-UP TABLE

<u>NSN</u>	<u>ITEM</u>	1-Oct-96	1-Oct-96	1-Oct-96
		<u>PUBLISHED</u>	<u>PUBLISHED</u>	<u>PUBLISHED</u>
		<u>CODE 6*</u>	<u>CODE 8*</u>	<u>CODE 9*</u>
4935-01-067-3362	SHOP EQUIP, GM, AN/TSM-120, PHASE II	\$2,503	\$1,771	\$9,155
4935-01-083-3128	SHOP EQUIP (NO. 8), PHASE II	\$7,333	\$2,572	\$23,921
4935-01-083-3129	SHOP EQUIP (NO. 1), PHASE II	\$10,116	\$5,355	\$35,940
4935-01-085-5618	SHOP EQUIP (NO. 9), PHASE II	\$6,623	\$2,433	\$20,569
4935-01-085-5679	SHOP EQUIP (NO. 9), PHASE II	\$4,680	\$3,948	\$13,645
4935-01-091-4450	TAS MAINT. KIT PHASE II	\$2,241	\$1,325	\$8,065
4935-01-218-7088	SHOP EQUIP (NO. 8), PHASE III	\$7,547	\$2,572	\$23,921
4935-01-218-7089	SHOP EQUIP (NO. 1), PHASE III	\$9,239	\$4,264	\$27,713
4935-01-223-9122	T.A.G., PHASE III	\$3,294	\$2,928	\$10,375
4935-01-282-9256	SHOP EQUIP (NO. 20), PHASE III	\$27,378	\$7,477	\$92,468
4935-01-286-5599	SHOP EQUIP (NO. 21), PHASE III	\$26,639	\$6,738	\$90,858
5821-00-102-8668	TRANSMITTING SET	\$137	\$119	\$435
<b><u>HELLFIRE</u></b>				
1410-01-126-4662	AGM-114A MISSILE	\$238	\$148	\$922
1410-01-192-0293	AGM-114C MISSILE	\$238	\$148	\$922
1410-01-332-2471	AGM-114F MISSILE	\$275	\$174	\$1,026
1410-01-422-1054	AGM-114K1 MISSILE	\$264	\$174	\$962
1410-01-425-4469	AGM-114K3 MISSILE	\$264	\$174	\$962
<b><u>HELICOPTER, UH-1H</u></b>				
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

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## TRANSPORTATION COST LOOK-UP TABLE

<u>NSN</u>	<u>ITEM</u>	1-Oct-96	1-Oct-96	1-Oct-96
		PUBLISHED <u>CODE 6*</u>	PUBLISHED <u>CODE 8*</u>	PUBLISHED <u>CODE 9*</u>
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
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)	\$18,769	\$6,200	\$121,854
1055-01-251-9756	MLRS LAUNCHER (202 CONFIG)	\$18,769	\$6,200	\$121,854
1055-01-329-6826	MLRS LAUNCHER (203 CONFIG)	\$18,769	\$6,200	\$121,854
1340-01-122-3506	MLRS ROCKET POD, TACTICAL	\$2,973	\$1,891	\$16,129
1340-01-149-0918	MLRS ROCKET POD, PRACTICE	\$2,973	\$1,891	\$16,129
1340-01-370-9666	MLRS REDUCE RANGE, PRACTICE	\$2,973	\$1,891	\$16,119
<u>PATRIOT</u>				
1410-01-087-6343	GM, INTERCEPT AERIAL, MIM-104	\$5,492	\$3,327	\$14,513
1410-01-205-7066	GM, INTERCEPT AERIAL, MIM-104-A	\$5,492	\$3,327	\$14,513
1410-01-267-6685	GM, INTERCEPT AERIAL, MIM-104-B	\$5,492	\$3,327	\$14,513
1410-01-286-9689	GM, INTERCEPT AERIAL, MIM-104-C	\$5,492	\$3,327	\$14,513
1430-01-087-6330	RADAR SET, AN/MPQ-53	\$35,404	\$10,790	\$134,287
1430-01-087-6337	AN/MSQ-116, INFORMATION COORDINATION CENTRAL	\$33,304	\$10,523	\$112,549
1430-01-087-6338	AN/MGQ-104, ENGAGEMENT CONTROL STATION	\$33,304	\$10,523	\$112,549
1430-01-131-5373	ANTENNA MAST GROUP OA-9054 (V) 4/G	\$31,558	\$9,563	\$118,430

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## TRANSPORTATION COST LOOK-UP TABLE

<u>NSN</u>	<u>ITEM</u>	1-Oct-96	1-Oct-96	1-Oct-96
		PUBLISHED <u>CODE 6*</u>	PUBLISHED <u>CODE 8*</u>	PUBLISHED <u>CODE 9*</u>
1430-01-131-5427	AN/MRC-137 COMMUNICATIONS CONTROL GROUP	\$32,476	\$9,695	\$104,805
1440-01-087-9844	M901, LAUNCHING STATION	\$32,458	\$9,677	\$104,805
4935-01-136-0233	SHOP EQUIPMENT, GM SYSTEM, AN/TSM-16 (BMG)	\$27,067	\$6,172	\$87,552
2330-01-130-7980	SEMI-TRAILER, MAINTENANCE M1032 (SRPT)	\$26,767	\$6,134	\$86,838
4935-01-134-8713	SHOP EQUIPMENT, GM SYSTEM AN/TSM-163 (BME)	\$27,067	\$6,172	\$87,561
4935-01-182-0578	MAINTENANCE CENTER CONTACT TEAM AN/TCM-1	\$31,259	\$9,525	\$110,209
6130-01-109-9112	POWER SUPPLY	\$964	\$781	\$5,946
1430-01-239-6723	MODULATOR	\$894	\$711	\$5,128
1430-01-260-4963	EXCITER GROUP	\$1,461	\$1,415	\$3,045
1430-01-111-2419	MICROWAVE DEVICE	\$375	\$250	\$1,378
1430-01-092-4032	EXCITER GROUP	\$1,446	\$1,409	\$2,987
1430-01-234-1498	MICROWAVE DEVICE	\$574	\$400	\$2,021
1430-01-219-5560	COOLER LIQUID	\$937	\$653	\$4,097
1430-01-139-9738	EXCITER GROUP	\$216	\$165	\$794
5960-01-110-2668	ELECTRON TUBE	\$280	\$216	\$1,065
5960-01-091-0668	ELECTRON TUBE	\$240	\$176	\$825
1430-01-387-8436	GM, INTERCEPT AERIAL, MIM-104-D	\$5,492	\$3,327	\$14,513
<b><u>REDEYE</u></b>				
1425-00-930-9923	M41 GUIDED MISSILE SYS	\$156	\$109	\$384
1425-01-078-9258	M41 MISSILE W/METL CONT.	\$191	\$126	\$507
1425-01-078-9259	M41 MISSILE ASSEMBLY	\$152	\$105	\$380
6920-00-809-0399	GUIDED MISSILE TRAINING SET	\$340	\$307	\$901
<b><u>STINGER</u></b>				
1425-01-024-9982	WPN ROUND	\$257	\$169	\$629
1427-01-024-9967	MSL ROUND	\$164	\$110	\$531
1427-01-219-7116	WPN ROUND, LESS GRIPSTOCK	\$220	\$137	\$563
1427-01-325-3158	MISSILE ROUND	\$164	\$110	\$531
1427-01-325-3160	WEAPON ROUND, PARTIAL	\$185	\$120	\$543

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TRANSPORTATION COST LOOK-UP TABLE

NSN	ITEM	1-Oct-96	1-Oct-96	1-Oct-96
		PUBLISHED	PUBLISHED	PUBLISHED
		CODE 6*	CODE 8*	CODE 9*
1440-01-170-8618	GRIPSTOCK - CONTROL GROUP	\$38	\$33	\$116
1440-01-281-9458	GRIPSTOCK, CONTROL GROUP	\$37	\$32	\$115
6920-01-024-6948	THT	\$316	\$274	\$980
6920-01-246-0701	CAPTIVE FLIGHT TRAINER	\$316	\$274	\$902
6920-01-283-7826	TRAINING SET	\$316	\$274	\$902
1440-01-024-6931	GRIPSTOCK - CONTROL GROUP	\$36	\$31	\$114
1440-01-111-7791	LAUNCH TUBE ASSEMBLY	\$662	\$629	\$1,559

THERMAL IMAGERY

5855-01-037-7340	NIGHT SIGHT, AN/TAS-6	\$534	\$519	\$1,082
5855-01-037-7341	AN/TAM-3	\$300	\$212	\$1,096
5855-01-083-9051	AN/UAS-11	\$703	\$593	\$2,341
5855-01-154-3871	AN/TAM-3A	\$474	\$300	\$1,963
5855-01-173-0808	NIGHT SIGHT, AN/UAS-12B	\$582	\$540	\$1,680

TOW

1410-01-007-2507	MISSILE	\$154	\$107	\$526
1410-01-007-2508	MISSILE	\$149	\$102	\$515
1410-01-106-8514	I-TOW	\$154	\$107	\$526
1410-01-135-2092	TOW-2 MISSILE	\$154	\$107	\$526
1410-01-137-9976	MISSILE, PRACTICE	\$149	\$102	\$515
1410-01-180-6790	I-TOW MISSILE W/CLM & MVIC	\$154	\$107	\$526
1410-01-229-9948	MISSILE	\$154	\$107	\$526
1410-01-257-7583	I-TOW MISSILE	\$154	\$107	\$526
1410-01-257-7584	TOW MISSILE, W/CLM	\$154	\$107	\$526
1410-01-257-7585	TOW PRACTICE MISSILE, W/CLM	\$149	\$102	\$515
1410-01-300-0254	TOW-2A MISSILE W/CLM, BGM-71E-1B	\$154	\$107	\$526
1410-01-301-0815	TOW-2 MISSILE W/CLM, BGM-71D-1B	\$154	\$107	\$526
1410-01-303-5172	TOW-2 MISSILE	\$149	\$102	\$515
1410-01-309-8302	TOW PRACTICE MISSILE W/CLM, BTM-71A-1B	\$149	\$102	\$515

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TRANSPORTATION COST LOOK-UP TABLE

<u>NSN</u>	<u>ITEM</u>	1-Oct-96	1-Oct-96	1-Oct-96
		PUBLISHED <u>CODE 6*</u>	PUBLISHED <u>CODE 8*</u>	PUBLISHED <u>CODE 9*</u>
1410-01-309-8303	I-TOW MISSILE W/CLM, BGM-71C-2B	\$154	\$107	\$526
1410-01-313-5364	TOW PRACTICE MISSILE W/CLM & DEU	\$149	\$102	\$515
1410-01-313-5365	I-TOW MISSILE, W/CLM & DEU	\$154	\$107	\$526
1410-01-313-5366	TOW-2 MISSILE	\$154	\$107	\$526
1410-01-313-5367	TOW-2A MISSILE	\$154	\$107	\$526
1410-01-322-5333	TOW-2B MISSILE	\$154	\$107	\$526
1410-01-343-8924	BTM-71E-2B PRACTICE MISSILE	\$149	\$102	\$515 \$0
1410-01-370-2288	TOW, 2A GUIDED MISSILE BGM-71E-4B	\$154	\$107	\$531
1410-01-370-2289	TOW, 2A GUIDED MISSILE BGM-71E-4B	\$149	\$102	\$526
1410-01-370-2292	TOW, 2A PRACTICE MISSILE BTM-7E-3B	\$154	\$107	\$525
1440-00-169-1764	LCHR	\$1,821	\$1,455	\$4,402
1440-01-104-9834	LCHR, TUBULAR, GM, TOW-2	\$1,779	\$1,455	\$4,840
1440-01-271-3015	TOW-2 LAUNCHER	\$1,779	\$1,455	\$4,840
1440-01-298-9788	TOW-2 LAUNCHER	\$1,779	\$1,455	\$4,840
4935-00-150-5905	CSS	\$3,577	\$1,929	\$13,782
4935-01-070-3426	FIELD TEST SET, TOW 2	\$1,309	\$943	\$4,509
4935-01-082-7023	ICSS	\$3,577	\$1,929	\$13,782
4935-01-114-3919	CSS, TOW-2	\$3,577	\$1,929	\$13,782
4935-01-142-9561	FIELD TEST SET	\$1,309	\$943	\$4,509
4940-01-154-3957	IMP. CSS, TOW-2	\$6,492	\$3,196	\$22,979
5855-01-083-9053	NIGHT SIGHT, AN/TAS-4A	\$699	\$662	\$1,650
5855-01-152-8781	NIGHT SIGHT, AN/UAS-12A	\$708	\$666	\$1,699
5855-01-245-8689	NIGHT SIGHT, AN/UAS-12A	\$708	\$666	\$1,699
5855-01-301-0158	NIGHT SIGHT, AN/UAS-12C	\$708	\$666	\$1,699
6130-01-018-9786	BATTERY CHARGER	\$156	\$114	\$631
6920-00-179-7320	M70 TRAINER, TOW	\$1,309	\$943	\$4,285
6920-01-145-6098	M70 TRAINER, TOW-2	\$1,309	\$943	\$4,285
1410-01-379-8253	BGM-71E-6B	\$154	\$107	\$526



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TRANSPORTATION COST LOOK-UP TABLE

<u>NSN</u>	<u>ITEM</u>	1-Oct-96	1-Oct-96	1-Oct-96
		<u>PUBLISHED</u>	<u>PUBLISHED</u>	<u>PUBLISHED</u>
<u>JAVELIN</u>		<u>CODE 6*</u>	<u>CODE 8*</u>	<u>CODE 9*</u>
1427-01-422-7617	JAVELIN ROUND	\$4,556	\$2,283	\$3,138
6920-01-391-9209	FIELD TACTICAL TRAINER-STUDENT STATION	\$167	\$101	\$673
6920-01-391-9210	FIELD TACTICAL TRAINER-INSTRUCTOR STATION	\$48	\$35	\$311
6920-01-391-9213	MISSILE SIMULATION ROUND	\$123	\$94	\$528
6920-01-391-6744	BASIC SKILLS TRAINER	\$604	\$397	\$2,171
PN 13310701-009	COMMAND LAUNCH UNIT	\$73	\$47	\$364

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TRANSPORTATION COST LOOK-UP TABLE

<u>NSN</u>	<u>ITEM</u>	1-Oct-96 PUBLISHED <u>CODE 6*</u>	1-Oct-96 PUBLISHED <u>CODE 8*</u>	1-Oct-96 PUBLISHED <u>CODE 9*</u>
<b><u>HARM MISSILE</u></b>				
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
<b><u>HARPOON MISSILE</u></b>				
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
1410-01-139-1744	RTM-84D-3	\$1,350	\$988	\$7,352
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
1410-01-253-0241	AGM-84D-1	\$867	\$611	\$4,846
1410-01-235-7042	RGM-84D-3	\$1,350	\$972	\$6,641
1410-01-198-7063	RGM-84D-4	\$1,356	\$979	\$6,940
<b><u>MK 46 TORPEDO</u></b>				
1356-01-282-4662	TORPEDO, MK 46 MOD 5A(S)	\$769	\$494	\$3,658
<b><u>SIDEWINDER MISSILE</u></b>				
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

TABLE F-3

TRANSPORTATION COST LOOK-UP TABLE

<u>NSN</u>	<u>ITEM</u>	1-Oct-96	1-Oct-96	1-Oct-96
		PUBLISHED <u>CODE 6*</u>	PUBLISHED <u>CODE 8*</u>	PUBLISHED <u>CODE 9*</u>
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
<b><u>SPARROW MISSILE</u></b>				
1410-01-149-3507	AIM-7M(F-1 BUILD)	\$4,317	\$3,637	\$3,834
1410-01-306-0435	AIM-7M(H BUILD)	\$2,274	\$1,988	\$3,896
1410-01-320-4823	RIM-7P	\$2,274	\$1,988	\$3,896
1410-01-149-3508	RIM-7M(F-1 BUILD)	\$4,317	\$3,637	\$3,834
1410-01-306-0434	RIM-7M(H BUILD)	\$4,317	\$3,637	\$3,834
1410-01-341-9221	RIM-7/VL	\$4,317	\$3,637	\$3,834
<b><u>P-3 AIRCRAFT</u></b>				
2840-00-T56-A140	T-56 ENGINE	\$3,444	\$1,620	\$7,031
<b><u>TOMAHAWK MISSILE</u></b>				
1410-01-344-5355	UGM-109C	\$2,562	\$1,885	\$3,173

TABLE F-3

TRANSPORTATION COST LOOK-UP TABLE

NSN	ITEM <u>AIR FORCE ANNEX</u>	1-Oct-96	1-Oct-96	1-Oct-96
		PUBLISHED CODE 6*	PUBLISHED CODE 8*	PUBLISHED CODE 9*
<b><u>MAVERICK MISSILE</u></b>				
1410-01-101-8490JE	AGM-65A	\$883	\$552	\$2,871
1410-00-238-1486JE	AGM-65A	\$883	\$552	\$2,871
1410-01-089-2505JE	AGM-65B	\$883	\$552	\$2,871
1410-00-125-6760JE	AGM-65B	\$883	\$552	\$2,871
1410-01-285-0603JE	AGM-65D	\$883	\$552	\$2,946
1410-01-158-2872JE	AGM-65E	\$894	\$575	\$3,834
1410-01-253-8073JE	AGM-65F	\$894	\$575	\$3,834
1410-01-253-5628JE	AGM-65G	\$881	\$552	\$3,793
<b><u>AMRAAM</u></b>				
1410-01-301-3317AL	AIM-120A	\$422	\$345	\$1,263
1410-01-320-7531AL	AIM-120A	\$422	\$345	\$1,263
1410-01-375-0438AL	AIM-120A	\$422	\$345	\$1,263
1410-01-375-0439AL	AIM-120A	\$422	\$345	\$1,263
1410-01-379-4896AL	AIM-120B	\$422	\$345	\$1,263
1410-01-364-8453A	CONTROL SECTION	\$891	\$874	\$1,112
1337-01-383-9721	PROPULSION SECTION	\$1,129	\$1,088	\$1,731
1336-01-385-3212	WARHEAD SECTION	\$1,055	\$1,043	\$1,223
1420-01-381-3232AL	GUIDANCE SECTION	\$982	\$927	\$1,715
<b><u>SIDEWINDER MISSILE</u></b>				
1410-01-135-2771AB	AIM-9L	\$241	\$163	\$1,132
1410-01-137-5971AB	AIM-9E-2	\$241	\$163	\$1,132
1410-01-137-5972AB	AIM-9P-3	\$241	\$163	\$1,132
1410-01-162-9395AB	AIM-9M-3	\$241	\$163	\$1,132
	AIM-9P-5	\$241	\$163	\$1,132
1427-01-255-3015XZ	AIM-9P-4 GCS	\$85	\$64	\$265
1427-01-342-3811XZ	AIM-9P-4 GCS	\$85	\$64	\$265
1427-01-346-8789XZ	AIM-9P-4 GCS	\$85	\$64	\$265
	AIM-9P-5 GCS	\$85	\$64	\$265

TABLE F-3

TRANSPORTATION COST LOOK-UP TABLE

<u>NSN</u>	<u>ITEM</u>	1-Oct-96 PUBLISHED <u>CODE 6*</u>	1-Oct-96 PUBLISHED <u>CODE 8*</u>	1-Oct-96 PUBLISHED <u>CODE 9*</u>
<u>SPARROW MISSILE</u>				
1410-01-135-6176BL	AIM-7E	\$366	\$231	\$2,136
1410-01-168-3591BL	AIM-7M	\$366	\$231	\$2,350
1410-01-168-3592BL	AIM-7M	\$366	\$231	\$2,350
1410-01-308-3789BL	AIM-7M	\$366	\$231	\$2,350
1410-01-308-3788BL	AIM-7M	\$366	\$231	\$2,350
1410-01-326-3308BL	AIM-7E3 GCS	\$476	\$353	\$1,662
1410-01-133-7467BL	AIM-7M GCS	\$436	\$324	\$1,498
1410-01-133-7468BL	AIM-7M GCS	\$436	\$324	\$1,498
1410-01-276-0428BL	AIM-7M GCS	\$436	\$324	\$1,498
1410-01-274-7145BL	AIM-7M GCS	\$436	\$324	\$1,498

\*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).

Joint Chiefs of Staff (OJCS), and all other Defense agencies (hereinafter referred to collectively as "DOD Components") engaged in the management or implementation of security assistance.

**10005 OBJECTIVES.** The general objectives of the Manual are to:

- A. Assure full compliance with the legislative authorities of the FAA, AECA, and other relevant statutes.
- B. Provide an organized compilation of related guidance and procedures.
- C. Facilitate its use as a practical management tool.
- D. Provide a definitive cross-index for ease in its use.
- E. Provide cross-references to other applicable directives and regulations, where appropriate.
- F. Ensure compliance with all policies, procedures, and management reporting requirements.

**10006 BASIC ISSUES AND CHANGES.**

A. The Manual, published in a loose-leaf format, is designed to accommodate changes to policy and procedures with minimum effort.

B. The Defense Security Assistance Agency (DSAA) is responsible for determining and developing all changes to the Manual. Two types of changes are involved--interim and formal. Interim changes will be made through a DSAA message (~~PWA~~) or memorandum format. A formal change, published as required, will incorporate all applicable interim changes issued during the immediate preceding period.

C. Formal changes, sequentially numbered and dated, will be made to the extent feasible by the reissuance, addition or deletion of complete pages. Lines that are being changed will be indicated by an asterisk (\*) in the margins. If a complete rewrite of a paragraph or subparagraph, or the addition of a new paragraph or subparagraph is involved in the pages reissued, only the first line of such paragraph or subparagraph will be annotated with a double asterisk (\*\*).

**10007 DISTRIBUTION.** The Manual and formal changes thereto will be distributed to DOD activities by the Defense Institute of Security Assistance Management (DISAM/DIR), Wright-Patterson Air Force Base, Ohio, 45433-5000. Distribution *within* each MILDEP; i.e., Army, Navy, and Air Force, will be provided through each MILDEP's publications distribution system. The respective points of contact are:

**Navy:** Navy Office of Technology Transfer and Security Assistance  
 ATTN: ~~TEEA-CH~~ *Referral*  
 U.S. Department of the Navy  
 Washington DC 20360-5000

DIRECTOR  
 NAVY INTERNATIONAL PROGRAMS OFFICE  
 111 JEFFERSON DAVIS HWY, SUITE 701E  
 ARLINGTON VA 22202 ATTN: ~~EA-04B~~

**Army:** Department of the Army  
 Deputy Chief of Staff for Logistics  
 Security Assistance Policy Coordinating Office  
 ATTN: ~~DAIOSA~~  
 Rm 3D560, The Pentagon  
 Washington DC 20310-0512

Department of the Army  
 office of the Deputy Under Secretary of the Army for International Affairs  
 Attn: SAWS-IA-DSA-A  
 Washington, DC 20310-0512

**Air Force:** Publication Distribution Center  
 2800 Eastern Blvd.  
 Middle River  
 Baltimore, MD 21220-5000

#### 4. Financing of Sales.

a. US Guaranties. Financing by any individual, corporation, partnership, or other judicial entity doing business in the US (excluding USG agencies other than the Federal Financing Bank) may be guaranteed by the USG if such financing is in connection with FMS or FMCS or direct commercial sales of defense items. Fees shall be charged for such guaranties (Sec 24, AECA).

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

#### D. Logistics Support.

1. DoD considers the support of US origin defense articles to be critical to the success of the SA Program.

2. Systems in use with US forces will be supported through the normal DoD \* procurement system (also see Section 802).

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

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

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

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

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

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.

*Add  
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20202.  
c.3.e*

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 will be included in the LOA with reference to separate publications or correspondence as appropriate.

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.~~

*Delete  
(moved)  
20202.E*



Background

**Wells, Wayne, CIV, DSAA/OPS**

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**To:** O'Brien, Kay, CIV, DSAA/FMPD; Judkins, Kay, CIV, DSAA/PLANS; Ludlow-MacMurray, Susan, DSAA  
**Cc:** Brandt, William, CIV, DSAA/OPS; Rexrode, Beverly, , DSAA/PLAN; Webster, Keith, CIV, DSAA/PLAN  
**Subject:** RE: Training Issue

As info, para 20202.C.3.e. is to become 20202.E in the next SAMM change (to remove from under credits). Not sure how it was placed where it is now--

-----  
From: O'Brien, Kay, CIV, DSAA/FMPD  
To: Judkins, Kay, CIV, DSAA/PLANS; Ludlow-MacMurray, Susan, DSAA  
Cc: Brandt, William, CIV, DSAA/OPS; Rexrode, Beverly, , DSAA/PLAN; Webster, Keith, CIV, DSAA/PLAN; Wells, Wayne, CIV, DSAA/OPS  
Subject: RE: Training Issue  
Date: Tue, Aug 6, 96 2:39PM

Para 20202.C.3.e, policy requires normal travel procedures for DoD personnel traveling on regular defense business be used, (Please disregard that subpara e is in the wrong place i.e. under Credits)

Countries have asked for recent exceptions (Singapore, Saudi) and we held tough.

-----  
From: Ludlow-MacMurray, Susan, DSAA  
To: Judkins, Kay, CIV, DSAA/PLANS  
Cc: Brandt, William, CIV, DSAA/OPS; O'Brien, Kay, CIV, DSAA/FMPD; Rexrode, Beverly, , DSAA/PLAN; Webster, Keith, CIV, DSAA/PLAN; Wells, Wayne, CIV, DSAA/OPS  
Subject: RE: Training Issue  
Date: Tuesday, August 06, 1996 12:39PM

The Fly America act requires US flag carriers only when transportation is paid for with US appropriations. Hence, as a matter of law we cannot require FMTs to use US carriers. JSAT 8-11 encourages use of US carriers, however, by all FMTs. And if a US travel office is buying the tickets (i.e., travel is being paid through the case, hence we are going out and buying something and Malaysia is reimbursing us for it) US travel procedures apply and whatever the travel office buys, the student uses.

If Malaysia were to start insisting on Malaysian flag carriers I would insist that we withdraw the TLA waiver.

-----  
From: Judkins, Kay, CIV, DSAA/PLANS  
To: Ludlow-MacMurray, Susan, DSAA  
Subject: FW: Training Issue  
Date: Tuesday, July 30, 1996 1:34PM  
Priority: High

Susan, the MLO in Malaysia is asking me if we have an answer to their question below. Kay

-----  
From: Webster, Keith, CIV, DSAA/PLAN  
To: Ludlow-MacMurray, Susan  
Cc: Judkins, Kay, CIV, DSAA/PLANS  
Subject: Training Issue  
Date: Wednesday, July 03, 1996 9:43AM  
Priority: High

Issue: Malaysia pays national funds for FMS training cases. Their system is such that we constantly approve an exception allowing them to place travel and living allowance expenses on the FMS case--agreed to by Kay O'Brien of course.

Question: Given that the funds on the FMS case are national funds, cash, can we restrict ticketing of flights to U.S. flag carriers? We can and do with grant funds, but I'm not sure that we have a right to apply the same restriction to national funds.

Thanks

*File Background*

ROUTINE: ZYUW RUEKJCS8355 2762248  
P 031010Z OCT 95  
FM SECDEF WASHINGTON DC//USDP:DSAA/  
TO AIG 578

AS  
DSAA/COMP/FM&PD  
SUBJECT: COMMERCIAL AIR TRAVEL IN SUPPORT OF THE SECURITY ASSISTANCE PROGRAM  
REF: PARAGRAPH 20202.01.E., DOD 5105.38-M SECURITY ASSISTANCE MANAGEMENT MANUAL.  
1. THE REFERENCE PROVIDES GUIDANCE ON THE USE OF SECURITY ASSISTANCE FUNDS (FMS, FMF, OR CASE) FOR COMMERCIAL AIR TRAVEL.  
2. BASED ON CHANGES TO THE JTR/JFTR THIS GUIDANCE IS MODIFIED AS FOLLOWS:  
A. THE PREFERRED METHOD FOR TRAVELING LONG TRIPS (FLIGHTS EXCEEDING 14 HOURS (INCLUDING STOPOVERS)) IN SUPPORT OF SECURITY ASSISTANCE IS ECONOMY CLASS WITH A DAY OF REST AND RECOVERY AT THE TDY SITE. AN ALTERNATIVE IS TO AUTHORIZE A REST STOP (LAYOVER), NOT TO EXCEED 24 HOURS, AS NEAR TO THE MID-POINT OF THE JOURNEY AS POSSIBLE. STOPOVERS AND REST PERIODS SHOULD BE AUTHORIZED ONLY WHEN FLIGHTS FOLLOW A DIRECT OR USUALLY TRAVELED ROUTE AND NOT FOR AN INDIRECT ROUTE FOR PERSONAL CONVENIENCE.  
B. ON A TRUE EXCEPTION BASIS, "BUSINESS CLASS" MAY BE USED FOR SECURITY ASSISTANCE FUNDED TRAVEL. WE EXPECT EACH AGENCY TO CAREFULLY MONITOR THE USE OF THIS CLASS AND ENSURE IT IS USED ON A PRUDENT BASIS AND AVOIDS THE PERCEPTION OF MISUSE OF TAXPAYER OR CUSTOMER FUNDS ENTRUSTED TO US. IF "BUSINESS CLASS" IS AUTHORIZED IT MUST BE FULLY JUSTIFIED AND MEET THE FOLLOWING CONDITIONS: (1) THE TRAVEL IS DIRECT BETWEEN ORIGIN AND DESTINATION, (2) THE ORIGIN OR DESTINATION IS OUTSIDE THE UNITED STATES, AND (3) THE SCHEDULED FLIGHT TIME EXCEEDS 14 HOURS (INCLUDING STOPOVERS). WHEN THIS OPTION IS AUTHORIZED, THE TRAVELER IS NOT ELIGIBLE FOR A REST STOP IN ROUTE OR A REST PERIOD AT THE TDY SITE.  
C. ACCUMULATED MILEAGE CREDITS EARNED FROM SECURITY ASSISTANCE FUNDED AIR TRAVEL MAY BE USED TO: (1) TRADE FOR TICKET ON FUTURE SECURITY ASSISTANCE FUNDED FLIGHTS (2) UPGRADE TO BUSINESS CLASS, NOT FIRST CLASS, ON FUTURE SECURITY ASSISTANCE FUNDED FLIGHTS. THESE MILEAGE CREDITS SHOULD NOT BE USED TO UPGRADE FLIGHTS FUNDED BY USG APPROPRIATIONS NOR SHOULD THE REVERSE OCCUR.  
D. ALL AIR TRAVEL IN SUPPORT OF THE SECURITY ASSISTANCE PROGRAM OTHER THAN ECONOMY TRAVEL MUST BE FULLY JUSTIFIED (SEE JTR/JFTR), INCLUDING EXPECTED PER DIEM SAVINGS.  
E. FIRST CLASS TRAVEL IN SUPPORT OF SECURITY ASSISTANCE MAY BE AUTHORIZED ONLY AS PRESCRIBED BY PROVISIONS OF THE JTR/JFTR.  
3. QUESTIONS MAY BE ADDRESSED TO CARL MILLER, DSAA/COMP/FM&PD, DSN: 664-6562. BT

JOINT STAFF V1  
ACTION (U.A) 10  
INFO SJS-C(1) CMAS(1) J4(5) J5(1) USCINCSO LO(1)  
JSAMS(1)  
+NATS PENTAGON WASHINGTON DC  
SECDEF V2  
ACTION USDP:DSAA(1) (D.6.F) 4  
INFO CHAIRS(1) SECDEF-C(1) USDP:FILE(1)  
DIA V3  
ACTION (U.A) 2  
INFO USDAT:ADMIN(1) USDP:CIS(1)  
+OC  
+OC-4  
+SAFE

MCN=9527615168 TOR=95276/2248Z TAD=95276/2248Z

CDSN=MAK730  
PAGE 1 OF 1  
03 OCT 95



23 June 1997

MEMORANDUM FOR DISAM

SUBJECT: SAMM Change

The following should replace SAMM paragraphs 20301.J., K., and L. in the next change to DoD 5105.38-M:

J. **M-833 and Comparable Depleted Uranium Rounds** FAA Sec 620G prohibits sale of M-833 depleted uranium ammunition and comparable anti-tank rounds containing a depleted uranium penetrating component except to NATO member countries, major non-NATO allies, Taiwan, and countries for which a Presidential national security interest determination has been completed. Such a determination has been completed for the M-833 round for Bahrain and Saudi Arabia and the M-829 round for Saudi Arabia and Kuwait.

K. **Stinger** Section 532, Foreign Operations, Export Financing, and Related Programs Appropriations Act, FY94 continues the prohibition on provision of Stinger 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. **Anti-Personnel Landmines** Section 556 of the Foreign Operations, Export Financing, and Related Programs Appropriations Act of FY97 (PL 104-208) extends the moratorium on sale, transfer, or assistance with respect to the provision of anti-personnel landmines.

20301

*Background*

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 521, 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.~~ *M833 Depleted Uranium Rounds. FAA Sec 6205 prohibits*

K. ~~Section 532, Foreign Operations, Export Financing, and Related Programs Appropriations Act, FY94 continues the prohibition on provision of Stinger to countries bordering the Persian Gulf (Iraq, Iran, Kuwait, Saudi Arabia, Qatar, United Arab Emirates, and Oman).~~ *stinger the m-833 round for Bahrain and Saudi Arabia and the M829 round for Saudi Arabia and Kuwait.*

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.~~ *Anti-Personnel Landmines Foreign Operations, Export Financing, and Related Programs Appropriations Act of FY97*

*(PL 104-208)*

## 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.

1 authority of law or by sale under chapter 2 of the  
2 Arms Export Control Act; or

3 “(2) were licensed for export under section 38 of  
4 the Arms Export Control Act.

5 “(c) INFORMATION RELATING TO MILITARY IM-  
6 PORTS.—Each such report shall also include the total  
7 amount of military items manufactured outside the United  
8 States that were imported into the United States during  
9 the fiscal year covered by the report. For each country of  
10 origin the report shall show the type of item being imported  
11 and the total amount of the items.”

12 **SEC. 149. DEPLETED URANIUM AMMUNITION.**

13 Chapter 1 of part III of the Foreign Assistance Act  
14 of 1961 (22 U.S.C. 2370 et seq.); as amended by this Act,  
15 is further amended by adding at the end the following new  
16 section:

17 **“SEC. 620G. DEPLETED URANIUM AMMUNITION.**

18 “(a) PROHIBITION.—Except as provided in sub-  
19 section (b), none of the funds made available to carry out  
20 this Act or any other Act may be made available to facili-  
21 tate in any way the sale of M-833 antitank shells or any  
22 comparable antitank shells containing a depleted uranium  
23 penetrating component to any country other than—

24 “(1) a country that is a member of the North  
25 Atlantic Treaty Organization;

1           “(2) a country that has been designated as a  
2           major non-NATO ally (as defined in section 644(q));  
3           or

4           “(3) Taiwan.

5           “(b) EXCEPTION.—The prohibition contained in sub-  
6           section (a) shall not apply with respect to the use of funds  
7           to facilitate the sale of antitank shells to a country if the  
8           President determines that to do so is in the national secu-  
9           rity interest of the United States.”.

10   **SEC. 150. END-USE MONITORING OF DEFENSE ARTICLES**  
11                                   **AND DEFENSE SERVICES.**

12           (a) IN GENERAL.—The Arms Export Control Act (22  
13   U.S.C. 2751 et seq.) is amended by inserting after chapter  
14   3 the following new chapter:

15   **“CHAPTER 3A—END-USE MONITORING OF**  
16                                   **DEFENSE ARTICLES AND DEFENSE**  
17                                   **SERVICES**

18   **“SEC. 40A. END-USE MONITORING OF DEFENSE ARTICLES**  
19                                   **AND DEFENSE SERVICES.**

20           “(a) ESTABLISHMENT OF MONITORING PROGRAM.—

21                   “(1) IN GENERAL.—In order to improve ac-  
22                   countability with respect to defense articles and de-  
23                   fense services sold, leased, or exported under this  
24                   Act or the Foreign Assistance Act of 1961 (22  
25                   U.S.C. 2151 et seq.), the President shall establish a

*Background*

THE WHITE HOUSE

WASHINGTON

July 19, 1994

9416829

'94 JUL-20 10:50 AM

Presidential Determination  
No. 94-37

MEMORANDUM FOR THE SECRETARY OF STATE  
THE SECRETARY OF DEFENSE

SUBJECT: Military Sales of Depleted Uranium Ammunition

Pursuant to the authority vested in me by section 527 of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1994 (Public Law No. 103-87) (the Act), I hereby determine that it is in the national security interest of the United States to allow funds provided in that Act or any other Act to be made available to facilitate the sale of M-833 depleted uranium anti-tank ammunition to Bahrain and Saudi Arabia, and M-829 depleted uranium anti-tank ammunition to Saudi Arabia and Kuwait.

You are hereby authorized and directed to transmit this determination to the Congress and to arrange for its publication in the Federal Register.

*William S. Clinton*

ORIGINAL AND 1 COPY TO:	
S/S - S	
ADVANCE COPIES TO:	
S/S	S
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S/S - 1 SUPV.	
PENDING	

*Rec'd in Fed  
7/20/94 10:50 AM*

9. JCS correlates SA objectives with joint military force planning. The Chairman of the JCS provides the SecDef with military advice on SA. The OJCS and, as appropriate, the JCS shall provide a military perspective and advice on proposed transfers of MDE and technology and participate in national disclosure policy considerations.

10. The Unified Commands have SA and Armaments Cooperation responsibilities; i.e., to correlate programs with regional plans, provide military advice, support the SAOs, and contribute to the budget development process.

11. Security Assistance Organizations.

a. The generic term SAO encompasses all DoD elements, regardless of actual title, located in a foreign country with assigned responsibilities for carrying out security assistance management functions under Section 515 of the FAA. This section of the law authorizes members of the MILDEPs to be assigned in foreign countries to manage SA programs administered by the DoD by performing one or more of the following functions:

- (1) Equipment and services case management
- (2) Training management
- (3) Program monitoring
- (4) Evaluation and planning of the host government's military capabilities and requirements
- (5) Administrative support
- (6) Promoting RSI, and other armaments cooperation measures ~~among members of NATO and with the Armed Forces of Japan, Australia, and New Zealand~~ among
- (7) Liaison functions exclusive of advisory and training assistance

b. The purpose, under US law, for establishing and assigning personnel to an SAO is for in-country management of international SA programs conducted under Chapter 2 and Chapter 5 of the FAA and under the AECA. The programs include grant military assistance (including those grant programs provided under the authority of Peacekeeping Operations, Section 551, Chapter 6, FAA), IMET, and FMS. The SAO is the in-country mechanism, as authorized under DoD Directive 5132.3, under the direction and supervision of the Chief of the US Diplomatic Mission, for ensuring that DoD SA management responsibilities, prescribed by US law and Executive direction, are properly executed.

c. The functions which should normally be performed by SA personnel assigned to the SAO under the authority of FAA Sec 515 are as follows:

(1) Program Management and Oversight. These functions are described as providing the in-country management oversight of all SA activities; to ensure they are conducted in a proper and legal manner and to provide the interface for the exchange of information and advice between the host nations' military establishment, the Chief of the US Diplomatic Mission, and DoD components responsible for the SA programs. This includes promotion of RSI, and other armaments cooperation measures among members of NATO and with the Armed Forces of Japan, Australia, and New Zealand in connection with SA programs.



11. Observe and report on the utilization by the host country of defense articles, defense services, and training of U.S. origin. This function should be carried out as a secondary duty. How and to what extent such observation and reporting should and can be done will vary considerably from country to country, and thus no standard procedures are prescribed. The process for accumulation of information should use all available resources (e.g., country reporting or documentation, TDY personnel assigned in country performing other duties, other elements of the U.S. Diplomatic Mission, and spot checks during the normal course of SAO duties and travel). Reporting should be done on an exception basis through established security assistance channels. Records, as accumulated, should be kept on file at the SAO.
12. Assist the host government in the identification, administration, and proper disposition of security assistance materiel that is in excess of current needs.
13. Provide input to the Chief of the U.S. Diplomatic Mission for preparation of the Annual Integrated Assessment of Security Assistance and the Consolidated Data Report.
14. Coordinate and supervise the activities of all personnel, other than those assigned to the SAO under the authority of Section 515 of the FAA, who are in country under DOD sponsorship (excluding DIA) or other SA authority.
15. When authorized, coordinate and facilitate the interface between U.S. defense industry representatives and the host nation defense establishment, and provide oversight for in-country RSI and DIC agreements and initiatives. *without limitation to any particular country or group of countries,*
16. Manage the C-12 aircraft activities, when assigned to the SAO.
17. Perform SAO administrative functions to include preparing and administering the SAO budget and continuously reviewing SAO organizational and manning requirements consistent with U.S. law and DOD manning criteria.

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TABLE 300-4. SAO Security Assistance Program Management and Oversight Functions. (Continued)

**DEFENSE SECURITY ASSISTANCE AGENCY  
PLANS DIRECTORATE  
Programs Division**

*Background*

DATE: 8 MAY, 1997

MEMORANDUM FOR: MRS. REXRODE *BR*

SUBJECT: Final Consolidation of P.L. 104-164, Section 143

Attached is the concluding portion of the subject public law incorporation into Chapter 3 of the SAMM. The text portion was sent to Wayne Wells last August, citing a possible revision to Table 300-5 at a later date.

Enclosed as background are:

- a copy of my August memo to Wayne;
- a copy of SAMM Chapter 3;
- a copy of the legislation; and,
- a copy of DSAA's July 1996 electronic message to the AIG.

*Vanessa Ward*

Vanessa Ward



DEFENSE SECURITY ASSISTANCE AGENCY

*Background*

WASHINGTON, DC 20301-2800

May 8, 1997

MEMORANDUM FOR OPERATIONS MANAGEMENT DIVISION, ATTN: WAYNE WELLS

SUBJECT: Change to DoD 5105.38-M, Security Assistance Management Manual, (SAMM)

In accordance with Public Law 104-164, Section 143 and SECDEF message 231838Z JUL 96, the following italicized text should be deleted from Chapter 3 "Responsibilities and Relationships" of the subject manual.

(6) Promoting RSI, and other armaments cooperation measures. *among members of NATO and with the Armed Forces of Japan, Australia, and New Zealand.* ✓

The Chapter 3, Table 300-4, revision to incorporate this law should state.

15. When authorized, coordinate and facilitate the interface between US defense industry representatives and the host nation defense establishment, and provide oversight, *without limitation to any particular country or group of countries,* for in-country RSI and DIC agreements and initiatives. ✓

Please include the above in your slate of changes to the SAMM.


Thanks,

*Vanessa Ward*

Vanessa Ward  
PLANS/Programs Division  
604-6644/ x338

CF:  
Ch, Ops-Mgt  
Ch, Plans/Prog

-direct2

*Background*


# SECURITY ASSISTANCE LEGISLATION FROM: DSAA/PLANS(I-0044478/96)

PTAUZYUW RUEKJCS8920 2052201-UUUU--RUEKCHR.  
ZNR UUUUU  
P 231838Z JUL 96  
FM SECDEF WASHINGTON DC//USDP:DSAA//  
TO AIG 8797  
BT

UNCLAS SECTION 01 OF 03  
SUBJECT: SECURITY ASSISTANCE LEGISLATION  
FROM: DSAA/PLANS(I-0044478/96)

1. SUMMARY. ON 21 JULY 1996, THE PRESIDENT SIGNED INTO LAW P.L.104-164, MAKING MAJOR CHANGES TO SECURITY ASSISTANCE AUTHORITIES FOR THE FIRST TIME SINCE 1985 AND AUTHORIZING 10 SHIP TRANSFERS. A SUMMARY OF THE NEW LAW'S PROVISIONS AS THEY CONCERN MILITARY ASSISTANCE AND SALES PROGRAMS IS PROVIDED BELOW. SEPARATE MESSAGES WILL FOLLOW THAT PROVIDE ADDITIONAL DETAIL AND APPROPRIATE GUIDANCE ON CERTAIN PROVISIONS OF THIS LEGISLATION, E.G. THOSE CONCERNING EXCESS DEFENSE ARTICLES (EDA), GOVERNMENT-TO-GOVERNMENT LEASES, IMET ASSISTANCE FOR HIGH-INCOME COUNTRIES, AND END-USE MONITORING. END SUMMARY.

2. FOREIGN MILITARY FINANCING (FMF) LOAN TERMS (SEC. 101). AMENDS SEC. 31(C), ARMS EXPORT CONTROL ACT (AECA) TO REQUIRE FMF LOANS TO BE EXTENDED AT MARKET (I.E., U.S. TREASURY) RATES OF INTEREST. FORMER

PAGE 02 RUEKJCS8920 UNCLAS

LAW PERMITTED SUCH LOANS TO BE EXTENDED AT RATES OF INTEREST AS LOW AS 5%, THOUGH ADMINISTRATIONS HAVE REQUESTED ONLY MARKET-RATE LOANS IN RECENT YEARS.

3. FMF-FINANCED DIRECT COMMERCIAL CONTRACTS (SEC. 102(A), (B), AND (C)). AMENDS SEC. 23, AECA TO MAKE PERMANENT THE FOLLOWING LONG-STANDING PROVISIONS OF ANNUAL FOREIGN OPERATIONS APPROPRIATIONS LEGISLATION:

A. REQUIREMENT THAT DOD CONDUCT NON-REIMBURSABLE AUDITS OF PRIVATE FIRMS WITH FMF-FINANCED DIRECT COMMERCIAL CONTRACTS, AS REQUESTED BY DSAA.

B. REQUIREMENT FOR 15-DAY PRIOR CONGRESSIONAL NOTIFICATION OF ANY SALE INVOLVING FMF CASH FLOW FINANCING IN EXCESS OF \$100M.

C. LIMITATION OF \$100M ON THE AMOUNT OF ANNUAL FMF APPROPRIATIONS MADE AVAILABLE TO COUNTRIES OTHER THAN ISRAEL AND EGYPT THAT MAY BE USED TO FINANCE DIRECT COMMERCIAL CONTRACTS.

4. DEMINING REPORT (SEC. 102(D)). AMENDS SEC. 25, AECA TO IMPOSE A NEW, ANNUAL REPORTING REQUIREMENT REGARDING ASSISTANCE FURNISHED FOR DEMINING PURPOSES UNDER ANY AUTHORITY OF LAW.

5. DRAWDOWNS (SEC. 103). AMENDS SEC. 506(A), FOREIGN ASSISTANCE ACT OF 1961, AS AMENDED (FAA), TO EXPAND EXISTING DRAWDOWN AUTHORITIES

PAGE 03 RUEKJCS8920 UNCLAS

AS FOLLOWS:

A. AMENDS SEC. 506(A)(1) TO INCREASE TO \$100M (FROM \$75M) THE ANNUAL LIMITATION OF THE VALUE OF DOD DRAWDOWNS MADE FOR UNFORESEEN EMERGENCIES.

B. AMENDS SEC. 506(A)(2), FAA TO AUTHORIZE THE DRAWDOWN OF ARTICLES AND SERVICES FROM ANY AGENCY OF THE U.S. GOVERNMENT, NOT TO EXCEED A TOTAL OF \$150M IN ANY YEAR, FOR THE FOLLOWING PURPOSES: COUNTERNARCOTICS (UP TO \$75M), INTERNATIONAL DISASTER ASSISTANCE; MIGRATION AND REFUGEE ASSISTANCE; AND POW/MIA EFFORTS IN VIETNAM, CAMBODIA AND LAOS (UP TO \$15M). OF THE OVERALL \$150M ANNUAL AUTHORITY UNDER SEC. 506(A)(2), NOT MORE THAN \$75M CAN COME FROM DOD RESOURCES. DRAWDOWNS UNDER THIS AUTHORITY FOR COUNTERNARCOTICS AND MIGRATION AND REFUGEE ASSISTANCE REQUIRE 15 DAY PRIOR CONGRESSIONAL NOTIFICATION.

6. EDA TRANSFERS (SEC. 104). AMENDS THE FAA AND AECA TO REPLACE THE CURRENT FIVE GRANT EDA TRANSFER AUTHORITIES WITH A SINGLE, BROADER AUTHORITY; TO REPLACE THE FORMER \$250M (ORIGINAL ACQUISITION VALUE) CEILING TRANSFER ON CERTAIN EDA GRANTS AND SALES WITH A \$350M (CURRENT VALUE) CEILING ON ALL EDA GRANTS; AND TO MAKE OTHER CHANGES TO EDA AUTHORITIES, AS FOLLOWS:

15

*Background*

(I.E., CENTRAL EUROPEAN PFP STATES). (PRIOR TO P.L.104-164, THIS AUTHORITY WAS LIMITED TO NONLETHAL EDA TRANSFERRED UNDER THE FORMER AUTHORITY OF SEC. 519, FAA.)

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8. INDONESIA IMET (SEC. 111). PERMITS ONLY EXPANDED IMET ASSISTANCE TO INDONESIA DURING BOTH FY96 AND FY97. THE FY96 FOREIGN OPERATIONS APPROPRIATIONS ACT ALREADY IMPOSES THIS RESTRICTION DURING FY96, AND THIS RESTRICTION APPEARS IN BOTH THE HOUSE AND THE SENATE APPROPRIATIONS COMMITTEE VERSIONS OF THE PENDING FY97 FOREIGN OPERATIONS APPROPRIATIONS LEGISLATION.

9. TRAINING (SEC. 112).

A. NON-GOVERNMENTAL ORGANIZATIONS (NGOS). AMENDS SEC. 541, FAA TO MAKE PERMANENT THE AUTHORITY TO EXTEND EXPANDED IMET ASSISTANCE TO MEMBERS OF NON-GOVERNMENTAL ORGANIZATIONS. THAT AUTHORITY PREVIOUSLY HAS BEEN PROVIDED IN THE ANNUAL FOREIGN OPERATIONS APPROPRIATIONS LEGISLATION.

B. RECIPROCAL TRAINING. AMENDS SEC. 544, FAA TO NEWLY AUTHORIZE NO-COST, ONE-FOR-ONE RECIPROCAL TRAINING OF FOREIGN MILITARY AND CIVILIAN DEFENSE PERSONNEL AT FLIGHT TRAINING SCHOOLS AND PROGRAMS (INCLUDING TEST PILOT SCHOOLS) IN THE UNITED STATES.

C. HIGH-INCOME COUNTRIES. AMENDS CHAPTER 5 OF PART II, FAA TO PROHIBIT GRANT IMET ASSISTANCE TO AUSTRIA, FINLAND, REPUBLIC OF KOREA, SINGAPORE, AND SPAIN, BUT ALSO AMENDS SEC. 21(A)(1)(C), AECA TO ENABLE THESE FIVE COUNTRIES TO CONTINUE TO PURCHASE FMS TRAINING

PAGE 03 RUEKJCS8921 UNCLAS

AT INCREMENTAL COSTS NOTWITHSTANDING THE TERMINATION OF THEIR GRANT IMET PROGRAMS.

10. STANDARDIZATION OF CONGRESSIONAL REVIEW PROCEDURES FOR ARMS TRANSFERS (SEC. 141). AMENDS AECA SECS. 3 (CONCERNING THIRD PARTY TRANSFERS), 36 (CONCERNING FMS AND COMMERCIAL SALES), AND 62 (CONCERNING LEASES) TO ESTABLISH UNIFORM CONGRESSIONAL REVIEW PROCEDURES FOR ADMINISTRATION NOTIFICATIONS OF ALL FORMS OF ARMS TRANSFERS UNDER THE AECA. NO REVIEW PERIODS ARE LENGTHENED, BUT REVIEW PERIODS FOR LEASES OF MORE THAN ONE YEAR, THIRD PARTY TRANSFERS OF ITEMS ORIGINALLY TRANSFERRED ON A DIRECT COMMERCIAL BASIS, AND FOR COMMERCIAL SALES (INCLUDING COMMERCIAL MANUFACTURING AGREEMENTS) TO NATO ALLIES, AUSTRALIA, JAPAN, AND NEW ZEALAND WILL BE SHORTENED TO 15 VICE 30 DAYS, IN CONFORMANCE WITH CURRENT REQUIREMENTS FOR FMS SALES.

11. STANDARDIZATION OF THIRD COUNTRY TRANSFERS OF DEFENSE ARTICLES (SEC. 142). AMENDS SEC. 3, AECA TO ELIMINATE THE PRIOR U.S. CONSENT REQUIREMENT FOR THIRD PARTY TRANSFERS OF CERTAIN U.S.-ORIGIN COMPONENTS (ORIGINALLY TRANSFERRED ON A GOVERNMENT-TO-GOVERNMENT BASIS) OF FOREIGN DEFENSE SYSTEMS TO NATO ALLIES, AUSTRALIA, JAPAN AND NEW ZEALAND (PROVIDED NONE OF THESE HAVE BEEN DESIGNATED AS

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COUNTRIES THAT SUPPORT INTERNATIONAL TERRORISM). THIS CONFORMS TO THIRD PARTY TRANSFER CONSENT REQUIREMENTS CURRENTLY APPLICABLE FOR U.S.-ORIGIN COMPONENTS THAT WERE ORIGINALLY TRANSFERRED ON A DIRECT COMMERCIAL SALES BASIS. THE FOREIGN COUNTRY OR INTERNATIONAL ORGANIZATION MAKING A THIRD PARTY TRANSFER PURSUANT TO THIS PROVISION OF LAW MUST NOTIFY THE UNITED STATES OF THE TRANSFER NOT LATER THAN 30 DAYS AFTER THE DATE OF SUCH TRANSFER. U.S.-ORIGIN COMPONENTS COVERED BY THIS PROVISION ARE THOSE THAT ARE INCORPORATED INTO A FOREIGN DEFENSE ARTICLE, ARE NOT SIGNIFICANT MILITARY EQUIPMENT, ARE NOT DEFENSE ARTICLES FOR WHICH NOTIFICATION TO CONGRESS IS REQUIRED UNDER SECTION 36(B), AECA, AND ARE NOT IDENTIFIED BY REGULATION AS MISSILE TECHNOLOGY CONTROL REGIME ITEMS.

12. SECURITY ASSISTANCE ORGANIZATIONS (SAOS) DUTIES (SEC. 143). AMENDS SEC. 515(A), FAA TO AUTHORIZE ASSIGNMENT OF OVERSEAS SECURITY ASSISTANCE ORGANIZATION PERSONNEL TO PROMOTE STANDARDIZATION, RATIONALIZATION AND INTEROPERABILITY WITHOUT LIMITATION TO ANY PARTICULAR GROUP OF COUNTRIES (PREVIOUSLY LIMITED TO NATO ALLIES, AUSTRALIA, JAPAN, AND NEW ZEALAND).

13. SIGNIFICANT MILITARY EQUIPMENT (SME) (SEC. 144). AMENDS SEC. 47, AECA TO CODIFY THE SME DEFINITION CONTAINED IN THE STATE DEPARTMENT'S

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INTERNATIONAL TRAFFIC IN ARMS REGULATIONS (ITAR).

14. SPECIAL DEFENSE ACQUISITION FUND (SDAF) REPORT (SEC. 145).

AMENDS SEC. 53, AECA TO REPEAL THE ANNUAL SDAF REPORTING REQUIREMENT. MAKES CONFORMING AMENDMENT TO SEC. 51(A)(4), AECA.

15. COST OF LEASED DEFENSE ARTICLES THAT HAVE BEEN LOST OR DESTROYED (SEC. 146). AMENDS SEC. 61(A)(4), AECA TO REQUIRE COUNTRIES TO AGREE

1           “(B) defense articles for which notification  
2           to Congress is required under section 36(b);  
3           and  
4           “(C) identified by regulation as Missile  
5           Technology Control Regime items; and  
6           “(5) the foreign country or international orga-  
7           nization provides notification of the transfer of the  
8           defense articles to the United States Government  
9           not later than 30 days after the date of such trans-  
10          fer.”.

11 **SEC. 143. INCREASED STANDARDIZATION, RATIONALIZA-**  
12 **TION, AND INTEROPERABILITY OF ASSIST-**  
13 **ANCE AND SALES PROGRAMS.**

14          Paragraph (6) of section 515(a) of the Foreign As-  
15          sistance Act of 1961 (22 U.S.C. 2321i(a)(6)) is amended  
16          by striking “among members of the North Atlantic Treaty  
17          Organization and with the Armed Forces of Japan, Aus-  
18          tralia, and New Zealand”.

19 **SEC. 144. DEFINITION OF SIGNIFICANT MILITARY EQUIP-**  
20 **MENT.**

21          Section 47 of the Arms Export Control Act (22  
22          U.S.C. 2794) is amended—

23                 (1) in paragraph (7), by striking “and” at the  
24          end;

12 May 1997

Memorandum for DISAM

Subject: SAMM Change

The following should replace Section 60003:

**60003 PROPER USE OF US-ORIGIN ITEMS** Proper use of US-origin items is a joint responsibility of the recipient and US personnel. US representatives normally have primary responsibility until items are physically transferred to the recipient. The recipient then assumes this responsibility, based on agreements under which transfers are made, including transfer to a third party or other disposal. The following applies to FMS items, including those purchased with MAP Merger funds. Section 1101 provides guidance for items granted under the FAA.

A. **Guidance Interface** Other specific guidance is in Sections 300 (SAO monitoring duties), 100109 (monitoring of trainees), and 140105 (monitoring of international agreements, including co-production programs). The booklet "End Use Monitoring of Defense Articles and Services," available from DISAM, provides references to legislation and other details regarding usage controls. These complement other US controls which, together, extend throughout item life.

B. **End Use Monitoring** EUM encompasses all laws, policies, regulations, and processes which ensure proper use of defense items. It includes all actions to prevent misuse, including illicit transfer, of these items. Its end objective is to minimize the security and safety risks inherent in arms transfers, consistent with the need to support US policy objectives. While items are in US hands, it is integral to formal and informal accountability processes. The capability and will of a recipient to provide EUM controls is a primary factor in determining if programs with foreign countries or international organizations will be allowed to start or continue. Controls established by the receiving country provide the primary means for assuring that defense articles are used, from receipt to final disposition, according to agreements with the US. The SAO and others with knowledge of usage must be alert to indications of unauthorized use and report such use to the appropriate host country or US country team organization.

1. When an indication of unauthorized end-use is found within a country, checked locally, and not resolved, the country team forwards the information to DoS (PM/DTC and PM/A TEC). DoS will normally determine if AECA Sec 3 criteria for a report to Congress of a possible end-use violation have been met.

2. The need for SAO-led post-delivery sample checks is indicated when an AECA Sec 3 violation may have occurred, ties are developing with countries to which US defense exports are proscribed (e.g., ITAR Part 126.1), unusual political or military upheaval has occurred or is impending, countries unfriendly to the US in the region are seeking US equipment or support items of the types held by the legitimate user, or substantial problems are found during a GSOMIA security survey.

3. Checks are mandatory at any time DoS reports an AECA Sec 3 violation. Within 60 calendar days after notification, SAO will initiate action to complete sample checks of at least two US-origin items for each Sec 3 report. The SAO may conduct those checks. Assistance from other country team offices, the UCOM, or experienced country counterparts can often facilitate a level of checks not

possible using SAO resources alone. Items selected for special checks will be those where receipt and subsequent accountability have been representative of the item involved in the DoS Sec 3 report.

4. Checks are to help ascertain adequacy of country accounting, with a determination if problems exist for the specific items chosen of secondary interest. They help determine if the country's generally sound process failed due to unusual circumstances, item accounting is not given sufficient priority, or country interests are diverging from those of the US.

5. Those making these checks should be alert for unauthorized use of hardware items or information provided during training or in technical assistance support. This includes misuse of O&M, study, or production technical data. Information gained should be shared through the country leadership with DoS, DSAA, and the UCOM, particularly when a violation of end-use or retransfer assurances is indicated.

6. Information from personnel not members of the country team should be reported through the chain of command to DoS (PM/DTC and PM/ATEC).

C. **Disposal** Special attention must be given to EUM during the disposal stage of item life. At this time, items often move from operating force units to holding areas, where awareness of classified features, potential lethality, or other sensitivity may be reduced. Operation, maintenance, regular inventories, and other activities which could disclose misuse or diversion may also be reduced.

1. **Special Items.** Classified features must be neutralized during the disposal process. Features which pose dangers, directly or through environmental hazards, should also be neutralized prior to or during the disposal process.

2. **Demilitarization.** This involves destruction of item military capability. If in-country demilitarization practices do not appear to meet US standards, the recipient country should be encouraged to use US demilitarization guidance in DOD 4160.21-M-1 which may be obtained through FMS publications LOAs. Assistance may also be obtained from the DoD integrated materiel managers or DRMS. A disposal process which fails to meet US standards should be raised to the appropriate US level of the command chain, either within the host country or in the US, for resolution.

### 3. Disposal Avenues.

a. **Migration to Non-Defense Articles.** Scrap (Condition Code S) items, including unserviceable consumable items, non-consumable items beyond repairability, and those for which demilitarization or special item controls have been applied, are no longer defense articles and may be disposed without US involvement. Migration may occur through consumable item wearout, incineration or melting, controlled deep water dumping, or comparable destruction. Cannibalization may be viewed as disposal if controlled parts removal causes item migration to non-defense article status. Because potential for unauthorized disclosure of classified or sensitive information, safety concerns, and other factors vary among countries, use of DoD disposal procedures is encouraged.

b. **Defense Articles.** Items may retain military capability and be transferred to another country. It will normally be the responsibility of the transferring country to locate a purchaser from among countries and international organizations listed in Table 600-2. This requires DoS approval (see 60004).

60003



*Background*

**DEFENSE SECURITY ASSISTANCE AGENCY  
OPERATIONS DIRECTORATE**  
*Management Division*

13 March 1997

**Memorandum for Mr. Brandt  
Ms. Ludlow-MacMurray  
COL Sawyer**

**SUBJECT: SAMP Change, Proper Use of US-Origin Items (AECA Sec 40A)**

We implemented Sec 40A through the message at Tab B, supported by the new EUM booklet, DISAM Journal articles, and more focused training at DISAM.

The Tab A draft is to supersede Tab B and the SAMP section at Tab C. It is intended to tie major EUM-accountability pieces together and provide the substance from Tab B paras 7-10 guidance. Expect the EUM booklet and DISAM training will continue to provide most of the details.

Since Tab A has generally been approved via Tab B, I do not now plan to coordinate outside DSAA. Since Tab A rearranges, paraphrases, condenses, and edits Tabs B and C guidance in an attempt to make a better fit into the SAMP, a wider evaluation would be helpful. Would appreciate your review and any input you may have.

Thank you--

*Wayne W.*  
Wayne Wells, x367

Attachments  
as stated

pscwd

Background

**Wells, Wayne, CIV, DSAA/OPS**

---

**From:** Sawyer, Harry, COL, DSAA/PLANS  
**To:** Wells, Wayne, CIV, DSAA/OPS  
**Subject:** RE: SAMM Change Proper Use of US-Origin Items (AECA Sec 40A)  
**Date:** Monday, April 14, 1997 2:07PM

Wayne, looks good to me. Good reference for our upcoming battles w/DTSA on TSCPs.

-----  
From: Wells, Wayne, CIV, DSAA/OPS  
To: Ludlow-MacMurray, Susan, DSAA; Sawyer, Harry, COL, DSAA/PLANS  
Subject: SAMM Change Proper Use of US-Origin Items (AECA Sec 40A)  
Date: Thursday, April 10, 1997 2:57PM

Harry, Susan, Don't seem to have anything from you on this. Any comments?  
<<File Attachment: pscwd.doc>><<File Attachment: 60003.DOC>>

Susan, Am getting status queries on the AF reinvention lab test 36(b) declassification request. Do you have any further comment, based on my feedback to your initial response?

Thanks--

*Background*

**Wells, Wayne, CIV, DSAA/OPS**

---

**From:** Ludlow-MacMurray, Susan, DSAA  
**To:** Wells, Wayne, CIV, DSAA/OPS  
**Cc:** Brandt, William, CIV, DSAA/OPS; Sawyer, Harry, COL, DSAA/PLANS  
**Subject:** SAMM CHange re End USe Monitoring (60003)  
**Date:** Tuesday, April 15, 1997 3:18PM

W2 I have no changes to your propose section 60003. Sorry it took so long.

JOINT STAFF  
INFO SERVICE CENTER

ROUTINE  
R 18Z NOV 96  
INFO WASHINGTON DC//USDP:DSAA//  
JOINT STAFF WASHINGTON DC//J5-WTC//  
NSA WASHINGTON DC//SAUS/IA// NAVY IFO WASHINGTON DC//O2//  
HQ USAF WASHINGTON DC//SAF/IA// CINCUSACOM WASHINGTON VA//J55//  
USCINCCENT MACDILL AFB FL//CCJA/7//  
USCINCEUR VAIHINGEN GE//ECJA// USCINCPAC HONOLULU HI//J4//  
USCINCSO QUARRY HTS PM//SCJ5//  
INFO DEPT OF STATE WASHINGTON DC//PM-ATEC/PM-DTC//  
DIR DLA FT BELVOIR VA//MMBN// DISAM WPAFB OH  
DFAS DENVER CO//DFAS/DE//

CHECKS ENSURE ITEMS WERE RECEIVED BY THE APPROVED ENTITY AND ARE BEING USED IN ACCORDANCE WITH THE TERMS OF EACH DOS APPROVAL.  
B. THE BLUE LANTERN PROGRAM HAS ESTABLISHED A LIST OF TWENTY STANDARDS, OR CATALYSTS FOR ACTION, FOR IDENTIFYING HIGH RISK COMMERCIAL DEFENSE EXPORTS. FOR EXAMPLE, THE FIRST IS "CUSTOMER OR PURCHASING AGENT IS RELUCTANT TO PROVIDE FOREIGN END-USE OR END-USER INFORMATION." REVIEW INDICATES GOVERNMENT CONTROLS PROVIDE GOOD ASSURANCE OF ADEQUATE CONTROLS FOR EACH STANDARD. FOR EXAMPLE, THE FIRST BLUE LANTERN STANDARD IS MET THROUGH THE FOLLOWING FEATURES OF THE GOVERNMENTAL TRANSFER PROCESS:

- \*1\* A PRESIDENTIAL DETERMINATION MUST BE IN PLACE \*FAA SFF 503\*A\*/AECA SEC 3\*A\*\*1\*\* AUTHORIZING AECA AND FAA PROGRAMS WITH THE POTENTIAL ITEM RECIPIENT.
- \*2\* DOS MUST HAVE APPROVED EACH SALE \*AECA SEC 2\*.
- \*3\* GENERALLY, DOD MAY SELL ONLY TO ITS DEFENSE EQUIVALENT WITHIN THE RECIPIENT COUNTRY.
- \*4\* GOVERNMENT-TO-GOVERNMENT PROGRAMS WILL NOT PROCEED, AND ITEM DELIVERY WILL NOT OCCUR, IF ANY END USE OR END USER QUESTIONS ARE NOT RESOLVED.

EACH BLUE LANTERN STANDARD IS TO BE LISTED AND COMPARED WITH GOVERNMENTAL PROGRAMS IN THE EUM BOOKLET \*PUBLICATION PROJECTED BY 1 FEB 97\*.

4. BLUE LANTERN ADDS USG OVERSIGHT DURING DEFENSE ITEM DELIVERY. THIS IS A STANDARD FEATURE OF GOVERNMENT-TO-GOVERNMENT PROGRAMS. GOVERNMENT PROGRAMS INVOLVE USG REPRESENTATIVES FROM PROGRAM PLANNING TO DELIVERY OF ITEMS, SUPPORT OF THE ITEMS DURING MANY YEARS OF USE, AND ULTIMATE DISPOSAL. SAO \*FAA SEC 515\*A\*\* AND OTHER MEMBERS OF THE U.S. COUNTRY TEAM, U.S. COMMERCIAL INTERESTS, AND OTHER CONTACTS REMAIN ENGAGED BEYOND DELIVERY, ALLOWING INTERFACE WITH THE USER THROUGHOUT AN ITEM'S LIFE.

A. MOST GOVERNMENT PROGRAM CONTROLS ARE EMBEDDED THROUGHOUT SECURITY ASSISTANCE PROCESSES. THEIR EXISTENCE IS SEEN THROUGH STUDY OF SECURITY ASSISTANCE LEGISLATION, POLICIES, AND PROCEDURES. THEY ARE ALSO SHOWN THROUGH AECA SEC 3 REPORTS TO CONGRESS, SUBMITTED BY DOS BASED ON INDICATIONS OF UNAUTHORIZED USE OF ITEMS PROVIDED UNDER AECA AND FAA PROGRAMS.

B. PROCEDURES OFTEN HAVE MULTIPLE PURPOSES, ONE BEING END USE CONTROLS. PROCEDURES INCORPORATING THOSE CONTROLS MUST BE UNDERSTOOD AND FOLLOWED IN ORDER TO MINIMIZE ITEM MISUSE.

5. END USE CONTROLS WITHIN GOVERNMENT PROGRAMS ARE FOCUSED ON:  
A. ASSURING ITEM RECIPIENTS UNDERSTAND AND WILL COMPLY WITH TRANSFER AGREEMENT RESPONSIBILITIES, INCLUDING MAINTENANCE OF INTERNAL ACCOUNTABILITY. IT IS SELDOM EFFECTIVE FOR USG REPRESENTATIVES TO SUBSTITUTE THEIR OWN ACTIONS FOR IN-COUNTRY ACCOUNTING CONTROLS.

B. CHECKS AND CROSS-CHECKS. THESE ENSURE ITEMS ARE ORDERED BY A COUNTRY AUTHORIZED TO PARTICIPATE IN AECA AND FAA PROGRAMS. THE COUNTRY MUST HAVE FORMALLY AGREED TO PROVIDE PROTECTION FOR ITEMS RECEIVED. THE CHECKS ASSURE RELEASE ONLY WHEN APPROVED WITHIN THE DOS-DOD COORDINATION PROCESS. THEY ALSO ENSURE DELIVERY TO THE BT

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PROPER REPRESENTATIVE OF THE ORDERING COUNTRY.

6. CERTAIN CATEGORIES OF ITEMS PROVIDED UNDER AECA AND FAA PROGRAMS ARE SUBJECT TO EXTRAORDINARY CONTROLS.

A. THE FOLLOWING APPLY FOR CLASSIFIED ITEMS:

\*1\* SECURITY AGREEMENTS ARE NORMALLY DEVELOPED WHEN RELEASE OF CLASSIFIED MILITARY INFORMATION IS ANTICIPATED. THIS OCCURS BEFORE COOPERATIVE PROGRAMS ARE ACTIVELY PURSUED, INCLUDING THOSE UNDER THE AECA AND FAA. GENERAL SECURITY OF MILITARY INFORMATION AGREEMENTS \*GSOIA\* PROVIDE, AMONG OTHER THINGS, FOR U.S. PERSONNEL TO CONDUCT PERIODIC SECURITY ASSESSMENTS OF CLASSIFIED ITEM RECIPIENT COUNTRIES TO DETERMINE WHETHER THE GOVERNMENT HAS THE CAPABILITY AND INTENT TO PROTECT THE CLASSIFIED ITEMS, INFORMATION, OR MATERIEL. THIS IS DONE UNDER THE AUSPICES OF THE U.S. NATIONAL DISCLOSURE POLICY COMMITTEE \*NDPC\* SECURITY PROGRAM FOR FOREIGN GOVERNMENTS. UNDER THE PROGRAM, TEAMS OF U.S. SECURITY PROFESSIONALS MAKE THESE PERIODIC ASSESSMENT VISITS.

\*2\* EARLY IN THE PROCESS LEADING TO RELEASE OF A DEFENSE ITEM, ANALYSES ARE COMPLETED TO DETERMINE IF CLASSIFIED HARDWARE OR INFORMATION WILL BE RELEASED AND TO WHAT EXTENT. CLASSIFIED ITEMS ARE RELEASED CAUTIOUSLY, TO MEET THE IMMEDIATE NEEDS WITHIN EACH PROGRAM

\*3\* STANDARD TERMS WITHIN EACH LOA OR OTHER TRANSFER AGREEMENT REQUIRE THE SAME SECURITY CONTROLS AS THE U.S. WOULD PROVIDE FOR ITSELF. INVESTIGATIONS AND INSPECTIONS ARE COMPLETED, AND CLEARANCE IS GRANTED BY DOD, PRIOR TO SHIPMENT OF ANY CLASSIFIED

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DSAA/OPS-MG1  
SUBJECT: END-USE MONITORING OF DEFENSE ARTICLES AND SERVICES  
A. PUBLIC LAW 104-164/AECA SEC 40A, SIGNED INTO LAW 21 JUL 96  
B. SAMM, DOD 5105.38-M \*SEE APPENDIX A FOR ACRONYMS BELOW\*  
1. THIS IS AN ACTION MESSAGE. SEE PARAS 7-10. REF A ESTABLISHED SEC 40A TO THE AECA. EXTRACTS ARE AS FOLLOWS:

A. IN ORDER TO IMPROVE ACCOUNTABILITY WITH RESPECT TO DEFENSE ARTICLES AND SERVICES SOLD, LEASED, OR EXPORTED UNDER THE AECA OR THE FAA, THE PRESIDENT SHALL ESTABLISH A PROGRAM WHICH PROVIDES FOR THE END USE MONITORING \*EUM\* OF SUCH ARTICLES AND SERVICES.

B. TO THE EXTENT PRACTICABLE, SUCH PROGRAM SHALL PROVIDE FOR THE EUM OF DEFENSE ARTICLES AND SERVICES IN ACCORDANCE WITH STANDARDS THAT APPLY FOR IDENTIFYING HIGH RISK EXPORTS FOR REGULAR END-USE VERIFICATION DEVELOPED UNDER AECA SEC 38\*G\*\*7\*, COMMONLY REFERRED TO AS THE BLUE LANTERN PROGRAM. THE PROGRAM SHALL BE DESIGNED TO PROVIDE REASONABLE ASSURANCE THE RECIPIENT IS COMPLYING WITH THE REQUIREMENTS IMPOSED BY THE USG WITH RESPECT TO USE, TRANSFERS, AND SECURITY OF DEFENSE ARTICLES AND SERVICES AND SUCH ARTICLES AND SERVICES ARE BEING USED FOR THE PURPOSE FOR WHICH PROVIDED.

C. THE PROGRAM MUST PROVIDE FOR THE END-USE VERIFICATION OF DEFENSE ARTICLES AND SERVICES THAT INCORPORATE SENSITIVE TECHNOLOGY, WHICH ARE PARTICULARLY VULNERABLE TO DIVERSION OR OTHER MISUSE, OR WHERE DIVERSION OR MISUSE COULD HAVE SIGNIFICANT CONSEQUENCES. THE PROGRAM MUST ALSO PREVENT DIVERSION, THROUGH REVERSE ENGINEERING OR OTHER MEANS, OF TECHNOLOGY INCORPORATED IN DEFENSE ARTICLES.

D. A REPORT ON PROGRAM STATUS IS REQUIRED IN JAN 97. ANNUAL REPORTS WITHIN THE DOS CONGRESSIONAL PRESENTATION DOCUMENT ARE REQUIRED THEREAFTER.

2. DSAA HAS COMPLETED A REVIEW OF ITEM ACCOUNTABILITY IN CONJUNCTION WITH PASSAGE OF THIS LEGISLATION. A NUMBER OF ACTIONS ARE UNDERWAY, IN COORDINATION WITH DOS, TO ENSURE COMPLIANCE WITH SEC 40A. THE ACTIONS ARE DESIGNED TO PROVIDE ACCOUNTABILITY ASSURANCE, IN ACCORDANCE WITH AECA SEC 38\*G\*\*7\* STANDARDS, AT A LEVEL EQUAL TO THE DOS BLUE LANTERN PROGRAM. THE PRINCIPAL ACTIONS ARE:

A. A BOOKLET IS TO BE PUBLISHED TO EXPLAIN MAJOR EUM FEATURES OF THE TRANSFER PROCESS. THE BOOKLET WILL BE FOR USE OF THOSE WITHIN THE SECURITY ASSISTANCE COMMUNITY WITH RESPONSIBILITIES RELATED TO EUM.

B. REF B WILL BE CHANGED BASED ON GUIDANCE IN PARAS SEVEN THROUGH TEN OF THIS MESSAGE.

C. TRAINING, MOST NOTABLY AT DISAM, WILL BE ADJUSTED TO HIGHLIGHT THE AREAS MOST CRITICAL TO PROPER DEFENSE ITEM ACCOUNTABILITY.

3. SEC 40A EMPHASIZES EUM ASSURANCES COMPARABLE TO BLUE LANTERN. BLUE LANTERN IS A DOS PROGRAM INITIATED IN 1990 TO MONITOR U.S. COMMERCIAL DEFENSE TRADE, SPECIFICALLY VERIFICATION OF END USE. ITS PRIMARY PURPOSE IS TO ENSURE DEFENSE ARTICLES, DEFENSE SERVICES, AND RELATED TECHNICAL DATA ARE EXPORTED IN COMPLIANCE WITH THE AECA.

A. BLUE LANTERN PROVIDES PRE AND POST-SHIPMENT CHECKS AS PART OF THE EXPORT REVIEW PROCESS. PRE-SHIPMENT CHECKS GENERALLY VERIFY PLANNED TRANSACTIONS \*COMMODITY TYPE, QUANTITIES, AND END-USE\* ARE ACCURATELY REPORTED TO DOS AND ITEM SHIPPERS AND RECIPIENTS AS REPRESENTED ON EXPORT DOCUMENTATION ARE BOVA FIDE. POST-SHIPMENT

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ACTION JS(1) (U.7.F) 5

NMCC:CWO(1) CMAS(1) USCINCSO LO(1) JSAMS(1)  
+USCINCSO QUARRY HEIGHTS PM

SECDEF V2  
ACTION USDP:DSAA(1) (D.6.7.F) 4

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

*Background*

ITEM THROUGH A COUNTRY FREIGHT FORWARDER. TRANSPORTATION PLANS, WHICH SHOW SPECIFIC CONTROLS IN EACH STAGE OF ITEM DELIVERY, MUST BE APPROVED BY DOD PRIOR TO SHIPMENT OF CLASSIFIED ITEMS OUTSIDE DEFENSE TRANSPORTATION SYSTEM CHANNELS.

\*4\* CLASSIFIED ITEMS RECEIVE EXTRA ATTENTION FROM USG INTELLIGENCE ORGANIZATIONS, AS WELL AS GROUPS SUCH AS THE TECHNOLOGY TRANSFER WORKING GROUP (TTWG). THE TTWG IS MADE UP OF SENIOR REPRESENTATIVES OF U.S. INTELLIGENCE AGENCIES AND U.S. DEPARTMENTS OF COMMERCE, DEFENSE, JUSTICE, TREASURY, AND STATE. IT MEETS REGULARLY TO SHARE INFORMATION AND PLAN ACTIONS TO ADDRESS PROBLEMS RELATED TO ILLICIT USE OR TRANSFER OF EQUIPMENT OR TECHNOLOGY, U.S. AND NON-U.S., WORLDWIDE.

B. EXTRA CONTROLS ALSO APPLY FOR ARMS, AMMUNITION, AND EXPLOSIVE ITEMS. THE FOLLOWING, FROM DOD 5100.76-M, "PHYSICAL SECURITY OF SENSITIVE CONVENTIONAL ARMS, AMMUNITION, AND EXPLOSIVES", ARE ILLUSTRATIVE:

\*1\* THE MOST SENSITIVE A&E ITEMS, DESIGNATED CATEGORY I, REQUIRE TWO PERSON CERTIFICATION OF SERIAL NUMBERS AT THE POINT OF SHIPMENT; SEALING AND LOCKING OF THE CONTAINER IN THE PRESENCE OF THOSE INDIVIDUALS; USE OF DOD-OWNED, CHARTERED, OR APPROVED CARRIERS; AND DOD PHYSICAL SECURITY TO THE RECIPIENT COUNTRY.

\*2\* ONCE RECEIVED, THE COUNTRY NORMALLY PROVIDES PROTECTION FOR ALL U.S.-ORIGIN ITEMS WHICH IS EQUIVALENT TO THAT PROVIDED BY THE U.S. THIS INCLUDES ALL FACETS OF ITEM PROTECTION; SUCH AS, STORAGE FACILITIES CONSTRUCTION AND LOCK SPECIFICATIONS, FENCES AND OTHER FIXED PERIMETER SECURITY, AND TIMING OF GUARD PATROLS.

C. THERE ARE FURTHER GRADATIONS OF CONTROL FOR OTHER ITEMS. FOR EXAMPLE, PILFERABLE ITEMS REQUIRE HIGHER THAN ROUTINE PROTECTION BUT LESS PROTECTION THAN CLASSIFIED OR A&E.

7. WHEN AN INDICATION OF UNAUTHORIZED END USE IS FOUND WITHIN A COUNTRY, CHECKED LOCALLY, AND NOT RESOLVED, THE COUNTRY TEAM FORWARDS THE INFORMATION TO DOS (PM/DTC AND PM/ATEC). AMONG ACTIONS BY DOS WILL BE A DETERMINATION AS TO WHETHER AECA SEC 3 CRITERIA FOR A REPORT TO CONGRESS OF A POSSIBLE END USE VIOLATION HAVE BEEN MET. THESE REPORTS ARE AN INDICATOR OF END USE AND RETRANSFER WEAKNESSES WITHIN THE EUM PROCESS FOR THE INVOLVED COUNTRY. REPORTS OF VIOLATIONS DURING THE PAST TWO YEARS SHOW NO INSTANCE OF UNAUTHORIZED END USE PRIOR TO DELIVERY IN AECA OR FAA GOVERNMENT-TO-GOVERNMENT PROGRAMS. THE REPORTS SHOW A RELATIVELY SMALL NUMBER OF UNAUTHORIZED END USE OCCURRENCES WHICH ARE CONFINED TO THE PERIOD AFTER ITEMS WERE DELIVERED. THIS TENDS TO REAFFIRM THAT THE GREATEST UNCERTAINTY IN ITEM CONTROL LIES BETWEEN THE TIME THE ITEM IS DELIVERED TO THE FOREIGN RECIPIENT AND AUTHORIZED DISPOSAL. THIS IS THE PERIOD DURING THE LIFE OF EACH ITEM WHEN USG INVOLVEMENT IS LEAST DIRECT, AND FEEDBACK ON ITEM STATUS IS LEAST STRUCTURED. IT IS THEREFORE TO BE VIEWED AS THE WEAKEST SEGMENT WITHIN THE PROCESSES SUPPORTING EUM. THE FOLLOWING GUIDANCE WILL BE FOLLOWED:

A. THE NEED FOR POST-DELIVERY SAMPLE CHECKS, LED BY THE SAO, IS INDICATED WHEN:

\*1\* THERE IS ANY INDICATION AN AECA SEC 3 VIOLATION HAS OCCURRED. THESE CHECKS ARE NORMALLY CONFINED TO THE INDICATED PROBLEM, BUT EXPAND IF A LARGER PROBLEM OR WEAKNESS IS FOUND.

\*2\* SUBSTANTIAL DEFENSE INTERACTION OR OTHER TIES ARE DEVELOPING WITH COUNTRIES WHOSE INTERESTS ARE NOT COMPATIBLE WITH THOSE OF THE U.S. FOR EXAMPLE, THE END USER HOLDS RELATIVELY HIGH TECHNOLOGY U.S. ITEMS AND ALSO HOLDS ITEMS FROM, OR HAS DEFENSE RELATIONSHIPS WITH, COUNTRIES \*A\* NOT ELIGIBLE FOR AECA AND FAA PROGRAMS \*SEE SAMM TABLE 600-1\*, \*B\* FOR WHICH AECA AND FAA PROGRAMS HAVE BEEN SUSPENDED FOR OTHER THAN FINANCIAL REASONS, OR \*C\* FOR WHICH EXPORTS ARE PROSCRIBED \*SEE ITAR PART 126.1\*.

\*3\* UNUSUAL POLITICAL OR MILITARY UPHEAVAL IS IMPENDING OR HAS OCCURRED. THIS INCLUDES LARGE TROOP AND EQUIPMENT MOVEMENTS WHICH COULD WEAKEN NORMAL ACCOUNTABILITY CONTROLS.

\*4\* COUNTRIES UNFRIENDLY TO THE U.S. IN THE REGION ARE ILLICITLY SEEKING U.S. EQUIPMENT OR SUPPORT ITEMS OF THE TYPES HELD BY THE END USER.

\*5\* SUBSTANTIAL PROBLEMS OR WEAKNESSES ARE FOUND DURING A G50MIA SECURITY SURVEY.

B. CHECKS ARE MANDATORY AT ANY TIME THE DOS REPORTS AN AECA SEC 3 VIOLATION AS FOLLOWS:

\*1\* WITHIN 60 CALENDAR DAYS AFTER NOTIFICATION SUCH A REPORT HAS BEEN MADE, THE SAO WITHIN THE INVOLVED COUNTRY WILL INITIATE ACTION TO COMPLETE SAMPLE CHECKS OF AT LEAST TWO U.S.-ORIGIN ITEMS FOR EACH SEC 3 REPORT. THE SAO MAY ITSELF CONDUCT SAMPLE CHECKS BUT ASSISTANCE FROM OTHER COUNTRY TEAM OFFICES, THE SUPPORTING UNIFIED COMMAND, OR FROM EXPERIENCED COUNTERPARTS WITHIN THE HOST

COUNTRY CAN OFTEN FACILITATE A LEVEL OF CHECKS WHICH WOULD NOT BE POSSIBLE USING SAO RESOURCES ALONE.

\*2\* ITEMS SELECTED FOR SPECIAL CHECKS WILL BE THOSE WHERE

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RECEIPT AND SUBSEQUENT ACCOUNTABILITY HAVE BEEN REPRESENTATIVE OF THE ITEM INVOLVED IN THE DOS REPORT.

9. SPECIAL CHECKS DISCUSSED IN PARA 7 ARE TO GATHER INFORMATION TO ASCERTAIN THE ADEQUACY OF THE COUNTRY ACCOUNTING PROCESS. A SECONDARY PURPOSE IS TO DETERMINE IF EUM PROBLEMS EXIST FOR THE SPECIFIC ITEMS CHOSEN. WHEN THE CHECKS ARE PERFORMED, THE SAO SHOULD BE DIRECTLY INVOLVED OR KEPT INFORMED IN ORDER TO BE AWARE OF POTENTIAL PROBLEMS LEADING TO THE REPORT WHICH PROMPTED THE CHECK. FOR EXAMPLE, TRANSFER OF AN ITEM TO ANOTHER COUNTRY WITHOUT DOS APPROVAL MIGHT RESULT IN A FOCUS ON:

A. AREAS WHERE AN ACCOUNTING LAPSE IS CREATING CONDITIONS WHERE THE COUNTRY DEFENSE ESTABLISHMENT COULD LOSE ITEM CONTROL.

B. TRAINING OF PERSONNEL REGARDING EUM REQUIREMENTS AND PROCEDURES, AND

C. PRACTICES REGARDING PERSONNEL OR OTHER ACTIONS RELATED TO DELIBERATE OR REPEATED LOSS OF CONTROL.

9. THE CHECK SHOULD PROVIDE INFORMATION FOR BOTH THE COUNTRY AND THE U.S. TO HELP DETERMINE IF:

A. THE COUNTRY'S PROCESS IS SOUND BUT FAILED DUE TO UNUSUAL CIRCUMSTANCES,

B. THE PROCESS IS NOT GIVEN SUFFICIENT PRIORITY, OR

C. THE COUNTRY IS SUPPORTING ECONOMIC INITIATIVES, DEFENSE INTERESTS, OR OTHER AGENDAS WHICH ARE NOT CONSISTENT WITH EUM REQUIREMENTS AND, FROM A LOCAL PERSPECTIVE, OUTWEIGH THOSE REQUIREMENTS.

WHILE MAKING THE ABOVE CHECKS OR TAKING OTHER ACTIONS RELATED TO THE CHECKS, SAOS OR OTHER COUNTRY TEAM MEMBERS SHOULD BE ALERT FOR UNAUTHORIZED USE OF HARDWARE ITEMS AS WELL AS INFORMATION PROVIDED DURING TRAINING OR IN TECHNICAL ASSISTANCE SUPPORT. THIS INCLUDES MISUSE OF O&M, STUDY, OR PRODUCTION TECHNICAL DATA.

10. INFORMATION GAINED DURING THESE CHECKS WHICH COULD BE USEFUL IN CORRECTING THE IMMEDIATE PROBLEM OR IMPROVING FUTURE END USE CONTROLS SHOULD BE SHARED WITH DOS, DOD, AND THE UNIFIED COMMAND. INFORMATION OBTAINED BY COUNTRY TEAM MEMBERS INDICATING A VIOLATION OF END USE OR RETRANSFER ASSURANCES IN AECA OR FAA TRANSFER AGREEMENTS SHOULD ALWAYS BE REPORTED TO THE COUNTRY TEAM LEADERSHIP, DOS AND DOD. INFORMATION FROM PERSONNEL NOT ON THE COUNTRY TEAM SHOULD BE REPORTED THROUGH THE CHAIN OF COMMAND TO DOS (ATTN: PM/DTC AND PM/ATEC).

11. THIS MESSAGE HAS BEEN COORDINATED WITH DOS. GUIDANCE IN PARAS SEVEN THROUGH TEN IS EFFECTIVE 1 JAN 97. QUESTIONS MAY BE DIRECTED TO MR. WAYNE WELLS, DSN 664-6635/CML \*703\* 664-6635, X367. BT

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*Background*

5. **National Disclosure Policy.** NDP-1 shows levels of classification which the USG is willing in general to release to specific countries. Requests for exceptions to policy established by this document are handled by the National Disclosure Policy Board, which is chaired by DOD at the Under Secretary level.

6. **Counterbalancing of Positive and Negative Factors.** Positive contributions to US interests and objectives must more than offset detrimental effects of the transfer.

G. **Consultation.** The USG welcomes consultation with our friends and allies regarding planning to meet their defense needs or to undertake research, development, production, and logistic support programs of mutual interest. Information obtained through consultation is important in the planning process (Chapter Four).

**60002 DISBURSING AGENT/NON-US ADMINISTRATIVE SUPPORT COSTS.**

The USG does not serve as the disbursing agent for funds received under LOAs unless those funds are required for materiel or services provided by DOD, another Federal agency, or through a DOD procurement contract. LOAs will not include transportation, lodging, per diem, or other administrative expenses of foreign government representatives, even though such expenses may be relatable to the materiel or service being provided. In exceptional situations, DSAA may specifically authorize an LOA to include the payment of travel and living allowances for International Military Students.

**60003 PROPER USE OF US-ORIGIN ITEMS.** The US overseas military SAO will assist the host country in observing and reporting on the utilization of defense articles and services acquired through sale or lease from the United States. The following applies to FMS items, including those financed by MAP Merger funds. Items furnished under MAP prior to FY 1982 or Section 506, 516, 517, 518, and 519 FAA are discussed in Section 1101.

A. **Country Responsibility.** Each country receiving US defense articles is responsible for adherence to agreements under which transfers are made. These agreements were established to assure compliance with US legislation and policy in order to protect the US, recipient country, other countries in the region, and private citizens against non-approved use of the articles. US policy is designed to allow transfers only to those countries with the capability and intent to utilize equipment in accordance with established agreements.

B. **SAO Monitoring.** Although controls established by the receiving country will continue to be the primary means for assuring that defense articles are used, from receipt to final disposition, according to agreements with the US, the SAO and others with knowledge of usage should be alert to indications of unauthorized use and report such use to the appropriate host country or US country team organization.

C. **Disposal.** When a US-origin defense article has fulfilled its requirement and the recipient country desires to dispose of the article, there are three proper methods to use:

1. The item may be destroyed (e.g., incinerated, controlled deep water dumping) with no recognizable residue.

2. The military capability may be removed, whereby the item becomes eligible for transfer to a third party (e.g., a scrap dealer) within the recipient country or another country.

3. The item may retain its military capability and be transferred to another country. It will normally be the responsibility of the transferring country to locate a purchaser from among countries and international organizations listed in Table 600-2.

*Background*

Methods 2 and 3 require DOS approval. Because the military capability, potential for unauthorized disclosure of classified or sensitive information, safety concerns, and other factors vary among countries, adherence to DOD procedures for disposal is encouraged.

D. **Special Item Disposal.** Classified, sensitive, or dangerous features must be neutralized prior to or during the disposal process in order to eliminate potential for military or other unauthorized use. Disposal remains the responsibility of the recipient country; however, the SAO should be aware of methods used by the country for disposal of defense articles and whether a viable process exists for proper demilitarization.

E. **Demilitarization.** If in-country demilitarization practices do not appear to meet US standards, the recipient country should be encouraged to use US demilitarization guidance in DOD 4160.21-M-1 which may be obtained through FMS publications LOAs. Assistance for specific types of items may also be obtained from the DOD integrated materiel managers or DRMS for those items. A disposal process which fails to meet US standards should be discussed with other principal members of the country team and raised to the appropriate US level of the command chain, either within the host country or in the US, for resolution.

**60004 THIRD PARTY TRANSFER CERTIFICATION.** Retransfer of defense articles, which were provided by the US under MAP, FMS, or commercial export license issued pursuant to AECA Sec 38, from the recipient to anyone not an officer, employee, or agent of the recipient must be approved by the DOS, on behalf of the President. The third party recipient must provide appropriate security and retransfer assurances before the Department of State will consent to such transfers [FAA, 505(a); AECA, Section 3(a)].

A. **DOS Approval.** Requests to DOS for transfer can be made only by the country in possession of the equipment. Formal processing of such requests require approximately 60 days; therefore, requests for advisory opinions, clearly described as such, may be submitted when the matter is sensitive or the outcome is uncertain. DOS has provided the following guidance for requesting approval of third party transfer to a third government:

1. Requests should be made by cable from the Embassy to the DOS, PM/DRSA, with information copies to DSAA and the potential third party recipient. This constitutes a record copy of the host government formal request for transfer; therefore, requests should not be submitted by telefax. Telefax is acceptable for follow up communication.

2. Requests must include --

a. The source of the defense equipment proposed for transfer by the host government; e.g., MAP, FMS, commercial sale.

b. The original acquisition cost or best estimate of that cost.

c. Confirmation by the host government that the new recipient has agreed to acquire the items.

d. Identity of the MOD of the new recipient.

e. The use to which the defense equipment will be put.

3. Following review, DOS will transmit a message to the country team, normally advising that the transfer is approved in principle pending receipt of end-user and retransfer assurances, and requesting end-use and retransfer assurances from the new recipient post. These

Methods 2 and 3 require DØS approval. Because the military capability, potential for unauthorized disclosure of classified or sensitive information, safety concerns, and other factors vary among countries, adherence to DØD procedures for disposal is encouraged.

D. Special Item Disposal. Classified, sensitive, or dangerous features must be neutralized prior to or during the disposal process in order to eliminate potential for military or other unauthorized use. Disposal remains the responsibility of the recipient country; however, the SAO should be aware of methods used by the country for disposal of defense articles and whether a viable process exists for proper demilitarization.

E. Demilitarization. If in-country demilitarization practices do not appear to meet US standards, the recipient country should be encouraged to use US demilitarization guidance in DØD 4160.21-M-1 which may be obtained through FMS publications LOAs. Assistance for specific types of items may also be obtained from the DØD integrated materiel managers or DRMS for those items. A disposal process which fails to meet US standards should be discussed with other principal members of the country team and raised to the appropriate US level of the command chain, either within the host country or in the US, for resolution.

60004 THIRD PARTY TRANSFER CERTIFICATION. Retransfer of defense articles, which were provided by the US under MAP, FMS, or commercial export license issued pursuant to AECA Sec 38, from the recipient to anyone not an officer, employee, or agent of the recipient must be approved by the DØS, on behalf of the President. ~~The~~ third party recipient must provide appropriate security and retransfer assurances before the Department of State will consent to such transfers [FAA, 505(a); AECA, Section 3(a)].

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A. DOS Approval. Requests to DØS for transfer can be made only by the country in possession of the equipment. Formal processing of such requests require approximately 60 days; therefore, requests for advisory opinions, clearly described as such, may be submitted when the matter is sensitive or the outcome is uncertain. DØS has provided the following guidance for requesting approval of third party transfer to a third government:

1. Requests should be made by cable from the Embassy to the DØS, PM/<sup>ATEC</sup>~~DRSA~~, with information copies to DSAA and the potential third party recipient. This constitutes a record copy of the host government formal request for transfer; therefore, requests should not be submitted by telefax. Telefax is acceptable for follow up communication.

2. Requests must include --

a. The source of the defense equipment proposed for transfer by the host government; e.g., MAP, FMS, commercial sale.

b. The original acquisition cost or best estimate of that cost.

c. Confirmation by the host government that the new recipient has agreed to acquire the items.

d. Identity of the MOD of the new recipient.

e. The use to which the defense equipment will be put.

3. Following review, DØS will transmit a message to the country team, normally advising that the transfer is approved in principle pending receipt of end-user and retransfer assurances, and requesting end-use and retransfer assurances from the new recipient post. These

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 assurances are mandatory, and no transfer may be undertaken until they are obtained. If disapproved, further guidance or the basis for disapproval will be provided.

4. When the new recipient country team receives <sup>SME Jim</sup> end-use and retransfer assurances from the host government and they do not deviate from the DØS-supplied text, post should notify PM/DSAA by cable that language requirements have been met. The cable, with information copies to DSAA and the transferring country, should provide the new recipient correspondence's pouch registration number and date of transmission. Where language supplied to the new recipient-country post does not appear to meet USG requirements, the supplied language should be relayed to DØS for review.

5. Assurances must be binding on the entire government of the new recipient. Typically, statements made by a Minister of Foreign Affairs (MFA) to another government are binding on the entire government. Country teams should determine, based on a review of the domestic legal system, whether assurances issued by a ministry other than MFA are considered binding. For example, where the MOD issues the assurances, it should sign on behalf of its government, not on its own behalf. Any questions regarding this issue should be directed in writing to PM/DSAA, ATEC.

B. Reports to Congress. Transfers in A. above are reported by DØS under AECA Sec 3(d), using guidelines similar to those in Section 703. This reporting requirement does not apply to the following:

1. Temporary transfer of defense articles for the sole purpose of receiving maintenance, repair, or overhaul;
2. Transfer of maintenance, repair, or overhaul defense services, or of repair parts or other defense articles used in furnishing such services, if the transfer will not result in any increase, relative to the original specifications, in the military capability of the items;
3. Transfers pursuant to arrangements among NATO members for cooperative cross-servicing;
4. Transfers pursuant to arrangements among NATO members or between NATO and any of its member countries for lead-nation procurement. In this regard, if the item to be transferred was originally purchased from the USG and was notified to Congress under AECA Sec 36(b), the proposed transfer is exempt from the reporting requirement of AECA Sec 3(d) if the Section 36(b) notification identified the transferee on whose behalf the lead-nation procurement was proposed. For AECA Sec 36(b) proposed sales to a NATO member country purchasing on behalf of a third NATO party, information as to possible subsequent transfers shall be provided to DSAA in accordance with the formats contained in Section 703.

C. Pre-82 MAP. Also see Section 1101.

## 60005 FOREIGN MILITARY DESIGN AND CONSTRUCTION SALES

A. General. AECA Sec 29 authorizes the sale of design and construction services to eligible foreign countries and international organizations provided that full costs are paid to the US. If such services are to be procured by the USG, the Purchaser must make funds available in such amounts and at such times as they may be needed to meet the payments required by the contract and any damages and costs that may accrue from the cancellation of such contract, in advance of the time funds are required. Congressional reporting required in AECA Sec 36(b) applies to design and construction programs valued at \$200 million or more.

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W2

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*Background*

UNCLAS STATE 121996

FOR THE OFFICE OF THE DEFENSE ATTACHE

E.O. 12958: N/A  
TAGS: MASS, CA

SUBJECT: THIRD PARTY TRANSFERS OF FMS HELICOPTER TO  
PRIVATE CANADIAN COMPANY AND THE NEED FOR ASSURANCES FROM  
THE CANADIAN GOVERNMENT

REF: A) STATE 109003 DTG 281529Z MAY 96 B) OTTAWA 2465

1. REGARDING YOUR QUERY IN REF B CONCERNING THE TRANSFER  
OF FMS CH-118 HELICOPTER FROM THE GOVERNMENT OF CANADA  
(GOC) TO THE PRIVATE CANADIAN COMPANY, SPRING AVIATION  
LTD, END USE AND RETRANSFER ASSURANCES ARE REQUIRED FROM  
BOTH SPRING AND THE GOC ACCORDING TO THE ARMS EXPORT AND  
CONTROL ACT (AECA).

2. IN 1987 THE DEPARTMENT ESTABLISHED A POLICY REGARDING  
RETRANSFERS OF SIGNIFICANT MILITARY EQUIPMENT (SME). THIS  
POLICY PERMITS A CASE-BY-CASE APPROVAL OF SUCH TRANSFERS  
TO PRIVATE ENTITIES ABROAD IF A FIRM CONTRACT BETWEEN THE  
PRIVATE ENTITY AND AN APPROVED GOVERNMENT OR INTERNATIONAL  
ORGANIZATION EXISTS, AND IF SATISFACTORY RETRANSFER

ASSURANCES ARE OBTAINED FROM THE ULTIMATE END-USER GOVERNMENT?  
GUARANTEEING THAT IT WOULD NOT PERMIT THE PRIVATE ENTITY TO  
TRANSFER THE ITEMS WITHOUT THE WRITTEN APPROVAL OF THE USG.

*"... any... aircraft..."  
AECA sec 3 (a)*

3. IN PREVIOUS RETRANSFERS OF FMS ARTICLES BY GOC TO PRIVATE  
CANADIAN ENTITIES, END USE AND RETRANSFER ASSURANCES WERE  
NOT/NOT REQUIRED FROM THE GOC ONLY WHEN NON-SME WAS INVOLVED,  
(I.E., MINOR PARTS AND COMPONENTS). IF SME IS INVOLVED,  
HOWEVER (I.E., HELICOPTERS), THE AECA NECESSITATES THAT BOTH  
THE HOST GOVERNMENT AND THE PRIVATE COMPANY PROVIDE ASSURANCES.  
CHRISTOPHER BT

SECDEF V2  
ACTION

(U,7,8,F)

7

INFO PJBD(1) CHAIRS(1) SECDEF-C(1)  
USDAT:IP(1) ASD:CPP(1) USDP:OSAA(1) USDP:CP(1)  
+USDP:DTSA  
+SAFE

29

The following acronyms or abbreviations are used in this table:

**Country/Organization and Code** The short names and two digit Codes 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. Publication 10-4, "Federal Information Processing Standards", maintained by NIMA. 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 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		
<del>Albania</del>	<del>AL</del>	<del>EU</del>	<del>EUR</del>	<del>F</del>		
Albania	AL	EU	EUR	F		T
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	<del>EU</del> NR EU <sup>4</sup>	EUR			
Australia	AT (AS)	PA	EAP	F	U	
Austria	AU	EU	EUR	F	U	
Azerbaijan	AJ	<del>EU</del> NR EU <sup>4</sup>	EUR			

Table 600-1 Country and International Organization Information (30)

<u>Country</u>	<u>Code</u>	<u>UCOM</u>	<u>Reg</u>	<u>FMS</u>	<u>DU</u>	<u>DTS</u>
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	<del>EU</del> <sup>EU4</sup>	EUR			
Belgium	BE	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		T
Bolivia INC	D1	SO	AR	F		
<del>Bosnia Heregovena</del>	<del>BK</del>	<del>EU</del>	<del>EUR</del>			
<del>Bosnia and Herzegovina</del>	<del>BK</del>	<del>EU</del>	<del>EUR</del>	<del>F</del>		
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	
<del>Bulgaria</del>	<del>BU</del>	<del>EU</del>	<del>EUR</del>	<del>F</del>		
Bulgaria	BU	EU	EUR	F		T
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		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 (Brazzaville)	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			
<del>Czech Republic</del>	<del>EZ</del>	<del>EU</del>	<del>EUR</del>	<del>F</del>		
Czech Republic	EZ	EU	EUR	F		T
Congo (Kinshasa)	CX (CG)	EU	AFR	F		T

<u>Country</u>	<u>Code</u>	<u>UCOM</u>	<u>Reg</u>	<u>FMS</u>	<u>DU</u>	<u>DTS</u>
Denmark	DE (DA)	EU	EUR	F	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	
El Salvador	ES	SO	AR	F	U	T
Equatorial Guinea	EK	EU	AFR	F		T
Eritrea	ER	CE	AFR	F		
<del>Estonia</del>	<del>EN</del>	<del>EU</del>	<del>EUR</del>	<del>F</del>		
Estonia	EN	EU	EUR	F		T
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
<del>Georgia</del>	<del>GG</del>	<del>EU</del>	<del>EUR</del>			
Georgia	GG	<del>NEU</del> <sup>14</sup>	EUR	F		
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			
<del>Hungary</del>	<del>HU</del>	<del>EU</del>	<del>EUR</del>	<del>F</del>		
Hungary	HU	EU	EUR	F		T

<u>Country</u>	<u>Code</u>	<u>UCOM</u>	<u>Reg</u>	<u>FMS</u>	<u>DU</u>	<u>DTS</u>
IcelandIL (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	
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
<u>(Kampuchea) See Cambodia</u>						
<del>Kazakhstan</del>	<del>KZ</del>	<del>EU</del>	<del>EUR</del>			
<del>Kazakstan</del>	<del>KZ</del>	<del>NR CE<sup>U</sup></del>	<del>EUR F</del>			
Kenya	KE	CE	AFR F		U	T
Kiribati	KR	PA	EAP			
Korea (Seoul)	KS	PA	EAP F		U	
Kuwait	KU	CE	NESA F		U	
<del>Kyrgyzstan</del>	<del>KG</del>	<del>EU</del>	<del>EUR</del>			
<del>Kyrgyzstan</del>	<del>KG</del>	<del>NR CE<sup>U</sup></del>	<del>EUR F</del>			
Laos	LA	PA	EAP F <sub>1</sub>			
<del>Latvia</del>	<del>LG</del>	<del>EU</del>	<del>EUR F</del>			
<del>Latvia</del>	<del>LG</del>	<del>EU</del>	<del>EUR F</del>			T
Lebanon	LE	EU	NESA F		U	
Lesotho	LT	EU	AFR F			T
Liberia	LI	EU	AFR F		U	T
Libya	LY	EU	NESA F <sub>1</sub>			
Liechtenstein	LS	EU	EUR			
<del>Lithuania</del>	<del>LH</del>	<del>EU</del>	<del>EUR F</del>			
<del>Lithuania</del>	<del>LH</del>	<del>EU</del>	<del>EUR F</del>			T
Luxembourg	LX (LU)	EU	EUR F		U	
Macau (PT)	MC	PA	EAP			
<del>Macedonia</del>	<del>MK</del>	<del>EU</del>	<del>EUR</del>			
<u>Macedonia, Former Yugoslav</u>						
Republic of (FYROM)	MK	EU	EUR F			T
Madagascar	MA	PA	AFR F			T
Malawi	MI	EU	AFR F			T
Malaysia	MF (MY)	PA	EAP F		U	
Maldives	MV	PA	NESA			

<u>Country</u>	<u>Code</u>	<u>UCOM</u>	<u>Reg</u>	<u>FMS</u>	<u>DU</u>	<u>DTS</u>
Mali	RM (ML)	EU	AFR	F		T
Malta	MT	EU	EUR	F	U	
Marshall Islands	R1 (RM)	PA	EAP	F		
Martinique (FR)	MB	AT	AR			
Mauritania	MR	EU	AFR	F		T
Mauritius	MP	PA	AFR	F		T
Mexico	MX	<del>SONR</del>	AR	F	U	
Micronesia	FM	PA	EAP	F		
<del>Moldova</del>	<del>MD</del>	<del>EU</del>	<del>EUR</del>			
Moldova	MD	<del>NEU</del> <sup>4</sup>	EUR	F		
Monaco	MN	EU	EUR			
<del>Mongolia</del>	<del>MG</del>	<del>PA</del>	<del>EAP</del>			
Mongolia	MG	PA	EAP	F		
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			
Nepal	NP	PA	NESA	F	U	
Netherlands	NE (NL)	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	F <sup>1</sup>		
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	
Oman	MU	CE	NESA	F	U	
Pakistan	PK	CE	NESA	F <sup>1</sup>	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			
<del>Poland</del>	<del>PL</del>	<del>EU</del>	<del>EUR</del>	<del>F</del>		
Poland	PL	EU	EUR	F		T
Portugal	PT (PO)	EU	EUR	F	U	

<u>Country</u>	<u>Code</u>	<u>UCOM</u>	<u>Reg</u>	<u>FMS</u>	<u>DU</u>	<u>DTS</u>
Qatar	QA	CE	NESA	F	U	
Reunion (FR)	RE	PA	AFR			
<del>Romania</del>	<del>RO</del>	<del>EU</del>	<del>AFR</del>	<del>F</del>		
Romania	RO	EU	AFR	F		T
<del>Russia</del>	<del>RS</del>	<del>EU</del>	<del>EUR</del>			
Russia	RS	NR	EUR	F		
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	<u>PACE</u>	AFR	F		T
Sierra Leone	SL	EU	AFR	F		T
Singapore	SN	PA	EAP	F	U	
<del>Slovak Republic</del>	<del>LO</del>	<del>EU</del>	<del>EUR</del>	<del>F</del>		
Slovak Republic	LO	EU	EUR	F		T
<del>Slovenia</del>	<del>S3 (SI)</del>	<del>EU</del>	<del>EUR</del>			
Slovenia	S3(SI)	EU	EUR	F		T
Solomon Islands	BP	PA	EAP	F		
Somalia	SO	CE	AFR	F		T
<del>South Africa</del>	<del>UA (SF)</del>	<del>EU</del>	<del>AFR</del>			
South Africa	UA(SF)	EU	AFR	F		
Spain	SP	EU	EUR	F	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	<del>EU</del> NR CE <sup>4</sup>	EUR			
<del>Turkmenistan</del>	<del>TX</del>	<del>EU</del>	<del>EUR</del>			
Thailand	TH	PA	EAP	F	U	



<u>Country</u>	<u>Code</u>	<u>UCOM</u>	<u>Reg</u>	<u>FMS</u>	<u>DU</u>	<u>DTS</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	
Turkmenistan	TX	<del>NR</del> CE <sup>14</sup>	EUR	F		
Turks and Caicos (UK)	TS	AT	AR			
Tuvalu	TV	PA	EAP			
Uganda	UG	EU	AFR	F		T
Ukraine	UP	EU	EUR			
Ukraine	UP	<del>NR</del> EU <sup>14</sup>	EUR	F		
United Arab Emirates ( <i>Previously Code TC</i> )	<del>TC</del> AE	CE	NESA	F	U	
United Kingdom	UK	EU	EUR	F	U	
UK Polaris Project	UZ	EU	EUR			
Uruguay	UY	SO	AR	F	U	T
Uzbekistan	U2	EU	EUR			
Uzbekistan	U2	<del>NR</del> CE <sup>14</sup>	EUR	F		
Vanuatu	NH	PA	EAP	F		
Venezuela	VE	SO	AR	F	U	
Vietnam	VS (VM)	PA	EAP	F <sub>1</sub>		
Western Sahara	WI	EU	AFR			
Western Samoa	WS	PA	EAP	F		
Yemen	YE (YM)	CE	NESA	F <sub>1</sub>		
Yemen, Aden	YS (YM)	CE	NESA			
Zaire ( <i>see Congo, Kinshasa</i> )	<del>EX</del> (CG)	<del>EU</del>	<del>AFR</del>	<del>F</del>		<del>T</del>
Zambia	ZA	EU	AFR	F		
Zambia	ZA	EU	AFR	F		T
Zimbabwe	ZI	EU	AFR	F		T

<u>Organization \2 /Other</u>	<u>Code</u>	<u>UCOM</u>	<u>Reg</u>	<u>FMS</u>	<u>DU</u>	<u>DTS</u>
Central Treaty Organization (CENTO)	T3	NR	NR			
DSAAADFAS reserved						
Airborne Warning and Control System	W1	NR	NR <sub>3</sub>			
Department of Defense	00	NR	NR			
European Participating Grp F16 follow on	PG	NR	NR			
Expanded IMET (Nonspecific)	66	NR	NR			
F-16, Belgium	F1	NR	NR			

<u>Organization</u> \2 / <u>Other</u>	<u>Code</u>	<u>UCOM</u>	<u>Reg</u>	<u>FMS</u>	<u>DU</u>	<u>DTS</u>
<u>DSAA/DFAS reserved (Continued)</u>						
F-16, Denmark	F2	NR	NR			
F-16, Netherlands	F3	NR	NR			
F-16, Norway	F4	NR	NR			
FAA Grants - Other	S7	NR	NR			
<hr/>						
FAA Sec 607 Sales, Reimbursable (Delayed Payment)	S5	NR	NR			
FAA Sec 607 Sales, Payment in Advance	S6	NR	NR			
FAA Sec 632 Transactions	S4	NR	NR			
FMF Admin (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 Prop Sales and Disposal (MAPSAD)	M2	NR	NR			
Pan Canal Area Mil Schools (PACAMS)	11	SO	AR			
Seasparrow (Sec 1004, P.L. 98-525)	N3	NR	NR <sup>3</sup>			
Special Defense Acquisition Fund (SDAF)	D2	NR	NR			
Intl Civil Def Organization (ICDO)	T8	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	
<sup>C3 Agency (NC 3A)</sup> <del>Commo &amp; Info Systems Agency (NACISA)</del>	K4	EU	EUR	F	U	—
<sup>^</sup> <del>Euro Fighter Acft Dev, Prod, &amp; Log Mgt Agency (NEFMA) (historic use only)</del>	M1	EU	EUR	F	U	—
HAWK Prod & Log Org (NHPLO)	M6	EU	EUR	F	U	
Missile Firing Installation (NAMFI)	N9	EU	EUR	F	U	
<sup>EF2000 and Tornada</sup> Multi-Role Combat Acft (MRCA) Dev, & Prod, & Log Mgt						—
Agency (NAMMA) (NETMA)	K3	EU	EUR	F	U	—
Mutual Weapons Dev Prog (MWDP)	N8	EU	EUR	F	U	
NAMSA-F104 + C130	K2	EU	EUR	F	U	—
NAMSA General + Nike	N4	EU	EUR	F	U	
<del>NAMSA General Other</del>	<del>M9</del>	<del>EU</del>	<del>EUR</del>	<del>F</del>	<del>U</del>	—
NAMSA-HAWK	N7	EU	EUR	F	U	
<del>NAMSA Nike Training Center (NNTC)</del>	<del>K6</del>	<del>EU</del>	<del>EUR</del>	<del>F</del>	<del>U</del>	—
<del>NAMSA Patriot</del>	<del>M8</del>	<del>EU</del>	<del>EUR</del>	<del>F</del>	<del>U</del>	—
NAMSA-Weapons	M5	EU	EUR	F	U	
Southern Region Signal/Communications	M7	EU	EUR	F	U	
Supreme Allied Cmdr, Atlant (SACLANT)	K5	EU	EUR	F	U	
<del>Organization of African Unity</del>	<del>A3</del>	<del>NR</del>	<del>NR</del>	<del>F</del>		
Supreme HQ, Allied Pwrs, Eur (SHAPE)	A2	EU	EUR	F	U	

<u>Organization</u> <u>2</u> / <u>Other</u>	<u>Code</u>	<u>UCOM</u>	<u>Reg</u>	<u>FMS</u>	<u>DU</u>	<u>DTS</u>
Organization of African Unity	A3	NR	NR	F		
<del>Organization of American States (OAS)</del>	<del>A1</del>	<del>NR</del>	<del>NR</del>	<del>F</del>		
Organization of American States (OAS)	A1	NR	NR	F		T
<b>Regions</b>						
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			
SE Asia Treaty Organzn (ceased 24 Sep 75)	T4	NR	NR			
Trust Territory, Pacific Islands	PS	PA	EAP			
United Nations	T9	NR	NR	F		
International Civil Aviation Org (ICAO)	T7	NR	NR	F		
Ofc for the Coord of UN Humanitarian and Economic Assistance Progs (UNOCHA)	A4	NR	NR	F		
Dept of Humanitarian Affairs (UNDHA)	A5	NR	NR	F		

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 African Unity (OAU)  
 Organization of American States (OAS)  
 United Nations (UN) and its agencies  
 International Commission of Control and Supervision in Vietnam (inactive)  
 International Commission of Control and Supervision in Laos (inactive)

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

4 EU effective 1 Oct 98. CE effective 1 Oct 99. NR until effective date.



DEFENSE SECURITY ASSISTANCE AGENCY

WASHINGTON, DC 20301-2800

*Background*

08 APR 1997

In reply refer to  
I-02315/97

MEMORANDUM FOR UNDER SECRETARY OF THE ARMY  
(INTERNATIONAL AFFAIRS)  
DEPARTMENT OF THE ARMY

DIRECTOR, NAVY INTERNATIONAL PROGRAMS OFFICE  
DEPARTMENT OF THE NAVY

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

DIRECTOR, DEFENSE LOGISTICS AGENCY

SUBJECT: Changes to Security Assistance Management Manual, DoD 5105.38-M, Table 600-1

References: a. DoD 5105.38-M, SAMM, Table 600-1

b. DSAA memorandum I-03372/96, dated 15 May 1996, subject as above.

c. Department of State message to multiple addressees, dated 190029Z March 1997, subject: Presidential Determination on U.S. Security Assistance.

This supersedes reference b and provides current reference a information.

The most significant changes annotated on the attached copy of Table 600-1 are based on reference c. FMS and other military assistance under the AECA and FAA are now authorized, when approved on a case-by-case basis by the Department of State, for Georgia, Kazakstan, Kyrgyzstan, Moldova, Turkmenistan, Russia, Ukraine, and Uzbekistan. Changes reflected on the attached Table 600-1 will be included in the next change to the SAMM.

The DSAA contact is Mr. Wayne Wells, DSAA/OPS-MGT, (703) 604-6635, x367.

Thomas G. Rhame  
Lieutenant General, USA  
Director

Attachment  
as stated

cc: Cdt, DISAM  
Dir, DFAS (DE)

polmr

UNCLASSIFIED

EX  
D. W. Wells  
VER. 0. Apr 97

<b>USDP STAFF SUMMARY SHEET</b>	1. DATE 19 Mar 97	2. I- 02315/97
SUBJECT Perim SAMM Change		4. CURRENT SUSPENSE DATE

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

At Tab A, DoS notifies us of a Presidential Determination to provide general authority for security assistance programs with several NIS countries.

Due to the number of countries added, proposed memo at the Signature Tag is to provide the latest SAMM Table 600-1. This adds new changes to the last update (cover memo at Tab B). Annotations are used to quickly show changes since publication of the last SAMM change.

Recommend signature.

(pol)161a

6. ROUTING											
	DIR/OFC	COORD	DATE		DIR/OFC	COORD	DATE		DIR/OFC	COORD	DATE
1	Dir, DSAA	SIG	3/19/97	9				17			
2	Dep Dir, DSAA	Coord	4-8-97	10				18			
3	Dir, OPS, DSAA	Coord	4/8	11				19			
4	Dep Ops	Coord	3/24/97	12				20			
5	Ch, OPS-MGT	Coord	3/24/97	13				21			
6	DSAA-GC	Coord	3/20/97	14				22			
7	OPS-ERP (Verbal)	K. Webster	3/19/97	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

*Background*

**Cleva, Gregory, CIV ,DSAA/ER**

**From:** Begley@onyx.afsac.wpafb.af.mil  
**Subject:** fwd: FMS: AWACS, C-130, HAWK.  
**Date:** Wednesday, November 26, 1997 10:56AM

Greg,

Here's ten Brink's message.

Jane

From the desk of:  
Barbara Jane Begley  
NATO Command Country Manager  
AFSAC/CME-NATO  
DSN 787-8039 ext 4352 FAX 787-7647  
(937) 257-8039 ext 4352 FAX (937) 257-7647  
E-mail: begley@iron.afsac.wpafb.af.mil

Original Text

From: ftenbrink@namsa.nato.int, on 11/26/97 11:20 AM:  
To: begley@iron.AFSAC, Cleva@OSD.PENTAGON.MIL, drickaba@usasac-emh1.army.mil,  
ltracey@cleveland.dfas.mil, Mellor.Tom@ipo.navy.mil  
Cc: ageuss@namsa.nato.int, ohabedank@namsa.nato.int, tromaine@namsa.nato.int,  
gsager@namsa.nato.int

Good morning Greg,

On the above issues I report as follows:

1) AWACS, Admin costs waiver through USAF: Agree entirely with the systemic solution you propose; it is better than the one-off pre-financing method we suggested.

2) Use of K2 country code for C-130:

a. The NAMSAC Office handling the C-130 program is in fact a direct follow-on to the F-104 program office and will continue to function as an organization exclusively devoted to The NATO-NAMSAC C-130 Weapon System Partnership.

CO: NAMSAC PP-A, POC: F.J. ten Brink  
COR (Case execution): NAMSAC LC-C, POC: T. Romaine.

b. NAMSAC will scrupulously adhere to the obligations and conditions set upon it in the LOA as regards AECA, in particular concerning third party transfers.

3) HAWK Warhead purchase:

I understand that My Director, Gary Sager has spoken to you yesterday. Although finally my TDY got approved, I must now postpone the trip since everything is getting too close for comfort. I have indicated that I would personally be ready to schedule the visit between Christmas and New Year, provided the right people would be available state-side.

Subject of the visit would be:

- DSAA: a) Third party transfer (HAWK, Crypto),
- b) Administrative Cost Waiver Vs DCAS Cost waiver

*Add in Phoenix 12/1/97  
wells - Don origin.  
DISA/ER.*

40a

c) DBOF charges (PATRIOT)  
NAVY IPO: Crypto (Tom Mellor and NSA/ Allison Hill)

*Requested a background - 11/26/97*

USASAC & AFSAC: Respectively SNAP & PROS in NAMS0 wide commercial competition.

Please advise if this would be feasible, or, what other dates would be more convenient January next year.

Thanks a million  
Ed ten Brink

DEFENSE SECURITY ASSISTANCE AGENCY

*11/26*

Memo For

*Wayne Wells*

*Wayne,*

*If you recall in the July-August time frame, I drafted 3 letters to various NATO offices in order to confirm the legitimacy of their using the country codes cited. The final response for K2 cases was forwarded to me this AM.*

*Jay [Signature]*

*406*

*(406)*

*Background*

Subscribed Newsgroups	Post Reply	Mail & Post Reply
-----------------------	------------	-------------------

**Subject: (U): O : 190029Z MAR 97: PRESIDENTIAL DETERMINATION ON U.S. SECURITY ASSISTANCE**

**Date:** 18 Mar 1997 21:22:08 -0500  
**From:** SECSTATE WASHDC

**Organization:** CHAIRS User

**Newsgroups:** DTSA, DSAA.CHRMGT, DSAA.CHRMAA, DSAA.CHRPLN, DSAA.CHRWPN, DSAA.CHRPGM, DSAA.CHROPS, DSAA.CHRLPD, DSAA.CHRFPD, DSAA.CHRGEN, DSAA.CHRCPD, DSAA.CHRERP, DSAA.CHRBGT, USDP, USDP.NA, USDP.PD, SR.ASDSR, PS.IS, PS.CCC, PS.EP, PS.CIS, PS.PA, ISP.CAR, ISP.SCC, ISP.NIA, ISP.NSS, ISP.SCCTR, ISP.TRP, ISP.NI, ISP.PPRS, ISP.SFO, ISP.NAC, ISP.CTR, ISP.FSUNA, ISP.CP, ISA.PAG, ISA.DPMOADMIN, ISA.AFR, ISA.IA, ISA.APCHINA, ISA.AP, ISA.NATOPOL, ISA.EUR POL, ISA.DASDEUR, ISA, SOLIC.RP, SOLIC.PP, SOLIC.SS, ALL

OTTUZYUW RUEHCAA9854 0780228-UUUU--RUEKCHR.  
 ZNR UUUU ZZH  
 O 190029Z MAR 97  
 FM SECSTATE WASHDC  
 TO RUEHMO/AMEMBASSY MOSCOW 3887  
 RUEHKV/AMEMBASSY KIEV IMMEDIATE 3270  
 RUEHTA/AMEMBASSY ALMATY IMMEDIATE 9561  
 RUEHAH/AMEMBASSY ASHGABAT IMMEDIATE 4526  
 RUEHEK/AMEMBASSY BISHKEK IMMEDIATE 4692  
 RUEHCH/AMEMBASSY CHISINAU IMMEDIATE 4447  
 RUEHNT/AMEMBASSY TASHKENT IMMEDIATE 8293  
 RUEHSI/AMEMBASSY TBILISI IMMEDIATE 7763  
 RUEKJCS/DSAA  
 RUEKJCS/JOINT STAFF WASHDC  
 RUEKJCS/RUEKJCS/OSD WASHDC  
 BT  
 UNCLAS STATE 049854

C O R R E C T E D C O P Y (ADDED ADDEES)

E.O. 12958: N/A  
 TAGS: MARR, PARM, RS, UP, KG, UZ, KZ, TX, MD, GG  
 SUBJECT: PRESIDENTIAL DETERMINATION ON U.S. SECURITY ASSISTANCE

1. THIS CABLE IS TO INFORM POST THAT THE PRESIDENTIAL DETERMINATION (PD) MAKING GEORGIA, KAZAKSTAN, KYRGYZSTAN, MOLDOVA, TURKMENISTAN, RUSSIA, UKRAINE AND UZBEKISTAN ELIGIBLE TO RECEIVE DEFENSE ARTICLES AND DEFENSE SERVICES FROM THE UNITED STATES WAS SIGNED ON MARCH 11, AND NOTIFIED TO CONGRESS ON MARCH 13. FURTHER INFORMATION ON THE NEXT STEPS REQUIRED WILL BE SENT SEPTEL.
2. THE PD ENABLES THESE NIS TO PURCHASE OR LEASE USG-ORIGIN DEFENSE ARTICLES AND DEFENSE SERVICES THROUGH THE FOREIGN MILITARY SALES (FMS) SYSTEM, AS WELL AS PERMIT US TO FURNISH MILITARY ASSISTANCE, INCLUDING FOREIGN MILITARY FINANCING (FMF), ON A GRANT BASIS. THIS WILL ENABLE US TO

(41)



*Background*

FULFILL THE PRESIDENT'S COMMITMENT TO PROVIDE WARSAW INITIATIVE FUNDING TO THESE COUNTRIES TO ENCOURAGE THEIR ACTIVE PARTICIPATION IN PFP PROGRAMS.

3. THE PD DOES NOT COMMIT THE USG TO PROVIDE SECURITY ASSISTANCE TO ANY OF THESE COUNTRIES. SPECIFIC SALES OR LEASES UNDER THE ARMS EXPORT CONTROL ACT (AECA) OR THE

FURNISHING OF SPECIFIC MILITARY ASSISTANCE UNDER THE FOREIGN ASSISTANCE ACT (FAA) WILL BE CONSIDERED ON A CASE-BY-CASE BASIS.

4. POST MAY INFORM THE MFA OF THE PD ACTION, AND THAT REQUIREMENTS FOR THE NEXT STEPS ARE BEING WORKED ON.

ALBRIGHT

BT

#9854

NNNN

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 Subscribed Newsgroups	 Post Reply	 Mail & Post Reply
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0202 847 4232

PM/DTP

*Background*

002

9704436

THE WHITE HOUSE  
WASHINGTON

March 11, 1997

Presidential Determination  
No. 97-19

MEMORANDUM FOR THE SECRETARY OF STATE

SUBJECT: Eligibility of NIS Countries: Georgia, Kazakstan, Kyrgyzstan, Moldova, Russia, Turkmenistan, Ukraine, and Uzbekistan 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(a) of the Foreign Assistance Act of 1961, as amended, and section 3(a)(1) of the Arms Export Control Act, I hereby find that the furnishing of defense articles and services to the Governments of Georgia, Kazakstan, Kyrgyzstan, Moldova, Turkmenistan, Russia, Ukraine, and Uzbekistan 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*

ORIGINAL AND 1 COPY FOR PD FOLDER ADVANCE COPIES TO:	S D P
MAR 12 1997	

(43)

Background

**Wells, Wayne, CIV, DSAA/OPS**

---

**To:** Amlin, Ann, CIV, DSAA/FMPD  
**Cc:** McFarlane, Helen; Smoot, Anne, CIV, DSAA/OPS; Brandt, William, CIV, DSAA/OPS  
**Subject:** RE: UN/DHA Country Code - A5

Thanks Ann, for helping to get word out regarding country codes. In the next SAMM change, I will plan to add A5 to UN entities authorized for FMS or other transfers (Table 600-1) as we discussed.

-----  
From: Amlin, Ann, CIV, DSAA/FMPD  
To: Wells, Wayne, CIV, DSAA/OPS  
Cc: McFarlane, Helen; Smoot, Anne, CIV, DSAA/OPS  
Subject: UN/DHA Country Code - A5  
Date: Tue, Oct 15, 96 6:42PM

Wayne,

The following information is provided per our discussion last week:

Organization: United Nations Department of Humanitarian Affairs  
Abbreviated Name: UN/DHA  
DOD Code: A5  
Treasury Code: A5  
Region: NR (non-regional)

This was established in our Credit System in FY95..... as a result of receipt of FMF funds. We PROMISE this will not happen again.... I will write the memo to Greg Cleva stating that requests for additions to our country table in the Credit System MUST have your (OPS-MGMT) coordination/approval. This will be the last country code from my office that doesn't get blessed by you. Sorry for the trouble on this one.....

FOR ANNE SMOOT: Anne, based on this, you can tell the MILDEP to prepare the LOA and submit under the country code A5, and we will be able to process.

Thx, Ann

*Background*

THE WHITE HOUSE  
WASHINGTON  
February 23, 1996

9602702

Presidential Determination  
No. 96-10

MEMORANDUM FOR THE SECRETARY OF STATE

SUBJECT: Eligibility of Bosnia and Herzegovina 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(a)  
of the Foreign Assistance Act of 1961, as amended, and  
section 3(a)(1) of the Arms Export Control Act, I hereby  
find that the furnishing of defense articles and services  
to the Government of Bosnia and Herzegovina 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*

ACTION: S/S-1A

ORIGINAL AND 1 COPY TO:  
S/S-RMD PD FOLDER  
ADVANCE COPIES TO: → S  
D  
P  
H  
L

**FEB 23 1996**

S/S-2  
S/S-I SUPV.  
PENDING

*REC'D in PMJ  
ON 2/23/96  
45*

10/24/1995 11:29 703-584-8837

EEG INC  
WAF/EN & HAY/EA

PAGE 02

*Background*

THE WHITE HOUSE  
WASHINGTON

9515866

August 22, 1995

Presidential Determination  
No. 95-38  
95-38

MEMORANDUM FOR THE SECRETARY OF STATE

SUBJECT: Eligibility for Mongolia 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(a)(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 Mongolia  
will strengthen the security of the United States and promote  
world peace.

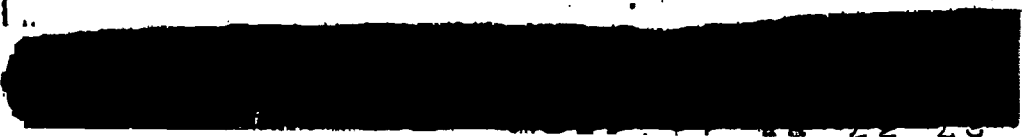
You are authorized and directed to report this finding to the  
Congress and to publish it in the Federal Register.

*William J. Clinton*

RECEIVED  
S/S  
AUG 22 1995  
S/S  
S/S

*Received in Dept  
8/27 at 9:50 AM (S/S)*

(46)



*Background*

9603638

THE WHITE HOUSE

WASHINGTON

March 8, 1996

Presidential Determination  
No. 96-18

MEMORANDUM FOR THE SECRETARY OF STATE

SUBJECT: Eligibility of Slovenia and the Former Yugoslav Republic of Macedonia 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(a) of the Foreign Assistance Act of 1961, as amended, and section 3(a)(1) of the Arms Export Control Act, I hereby find that the furnishing of defense articles and services to the Governments of Slovenia and the Former Yugoslav Republic of Macedonia 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.

96 MAR 11 08:15

*William S. Clinton*

(47)

Background

FAX COMMUNICATION

HQ USEUCOM  
ECJ4 SECURITY ASSISTANCE  
UNIT 30400, BOX 1000  
APO AE 09128-4209

From: CDR Bruce Clark  
Tele: 0049-711-680-5282, DSN 430-5282  
FAX: 0049-711-680-7347/4141

To: Lt Col Brown  
FAX: 312-664-6547

Date: 28 FEB 96

Pages: Cover

Subj: Various

*Review based on  
this/other info resulted in  
change of several countries  
(former USSR, Mexico) to non-  
regional CINC (OJCS A012).  
2/28/96*

1. EUCOM 280942ZFEB96 is in chop concurring with nomination of Col Whitten - ODC Denmark. Expect release today.
2. No formal correspondence has passed between JS/EUCOM regarding SA management in FSU. As you know SAOs are in Moscow and Kiev. Our position is JS needs to formally request we act as JS agent to manage program. To do so would require JS funding/manpower resource support. We have been providing assistance wrt IMET in all FSU countries receiving funds. Assistance has been provided by site visits by IMET manager, partial funding of DAO/AMEMB personnel to attend TPMRs and funding of a FSN in Kyrgyztan for five months ending MAR 96 (suspect AMEMB will request continued employment). I know that the IMET manager Mr Rick Dyer spends A LOT OF TIME on phone/FAX assisting FSU countries. Without adequate resources this is about all we can offer. Recall we sent a message 091051ZNOV95 that indicated Kazakhstan should need a SAO Augment in FY97. Also recall the goat rope in Kiev asking for additional manpower. We told SAO Kiev that JS is proponent and ask them for support. Bottom line: We are maxed out wrt assistance we can provide without additional resources.
3. Understand Brig Gen Rubus, JS, J5 is working this issue as well. Call EUCOM LO, Col Al Leister, Jr, DSN 233-4580 for additional info.

V/R

Bruce Clark

49



## DEFENSE SECURITY ASSISTANCE AGENCY

*Background*

WASHINGTON, DC 20301-2800

28 APR 1994

In reply refer to:  
I-02505/93

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

SUBJECT: Use of the Defense Transportation System (DTS)  
Zambia and the Organization of American States  
(OAS)

Reference: Security Assistance Management Manual, Chapter 8,  
Section 80206.H. Shipment Through DTS

The Departments of the Army, Navy, and Air Force are authorized to include use of the Defense Transportation System in Letters of Offer and Acceptance (LOAs) prepared for Zambia and for all OAS Foreign Military Sales (FMS) cases supporting the demining effort in Latin America.

All new LOAs for Zambia and the OAS for demining efforts can indicate transportation by the DTS if requested by the Government of Zambia or the Organization of American States. Tendered but unsigned LOAs may be changed if desired. Use of the DTS on signed cases should be selectively implemented where practical. The procedures established under the policy stated in reference should now be followed for Zambia or the OAS.

The use of the DTS is authorized until further notice. This authorization will be reflected in Table 600-1, Country and International Organization Information, in the next update to the Security Assistance Management Manual.

GLENN A. RUDD  
DEPUTY DIRECTOR

CC:  
CDRUSASAC  
CDRMTMC  
DLA/LRI





DEPARTMENT OF THE AIR FORCE  
WASHINGTON DC 20330-1000

*Background*

11 MAY 1994

OFFICE OF THE UNDER SECRETARY

MEMORANDUM FOR (SEE DISTRIBUTION)

FROM: SAF/IAX  
1080 Air Force Pentagon  
Washington DC 20330-1080

SUBJECT: Authorization to use the Defense Transportation System (DTS) for Zambia and the Organization of American States (OAS) - INFORMATION MEMORANDUM

The Defense Security Assistance Agency (DSAA) has authorized the use of the DTS for Zambia and OAS until further notice, DSAA Memorandum I-02505, 28 Apr 94 is at Attachment 1. This change will be reflected in the next update to the Security Assistance Management Manual. Please disseminate this information to applicable activities.

Point of contact for this matter is Ms. Cruz Menchaca, SAF/IAXM, telephone (DSN) 227-5058, (703) 697-5058.

ROBERT J. KUEHN, Jr., Colonel, USAF  
Chief, Policy Division  
Deputy Under Secretary, Int'l Affairs

Attachment:  
DSAA Memo I-02505/03, 28 Apr 94

*Background*

**Wells, Wayne, CIV, DSAA/OPS**

---

**From:** O'Brien, Kay, CIV, DSAA/FMPD  
**To:** Wells, Wayne, CIV, DSAA/OPS  
**Subject:** RE: FAA Grants "Country" Code  
**Date:** Fri, Jan 10, 97 9:37AM

absolutely agree with you.

-----  
From: Wells, Wayne, CIV, DSAA/OPS  
To: O'Brien, Kay, CIV, DSAA/FMPD  
Subject: RE: FAA Grants "Country" Code  
Date: Thursday, January 09, 1997 10:21AM

Kay, Thought we would assign S7 only at DSAA, similar to what is done for S4, S5, and S6.

-----  
From: O'Brien, Kay, CIV, DSAA/FMPD  
To: Amlin, Ann, CIV, DSAA/FMPD; Webster, Keith, CIV, DSAA/OPS; Wells, Wayne, CIV, DSAA/OPS  
Cc: Brandt, William, CIV, DSAA/OPS; Ludlow-MacMurray, Susan, DSAA  
Subject: RE: FAA Grants "Country" Code  
Date: Tue, Jan 7, 97 7:29AM

I agree. I think you need to include the second bullet explanation about when the code is used so that it is not erroneously picked up for legitimate grantee countries.

-----  
From: Wells, Wayne, CIV, DSAA/OPS  
To: Amlin, Ann, CIV, DSAA/FMPD; O'Brien, Kay, CIV, DSAA/FMPD; Webster, Keith, CIV, DSAA/OPS  
Cc: Brandt, William, CIV, DSAA/OPS; Ludlow-MacMurray, Susan, DSAA  
Subject: FAA Grants "Country" Code  
Date: Monday, January 06, 1997 5:02PM

Per our discussion today:

- Code S7 is now unassigned in SAMM Table 600-1
- Will add code S7 to that Table under DSAA/DFAS Reserved (pg 600-13) with the descriptor "FAA Grants-Other"
- Most FAA grants will then continue to be managed under existing Table 600-1 codes. S7 will apply in the exceptional instances where the grant authority does not permit use of existing codes, such as that for refugee assistance under FAA 506.

If all agree, I will add to the next change to the SAMM.

**Wells, Wayne, CIV, DSAA/OPS**

---

**From:** Wells, Wayne, CIV, DSAA/OPS  
**To:** Webster, Keith, CIV, DSAA/OPS  
**Subject:** RE: FAA Grants "Country" Code  
**Date:** Mon, Jan 6, 97 5:09PM

Just tell them to use this new code (include its meaning), which will be added to Table 600-1 in the next SAMM change--

-----  
**From:** Webster, Keith, CIV, DSAA/OPS  
**To:** Wells, Wayne, CIV, DSAA/OPS  
**Subject:** RE: FAA Grants "Country" Code  
**Date:** Mon, Jan 6, 97 5:24PM

Sounds good to me...as for my message, what wording did you want me to share with the services?

-----  
**From:** Wells, Wayne, CIV, DSAA/OPS  
**To:** Amlin, Ann, CIV, DSAA/FMPD; O'Brien, Kay, CIV, DSAA/FMPD; Webster, Keith, CIV, DSAA/OPS  
**Cc:** Brandt, William, CIV, DSAA/OPS; Ludlow-MacMurray, Susan, DSAA  
**Subject:** FAA Grants "Country" Code  
**Date:** Monday, January 06, 1997 5:02PM

Per our discussion today:

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If all agree, I will add to the next change to the SAMM.

UNCLASSIFIED

*Background*

01 02 081939Z JAN 97 RR UUUU ZYUW ABC 123

JO

SECDEF WASHINGTON DC//USDP:DSAA//  
 NAVY IPO WASHINGTON DC//260//  
 HQDA WASHINGTON DC//SAUS-IA-DSA//  
 OSAF WASHINGTON DC//IA//  
 USCINCPAC HONOLULU HI//J4/JO5//  
 USCINTRANS SCOTT AFB IL//TCJ3/4-ODC/TCJ8//  
 CMC WASHINGTON DC//POS//  
 DLA FT BELVOIR VA//MMBN/FOX/FOB/CAIL/MMLS//  
 SECSTATE WASHINGTON DC//PM-ATEC/SRP//  
 JOINT STAFF WASHINGTON DC//J5/J4//  
 CDRMTMC FALLS CHURCH VA//MTOF-OS/MTTM-I//  
 COMSC WASHINGTON DC//PM5//  
 NAVICP PHILADELPHIA PA//P755//  
 AFSAC WRIGHT PATTERSON AFB OH//ECMA/XMXA/LG/XP/FM//  
 JTPH ANDERSON AFB GU  
 HQDA WASHINGTON  
 HQ AMC SCOTT AFB IL//DO//  
 HQ AFMC TACC SCOTT AFB IL//CC//

UNCLAS

SUBJECT: SECTION 506 (A) (2) DRAWDOWN AUTHORITY FOR OPERATION PACIFIC  
 USDP:DSAA/USDP:FILE/CHAIRS

KEITH WEBSTER FOREIGN AFFAIRS SPEC  
 OPS-ERP 703-604-6609 EXT 366

AS G. RHAME, LTG, USA, DIR  
 CR 31672

UNCLASSIFIED

081939ZJAN97

54

UNCLASSIFIED

*Background*

02 02 081939Z JAN 97 RR

UUUU

ZYUW ABC 123

TO

HAVEN

FROM: DSAA-OPS-ERP, (I-001712/97)

REFERENCE 311429Z DEC 96 DSAA MESSAGE, SUBJECT AS ABOVE.

1. REFERENCED MESSAGE PROVIDED GENERAL PLANNING INSTRUCTIONS TO EXECUTE SUBJECT DRAWDOWN. TO FURTHER ASSIST IN THIS EFFORT, COUNTRY CODE S7 IS ASSIGNED.
2. S7 WILL BE UTILIZED FOR THOSE EXCEPTIONAL INSTANCES WHERE THE GRANT AUTHORITY DOES NOT PERMIT USE OF EXISTING CODES, SUCH AS THAT FOR REFUGEE ASSISTANCE UNDER SECTION 506 OF THE FAA. CODE S7 WILL BE ADDED TO TABLE 600-1 IN THE NEXT SAMM CHANGE WITH THE DESCRIPTOR FAA GRANTS-OTHER.
3. DSAA POC IS MR. KEITH WEBSTER, (703) 604-6609, EXT.366 OR DSN 664-6609, EXT.366.

USDP:DSAA/USDP:FILE/CHAIRS

KEITH WEBSTER FOREIGN AFFAIRS SPEC  
OPS-ERP 703-604-6609 EXT 366

AS G. RHAME, LTG, USA, DIR  
CRC 31672

UNCLASSIFIED

081939ZJAN97

55

*Background*

S A R A H D I S K E T T E T A B L E O F C O N T E N T S  
R E L E A S I N G D O C U M E N T

7

CREATION DATE: 070197  
CREATION TIME: 19490000  
SAF VERSION NUMBER: 3.03  
MAXIMUM CLASSIFICATION OF THIS DISKETTE: SSSS  
HIGHEST CLASSIFICATION ON THIS DISKETTE: UUUU  
DISKETTE RELEASING OFFICIAL'S NAME: THOMAS G. RHAME, LTG, USA, DIR DSAA  
ORG: SECDEF-DSAA OFFICE: OPS PHONE: 703-604-6609  
TOC FILE CRC: 11949

FILENAME	MSG TYPE	PREC	ACTION CLASS	DATE/TIME GROUP	FILETIME SSN	TOT/TOR	SPECAT CIC	CRC
CTRYCODE	DD173	RR	UU	REDY	081939ZJAN97		ZYUW N	31672

*Mr Webster*  
*W*

SECDEF-DSAA/OPS/703-604-6609  
ORGANIZATION/OFFICE SYMBOL/PHONE NUMBER

*Thomas G. Rhame*  
-----  
THOMAS G. RHAME, LTG, USA, DIR DSAA

(56)

**SECTION 506 (A) (2) DRAWDOWN AUTHORITY FOR  
OPERATION PACIFIC HAVEN**

*Background*

PTTUZYUW RUEKJCS0188 0010100-UUUU--RUEKCHR.  
ZNR UUUUU  
P 311429Z DEC 96  
FM SECDEF WASHINGTON DC//USDP:DSAA//  
TO RULSSAK/NAVY IPO WASHINGTON DC//260//  
RUEADWD/HQDA WASHINGTON DC//SAUS-IA-DSA//  
RUEAHQA/OSAF WASHINGTON DC//IA//  
RHHMUNA/USCINCPAC HONOLULU HI//J4/JO5//  
RHCUAAA/USCINTRANS SCOTT AFB IL//TCJ3/4-ODC/TCJ8//  
RUEACMC/CMC WASHINGTON DC//POS//  
RUEADLA/DLA FT BELVOIR VA//MMBN/FOX/FOB/CAIL/MMLS//  
RUEHC/SECSTATE WASHINGTON DC//PM-ATEC/SRP//  
RUEKJCS/JOINT STAFF WASHINGTON DC//J5/J4//  
RUEAMTC/CDRMTMC FALLS CHURCH VA//MTOP-OS/MTTM-I//  
RULSMSC/COMSC WASHINGTON DC//PM5//  
RUEDDMN/NAVICP PHILADELPHIA PA//P755//  
RUVAFMC/AFSAC WRIGHT PATTERSON AFB OH//ECMA/XMXA/LG/XP/FM//  
RHHEAAA/JTPH ANDERSEN AFB GU  
RUEADWD/HQDA WASHINGTON  
RHCUAAA/HQ AMC SCOTT AFB IL//DO//  
RHCUAAA/HQ AFMC TACC SCOTT AFB IL//CC//

UNCLAS SECTION 01 OF 02  
SUBJECT: SECTION 506 (A) (2) DRAWDOWN AUTHORITY FOR OPERATION **PACIFIC HAVEN**  
FROM: DSAA-OPS-ERP, (I-006162/96)  
REFS: A. PRESIDENTIAL DETERMINATION (PD 97-14) DATED 27 DEC 96  
B. DEFENSE TRAFFIC MANAGEMENT REGULATION (AR 55-  
355/NAVSUPINST 4600.70/AFR 75-2/NCO P4699.14B/DLAR 4500.3)  
C. DOD COMPTROLLER MEMORANDUM DATED 28 JULY 1994, SUBJ:  
REIMBURSEMENT OF DBOF ACTIVITIES FOR CONTINGENCY OPERATIONS AND  
HUMANITARIAN EFFORTS.

THIS IS A NINE PART MESSAGE  
PART ONE FOR ALL

1. ON 27 DECEMBER 1996, THE PRESIDENT SIGNED A PRESIDENTIAL  
DETERMINATION, REF A, AUTHORIZING THE DRAWDOWN OF UP TO \$10 MILLION  
OF COMMODITIES AND SERVICES FROM THE INVENTORIES AND RESOURCES OF THE  
DEPARTMENT OF DEFENSE UNDER SECTION 506 (A) (2) OF THE FOREIGN  
ASSISTANCE ACT (FAA) OF 1961, AS AMENDED, TO SUPPORT PHASE THREE OF  
OPERATION **PACIFIC HAVEN**. THIS MESSAGE COVERS GENERAL PLANNING  
INSTRUCTIONS TO EXECUTE THIS DRAWDOWN AS WELL AS EXECUTE ORDER ONE  
FOR COMMODITIES AND SERVICES IDENTIFIED BELOW IN PARAGRAPHS 10-12.

PAGE 03 RUEKJCS0188 UNCLAS  
EVERY EFFORT SHOULD BE MADE TO EXPEDITE DELIVERY OF THESE ITEMS TO  
GUAM WITHIN THE TERMS AND CONDITIONS OF THIS EXECUTE ORDER.  
DELIVERIES ARE TO BEGIN NLT FOURTEEN DAYS AFTER THE DATE OF THIS  
EXECUTE ORDER.

PART TWO FOR MILDEPS

2. DRAWDOWN AUTHORITY DOES NOT PROVIDE NEW FUNDING OR AUTHORIZATION  
TO CONTRACT. RATHER, IT SETS A LEGAL LIMIT ON THE VALUE OF GOODS AND  
SERVICES WHICH CAN BE PROVIDED FROM DOD STOCKS FOR THE SPECIFIC  
MISSION AUTHORIZED. THEREFORE, ALL COMMODITIES AND SERVICES PROVIDED  
UNDER THIS AUTHORITY MUST BE FROM STOCKS. NEW PROCUREMENT IS NOT  
AUTHORIZED UNDER THE PROVISIONS OF SECTION 506 (A) (2).

*Background*

3. THE PRESIDENT, THROUGH DOD, IS REQUIRED TO REPORT TO CONGRESS ALL COSTS INCURRED AND DELIVERIES (PCH&T) OF COMMODITIES AND SERVICES PROVIDED UNDER THE AUTHORITY OF THIS PD. THE DSAA 1000 SYSTEM IS THE VEHICLE FOR THIS ACCOUNTING AND REPORTING. EACH IMPLEMENTING AGENCY SHALL SUBMIT THE APPROPRIATE PROGRAMMING AND DELIVERY DATA TO THE 1000 SYSTEM AS SOON AS POSSIBLE. GUIDANCE IS PROVIDED IN CHAPTER 11, SECTION 1102 OF THE SECURITY ASSISTANCE MANAGEMENT MANUAL, DOD 5105.38M, FOR SUBMISSION OF DATA FOR EMERGENCY DRAWDOWN AUTHORIZED UNDER SECTION 506 OF THE FAA. CARD COLUMNS 47-50 SHOULD CONTAIN PAGE 04 RUEKJCS0188 UNCLAS

9714. CARD COLUMN 35 SHOULD CONTAIN C. THE DATA ENTERED INTO THE DSAA 1000 SYSTEM SHOULD BE REVIEWED AND UPDATED AS NECESSARY TO REFLECT THE BEST ESTIMATE OF ANTICIPATED FINAL COSTS.

4. RECORD CONTROL NUMBERS (RCN) WILL BE ASSIGNED TO DISCRETELY IDENTIFY THE PROVIDING U.S. MILITARY DEPARTMENT (MILDEP). THE RCN WILL BE USED IN ALL DATA SUBMISSIONS TO THE DSAA 1000 SYSTEM. DSAA MAY AUTHORIZE REDUCTIONS FROM SPECIFIC RCNS SO THAT DRAWDOWN AUTHORITY MAY BE RECOUPED AND USED FOR ADDITIONAL REQUIREMENTS. SEPARATE RCNS WILL BE ASSIGNED FOR EACH LINE VALUE. PROGRAMMING DATA SHOULD BE SUBMITTED BY MILDEPS TO THE DSAA 1000 SYSTEM ASAP.

5. MILDEPS WILL ENSURE ALL REQUISITIONS FOR MATERIEL SUBMITTED TO THE SOURCE OF SUPPLY/INVENTORY CONTROL POINT (ICP) CONTAIN:

A. THE SPECIFIC NSN AND QUANTITY NEEDED. FOR SPARE PARTS/SUPPORT EQUIPMENT, STANDARD DOD PRICES REFLECTED IN THE CATALOGING FILE WILL BE USED TO ACCUMULATE COST DATA ON COMMODITIES/SERVICES FURNISHED UNDER THE RCN. FOR END ITEMS, STANDARD DOD PRICES ADJUSTED FOR AGE AND CONDITION, SHOULD BE USED IN ACCORDANCE WITH DOD 7000.14.

B. FORCE ACTIVITY DESIGNATOR THREE (FAD III) IS AUTHORIZED FOR THIS DRAWDOWN AUTHORITY. ISSUE PRIORITY DESIGNATOR (IPD) WILL BE IN ACCORDANCE WITH THE AUTHORIZED FAD.

PAGE 05 RUEKJCS0188 UNCLAS

C. FILL OR KILL ADVICE CODE (2J, 31 OR 33 AS APPROPRIATE). NEW PROCUREMENT IS NOT AUTHORIZED UNDER THE PROVISIONS OF SECTION 506 (A)

. THIS WILL ENSURE THE ICP PROCESSING REQUISITIONS WILL NOT INITIATE NEW PROCUREMENT.

IMPLEMENTING AGENCIES WILL PROCESS REQUISITIONS FOR ALL DEFENSE LOGISTICS AGENCY (DLA) MANAGED MATERIAL. ANY REQUESTS FOR DLA MANAGED MATERIALS ARE TO BE FUNDED BY THE REQUISITIONING AGENCY. THE MILDEP SHALL PROVIDE FUND CODES AND BILL TO DODACC TO DLA PRIOR TO SUBMITTING REQUISITIONS. THIS INFORMATION SHOULD BE FORWARDED TO HQ DLA (FOXS), TEL: DSN 427-7235 OR COMMERCIAL (703) 767-7235. DLA IS AUTHORIZED TO FILL REQUISITIONS FOR SECONDARY ITEMS IN UNIFORM MATERIEL MOVEMENT AND ISSUE PRIORITY SYSTEM (UMMIPS) ISSUE PRIORITY DESIGNATOR (IPD) SEQUENCE AS IF THE REQUISITIONS ORIGINATED WITH U.S. FORCES. DLA IS AUTHORIZED TO FILL REQUISITIONS BELOW THE REORDER POINT.

PART THREE - SUPPLY GUIDANCE

7. THE PURPOSE OF THIS SECTION IS TO PROVIDE POLICY AND SUPPLY GUIDANCE:

A. ALL ARTICLES WILL BE AT LEAST CONDITION CODE B OR FMC STANDARDS, UNLESS OTHERWISE INDICATED BY THIS EXECUTE ORDER. ALL ICPS

PAGE 06 RUEKJCS0188 UNCLAS

PROCESSING REQUISITIONS WILL ISSUE ON HAND STOCKS IAW CURRENT SUPPLY POLICY AND GUIDANCE CONTAINED IN PARA 5B OF REF B.

B. CJCS PROJECT CODE 9FC (NINE-FOXTROT-CHARLIE) HAS BEEN ASSIGNED FOR USE BY ALL MILDEPS FOR COMMODITIES AND SERVICES PROVIDED IN ACCORDANCE WITH THIS DRAWDOWN. THIS CODE WILL BE UTILIZED IN ALL SUPPLY AND TRANSPORTATION DOCUMENTATION CONCERNED WITH THIS DRAWDOWN. ALL SHIPPING ACTIVITIES WILL ENSURE THAT THIS PROJECT CODE IS REFLECTED IN THE PROJECT CODE FIELD AND THE APPLICABLE RCN IS PRINTED IN THE MARK FOR SECTION (BLOCK 9) OF THE MILITARY SHIPMENT LABEL (DD FORM 1387) WHICH IS AFFIXED TO THE OUTSIDE OF EACH SHIPMENT UNIT.

SHIPPING ACTIVITIES WILL ENSURE COPIES OF ALL DD FORM 1348S ARE CLOSED IN A PACKAGE/CONTAINER. THE RCN SERIES ASSIGNED FOR THIS DRAWDOWN ARE AS INDICATED BELOW. THESE RCNS ARE FOR REPORTING END

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*Background*

ITEMS, PC&H, TRANSPORTATION, AND SERVICES.

- DEPARTMENT OF THE ARMY:
  - TRANSPORTATION, AA00
- DEPARTMENT OF THE NAVY:
  - COMMODITIES/SERVICES, AB00-AB90
  - PC&H, AB91
  - TRANSPORTATION, AB92

PAGE 07 RUEKJCS0188 UNCLAS

- DEPARTMENT OF THE AIR FORCE:
  - COMMODITIES/SERVICES, AC00-AC50
  - PC&H, AC51
  - TRANSPORTATION, AC52

PART FOUR - TRANSPORTATION GUIDANCE

8. THE PURPOSE OF THIS SECTION IS TO PROVIDE TRANSPORTATION GUIDANCE:

- A. IN ACCORDANCE WITH REF C, TRANSPORTATION WILL BE ABSORBED BY THE MILDEP PROVIDING THE COMMODITY/SERVICE OR TRAINING AS PART OF THE DRAWDOWN. THIS NOT ONLY APPLIES TO MATERIAL, BUT THE RETURN OF SERVICE PERSONNEL DEPLOYED TO GUAM.
- B. FOR AIRLIFT, THE MILDEP WILL NOTIFY AIR MOBILITY COMMAND (AMC) OF WEIGHT AND DIMENSIONS OF SHIPMENT SO AMC WILL BE AWARE OF LIFT REQUIREMENTS. FOR VESSEL SHIPMENT, THE MILDEP WILL NOTIFY MTMC IMMEDIATELY OF CUBE AND WEIGHT OF SHIPMENT, I.E. DIMENSION OF SHIPPING CONFIGURATION OF CRATES, BOXES, ETC., SO THAT ARRANGEMENTS CAN BE MADE TO SECURE THE NEXT AVAILABLE VESSEL.
- C. DTS TRANSPORTATION SUPPORT WILL USE CHANNEL AIR AND/OR VESSEL IAW DEFENSE TRANSPORTATION REGULATIONS (DTR) AND NORMAL DRAWDOWN GUIDELINES. NO NEW CONTRACTING IS AUTHORIZED.

BT

UNCLAS FINAL SECTION OF 02

D. STANDARD DTR PROCEDURES WILL BE USED TO SUBMIT TRANSPORTATION REQUIREMENTS. MILDEPS WILL COORDINATE TRANSPORTATION REQUIREMENTS VIA THEIR TRAFFIC MANAGEMENT OFFICERS/INSTALLATION TRANSPORTATION OFFICERS (TMO/ITO). INFO USCINCTRANSCOM SCOTT AFB IL//TCJ3-OD// WITH TRANSPORTATION ARRANGEMENTS. THE U.S. POC IN GUAM IS MAJ LIES, DSN 25-362-6540 WHO WILL NOTIFY AMC/MTMC AND USTRANSCOM OF PERSONNEL ASSISTING WITH OFF-LOADING OF CARGO. MILDEPS WILL FUND TRANSPORTATION IAW REF C. THE SHIPPING ADDRESS FOR ITEMS PROVIDED UNDER THIS DRAWDOWN AUTHORITY IS AS FOLLOWS: ANDERSEN AFB, GUAM,

SHIP TO (AIR):                   FB 4427  
                                       60 APF/TRT  
                                       90 RAGSDALE ROAD  
                                       TRAVIS AFB, CA 94535-2941

SHIP TO (SURFACE):           SW 3224  
                                       DEFENSE DEPOT SAN JOAQUIN  
                                       SHARPE FACILITY  
                                       RECEIVING BLDG 330  
                                       LATHROP, CA 95926-0012  
                                       FB 5240

MARK FOR:  
PAGE 03 RUEKJCS0189 UNCLAS

36 SUPS/LGSD  
 ANDERSEN AFB, GUAM  
 APO AP 96543-4006  
 MARK FOR: JTF **PACIFIC HAVEN**

FED EX ADDRESS:  
 36 TRANS/LGTT  
 BLDG 22002  
 ARC LIGHT BLDG  
 ANDERSEN AFB, GUAM 96543-4005

E. MILDEPS ARE RESPONSIBLE FOR PREPARING CARGO FOR SHIPMENT AND FOR SHIPMENT TO APOE FOR FURTHER TRANSFER. COSTS OF CARGO PREPARATION, PACKAGING, AND SHIPPING TO ULTIMATE DESTINATION WILL BE ABSORBED BY THE MILDEPS AS PART OF THIS DRAWDOWN.

STANDARD DOD MARKING AND LABELING PROCEDURES PRESCRIBED BY DOD 480.32R (MILITARY STANDARD TRANSPORTATION AND MOVEMENT PROCEDURES-ALSTAMP) WILL BE USED. THE RCN IDENTIFICATION OF THE MILDEP WILL BE

59

*Background*

INCLUDED IN THE SUPPLEMENTAL ADDRESS CODE FIELD OF THE DD FORM 1348.  
TRACKING OF SHIPMENTS IN THE DTS WILL BE BY TCN.

G. DOD TRANSPORTATION RATES WILL BE USED FOR DRAWDOWN ACCOUNTING.  
H. EACH MILDEP WILL NOTIFY ALCON OF POC AND PHONE NUMBERS AS WELL AS  
PAD ADDRESS INFORMATION.

PAGE 04 RUEKJCS0189 UNCLAS

I. REGARDING AIR TRANSPORTATION, CINCTRANSCOM WILL NOTIFY SECDEF (DSAA/OPS-ERP), USCINCPAC, CINCUSACOM, AND THE JOINT STAFF (J4) OF THE MISSION NUMBER, ETD, ETA, POE, POD, AND MANIFEST CONTENTS BY APPLICABLE RCN ASAP AFTER DEPARTURE. REGARDING SURFACE TRANSPORTATION, CINCTRANSCOM WILL NOTIFY SECDEF (DSAA/OPS-ERP), USCINCPAC, CINCUSACOM, AND THE JOINT STAFF (J4) OF THE SEALIFT VESSEL NAME, VOYAGE NUMBER, ETD, ETA, POE, POD, AND MANIFEST CONTENTS BY APPLICABLE RCN ASAP AFTER SAILING.

J. ALL SHIPMENTS WILL BE UNCLASSIFIED UNLESS OTHERWISE INDICATED.

K. MILDEPS/PACOM WILL ADVISE SECDEF/DSAA OF COMMODITIES AND/OR SERVICES UNAVAILABLE FOR DRAWDOWN WITHIN FORTY-EIGHT HOURS OF RECEIPT OF DSAA EXECUTE ORDER. THE CRITERIA FOR NON-AVAILABILITY IS THAT THE DRAWDOWN OF COMMODITIES/SERVICES FROM MILDEP STOCKS WILL HAVE A SEVERE, DETRIMENTAL IMPACT ON THE OPERATIONAL READINESS OF THEIR MILITARY DEPARTMENT. DEPENDING ON THE MAGNITUDE OF THE IMPACT, DRAWDOWN MAY NEVERTHELESS BE REQUIRED OR MODIFIED BY SUBSEQUENT SECDEF EXECUTE ORDER.

PART FIVE FOR USTRANSCOM

9. COORDINATE AIRLIFT/SEALIFT SUPPORT AS REQUIRED TO TRANSPORT ITEMS TO GUAM. PROVIDE SPOE/SPOD FOR ITEMS TO BE SHIPPED TO GUAM.

PAGE 05 RUEKJCS0189 UNCLAS

PART SIX FOR U.S. ARMY

10. THE U.S. ARMY IS AUTHORIZED UNDER SECTION 506 (A) (2) TO DRAWDOWN THE FOLLOWING SERVICES FOR PHASE THREE, **PACIFIC HAVEN:**

SERVICE	DOLLAR VALUE
AIRLIFT FOR DEPLOYMENT/REDEPLOYMENT/ROTATION OF U.S. FORCES FROM GUAM TO CONUS UNITS.	\$430K

PART SEVEN FOR U.S. NAVY

11. THE U.S. NAVY IS AUTHORIZED UNDER SECTION 506 (A) (2) TO DRAWDOWN THE FOLLOWING ITEMS FOR PHASE THREE, OPERATION **PACIFIC HAVEN:**

COMMODITIES/SERVICES	DOLLAR VALUE
AIRLIFT FOR DEPLOYMENT/REDEPLOYMENT/ROTATION OF U.S. FORCES FROM GUAM TO CONUS UNITS.	\$920K
FURNISHINGS AT NAVAL AIR STATION AGANA	\$200K
CIVIL ENGINEERING AND TECH SUPPORT	\$100K
PROVISION OF MISC SUPPLIES	\$500K
NONPERISHABLE FOOD STOCKS	\$1.25M
TRANSPORTATION	\$350K

PART EIGHT FOR THE USAF

12. THE USAF IS AUTHORIZED UNDER SECTION 506 (A) (2) TO DRAWDOWN THE

PAGE 06 RUEKJCS0189 UNCLAS

FOLLOWING ITEMS FOR PHASE THREE, OPERATION **PACIFIC HAVEN:**

COMMODITIES/SERVICES	DOLLAR VALUE
AIRLIFT FOR DEPLOYMENT/REDEPLOYMENT/ROTATION OF U.S. FORCES FROM GUAM TO CONUS UNITS.	\$1.35M
MEDICAL SUPPLIES	\$500K
FURNISHINGS AT ANDERSEN AFB (E.G. AIR CONDITIONERS, REFRIGERATORS)	\$200K
CIVIL ENGINEERING AND TECH SUPPORT	\$100K
PROVISION OF MISC SUPPLIES	\$500K
NONPERISHABLE FOOD STOCKS	\$1.25M
TRANSPORTATION	\$350K

PART NINE FOR ALL

13. TOTAL DRAWDOWN AUTHORITY AUTHORIZED BY THE PRESIDENTIAL DETERMINATION IS \$10M. NO LEGAL AUTHORITY EXISTS TO PROVIDE IN EXCESS OF \$10M OF DOD ARTICLES/SERVICES UNDER THE AUTHORITY OF THIS SECTION 506 (A) (A) DRAWDOWN. THIS MESSAGE PROVIDES TASKING FOR DRAWDOWN OF \$8M OF THE \$10M TOTAL ALLOCATED AS FOLLOWS: U.S.

(60)


Background

ARMY - \$430K; U.S. NAVY - \$3.32M; U.S. AIR FORCE - \$4.25M. MILDEPS SHOULD ENSURE THEIR ALLOCATIONS WILL NOT, UNDER ANY CIRCUMSTANCES, BE EXCEEDED. THE ALLOCATION AUTHORIZED WILL PROVIDE FOR COMMODITIES AND PAGE 07 RUEKJCS0189 UNCLAS SERVICES, AND AIR TRANSPORT TO GUAM.

THE OVERALL POC IS MR. KEITH WEBSTER, DSAA/OPS-ERP, DSN 664-6609, EXT 366, COMMERCIAL (703) 604-6609, EXT 366. POC FOR COST REPORTING IN THE DSAA 1000 SYSTEM IS MS. HELEN MCFARLANE, DSAA/COMPT-CPD, DSN 664-6562, EXT 229, COMMERCIAL (703) 604-6562, EXT 229.

BT  
#0188  
NNNN



Suggestions or contributions should be send to:  
 Policy Automation or call 693-4063.  
*Last modified: This page was dynamically created.*

(61)

Table 600-1  
Background

**Wells, Wayne, CIV, DSAA/OPS**

**From:** Spradley, Bill, , DSAA/COMPT  
**To:** Wells, Wayne, CIV, DSAA/OPS  
**Cc:** Johnston, Bill, , DSAA/COMPT; O'Brien, Kay, CIV, DSAA/FPD  
**Subject:** RE: Table 1301-1 of SAMM (Contract Admin Reciprocal Agreements)  
**Date:** Monday, April 28, 1997 10:49AM

Ok, thanks. I have been including a copy of the DSAA Mar 1993 memo in my FMS CAS Budget Call for the past couple years. I had hoped it would appear before we sent out the FY 1998/1999 Budget Call. Just doesn't look too good adding an old memo like this but it will work for now.

-----  
From: Wells, Wayne, CIV, DSAA/OPS  
To: Spradley, Bill, , DSAA/COMPT  
Cc: Johnston, Bill, , DSAA/COMPT; O'Brien, Kay, CIV, DSAA/FPD  
Subject: RE: Table 1301-1 of SAMM (Contract Admin Reciprocal Agreements)  
Date: Monday, April 28, 1997 8:55AM

Bill,

Apparently, OPS-MGT first received a copy of DSAA's Mar 93 memo regarding Greece from Dee Burgess (USASAC) in May 1996, too late for SAMM change 7. As now configured, the next change will include for Table 1301-1: Add Greece (effective 23 Sep 92) for Quality Assurance and Inspection; and, place countries and organizations in alphabetical order. This could change if Chap 13 is revised entirely.

Am hoping to include revised Chap 13 in the next change (being rewritten by Ms. O'Brien and DISAM), so have no good estimate of publication date (likely before the end of the year in any case). If omission of Greece is causing problems now, might consider a memo to MILDEPs saying the '93 memo remains effective pending inclusion of Greece in the SAMM.

Please call (x367) if we should be doing something differently--

-----  
From: Spradley, Bill, , DSAA/COMPT  
To: Wells, Wayne, CIV, DSAA/OPS  
Cc: Johnston, Bill, , DSAA/COMPT; O'Brien, Kay, CIV, DSAA/FPD  
Subject: Table 1301-1 of SAMM (Contract Admin Reciprocal Agreements)  
Date: Thursday, April 24, 1997 2:12PM

Wayne, need your help on getting the subject table updated.

During our joint review of FY 1993 FMS CAS billings in February 1993, it was noted that there were a number of country codes left off of Table 1301-1. It was also noted that Greece had not been added to Table 1301-1, even though a memo was put out by our Deputy Director (reference DSAA memo I-01096/93, dated 5 March 1993, Subject: Quality Assurance of Defense Contracts and Subcontracts Placed by the Government of Greece) adding Greece to this table. Based on this, an updated "Table 1301-1" was forwarded to FMD-FPPB (reference COMPT-PBD Whitey dated 25 Mar 94, same subject) for their blessing and onward processing to you. Answers to my follow ups with FMD-FPPB and FPD (Dick Miles, Carl Miller) since that time were that my changes had been forwarded for inclusion into the SAMM and the release was "imminent".

Could you please research and let me know if you have these changes? If you do, please let me know when you expect these changes to be released and printed as a change to the SAMM? If you don't have these changes, I will ask FPD to send my package up to you.

As you know, this table is used by Army, Navy, DLA and DCAA when computing their monthly FMS CAS bills. As such, if this table don't include all the current reciprocal agreements and isn't current and up-to-date, overbillings will occur and FMS CAS funds will be erroneously paid to these MILDEPS and DoD Agencies. FYI, we expect to collect approximately \$144 million in FY 1997 and our FY 1997 FMS CAS bills will be approximately \$160/165

Background

million. So I'm trying to close the door on all overbillings. Getting this printed in the SAMM will help reduce overbillings.

Please let me know if you need something again on this. Thanks.

S A R A H D I S K E T T E T A B L E O F C O N T E N T S  
RELEASING DOCUMENT

*Background*

CREATION DATE: 290496  
CREATION TIME: 19220000  
SARAH VERSION NUMBER: 3.03  
MESSAGE CLASSIFICATION OF THIS DISKETTE: SSSS  
HIGHEST CLASSIFICATION ON THIS DISKETTE: UUUU  
DISKETTE RELEASING OFFICIAL'S NAME: THOMAS G. RHAME, LTG, USA, DIR  
ORG: DSAA OFFICE: OPS PHONE: 604-6635,367  
TOC FILE CRC: 18728

FILENAME	MSG PREC ACTION		DATE/TIME	FILETIME		TOT/	SPECAT	
	TYPE	CLASS	GROUP	SSN		TOR	CIC	CRC
EM	DD173	PP UU	REDY	191722	ZJUN97		ZYUW N	18531

\*\*\* COORDINATION

DSAA/OPS/604-6635,367  
ORGANIZATION/OFFICE SYMBOL/PHONE NUMBER

*Thomas G. Rhame*  
-----  
THOMAS G. RHAME, LTG, USA, DIR

*Background*

01 03 191722Z JUN 97 PP PP UUUU

ZYUW HWW 943

NO

SECDEF WASHINGTON DC//USDP:DSAA//  
 DA WASHINGTON DC//SAUS-IA-DSX//  
 NAVY IPO WASHINGTON DC//02//  
 OSAF WASHINGTON DC//SAF/IA//  
 DIR DLA FT BELVOIR VA//MMBN//  
 CMDT DISAM WRIGHT PATTERSON AFB OH  
 DIR DEFENSE FINANCE ACCOUNTING SERVICE//DFAS-DE//  
 USLO ABU DHABI TC

INFO SECSTATE WASHINGTON DC//PM/ATEC//  
 AMEMBASSY ABU DHABI TC  
 NIMA BETHESDA MD//GIMSE//  
 JOINT STAFF WASHINGTON DC//J4//J5//  
 USCINCCENT MACDILL AFB FL//CCJ4/7//  
 CDR USASAC ALEX VA//AMSAC-MP//  
 AFSAC WRIGHT PATTERSON AFB OH  
 NAVICP PHILADELPHIA PA

UNCLAS

DSAA/MEAN-AP

SUBJECT: UNITED ARAB EMIRATE COUNTRY CODE CHANGE

1. UAE WISHES TO REMOVE ANY INFERENCE IT IS THE "TRUCIAL COAST". FOR  
 CHAIRS

MR. W. WELLS, EM  
 DSAA/MEAN-AP, 604-6609 X315

COORDINATION

THOMAS G. RHAME, LTG, USA, DIR  
 CPC: 18531

UNCLASSIFIED

191722ZJUN97

(65)

*Background*

02 03 191722Z JUN 97 PP PP UUUU

ZYUW HWW 943

NO  
 THIS REASON, ITS REPRESENTATIVES HAVE REQUESTED DSAA CHANGE THE UAE SECURITY ASSISTANCE PROGRAM COUNTRY CODE FROM THE PRESENT TC TO AE. THIS HAS BEEN APPROVED.

2. COUNTRY CODES ARE NOT NECESSARILY ACRONYMS OR ABBREVIATIONS AND DISRUPTIONS ASSOCIATED WITH CODE CHANGES REDUCE PROGRAM EFFECTIVENESS. THE UAE REQUEST, HOWEVER, COINCIDES WITH ANOTHER INITIATIVE. SPECIFICALLY, CODE TC IS BASED ON FEDERAL INFORMATION PROCESSING STANDARD {FIPS} 10-4, APPLICABLE TO U.S. DEPARTMENTS OF STATE AND DEFENSE PROGRAMS. FIPS 10-4 CODES ARE BEING MADE COMPATIBLE WITH FIPS 104-1 STANDARDS FOR INTERNATIONAL ORGANIZATIONS. THE TC-AE CONVERSION WILL FACILITATE MIGRATION TO FIPS 104-1 STANDARDS WHILE SATISFYING THE UAE REQUEST.

3. CODE AE IS TO BE USED FOR NEW UAE SECURITY ASSISTANCE ACTIONS EFFECTIVE 1 SEPTEMBER 1997. THE NEXT CHANGE TO DOD 5105.38-M, SAMM {TABLE 600-1}, WILL ADD CODE AE FOR UAE. PROGRAMS CURRENTLY IDENTIFIED WITH CODE TC WILL CONTINUE AND HISTORICAL RECORDS WILL BE MAINTAINED UNDER THAT CODE FOR THE PRESENT TIME. UAE SECURITY ASSISTANCE RECORDKEEPING AND REPORTS {E.G., CUMULATIVE SALES} WILL CONSIDER BOTH TC AND AE DATA. MESSAGE TRAFFIC AND OTHER NON-SECURITY ASSISTANCE COUNTRY CODE USAGE WILL ONLY CHANGE BASED ON FORMAL CHAIRS

MR.W.WELLS, EM  
 DSAA/MEAN-AP, 604-6609 X315

COORDINATION

THOMAS G. RHAME, LTG, USA, DIR  
 CPO 18531

UNCLASSIFIED

191722ZJUN97

(66)



UNCLASSIFIED

*Background*

03 03 191722Z JUN 97 PP PP UUUU

ZYUW HWW 943

NO  
REFERENCES TO FIPS OR OTHER GOVERNING GUIDANCE.

4. QUESTIONS MAY BE DIRECTED TO MR. WAYNE WELLS, DSN 664-6609 OR CML  
{703} 604-6609, X315.

CHAIRS

MR. W. WELLS, EM  
DSAA/MEAN-AP, 604-6609 X315

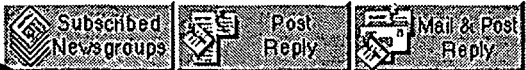
COORDINATION

THOMAS G. RHAME, LTG, USA, DIR  
CRC: 18531

UNCLASSIFIED

191722ZJUN97

*Background*



**Subject: (U): P : 191722Z JUN 97: UNITED ARAB EMIRATE COUNTRY CODE CHANGE 1. UAE WISHES TO REMOVE ANY INFERENCE IT IS THE 'TRUCIAL COAST'. FOR**

**Date: 19 Jun 1997 14:44:46 -0400**

**From: SECDEF WASHINGTON DC**

**Organization: CHAIRS User**

**Newsgroups: DTSA, DSAA.CHRMGT, DSAA.CHRMAA, DSAA.CHRPLN, DSAA.CHRPGM, DSAA.CHROPS, DSAA.CHRLPD, DSAA.CHRFPD, DSAA.CHRGEN, DSAA.CHRCPD, DSAA.CHRRER, DSAA.CHRBGT, USDP, PS.IS, PS.CCC, PS.CIS, ISP.CAR, ISP.PPRS, ISP.SFO, ISA.DPMOADMIN, ISA.DPMO, ISA.AFR POL, ISA.AFR, ISA.APCHINA, ISA.AP, ISA.NESA, ISA.DASDEUR, ISA, SOLIC.DEPS, SOLIC.HRA, SOLIC.RP, SOLIC.SS, ALL**

PTTUZYUW RUEKJCS8728 1701848-UUUU--RUEKCHR.  
ZNR UUUUU  
P 191722Z JUN 97  
FM SECDEF WASHINGTON DC//USDP:DSAA//  
TO RUEADWD/DA WASHINGTON DC//SAUS-IA-DSX//  
RUEALSSAK/NAVY IPO WASHINGTON DC//02//  
RUEAHQA/OSAF WASHINGTON DC//SAF/IA//  
RUEADLA/DIR DLA FT BELVOIR VA//MMBN//  
RUVAFMC/CMDT DISAM WRIGHT PATTERSON AFB OH  
RUDIDFB/DIR DEFENSE FINANCE ACCOUNTING SERVICE//DFAS-DE//  
RUEHAD/USLO ABU DHABI TC  
INFO RUEHC/SECSTATE WASHINGTON DC//PM/ATEC//  
RUEHAD/AMEMBASSY ABU DHABI TC  
RUEANQA/NIMA BETHESDA MD//GIMSE//  
RUEKJCS/JOINT STAFF WASHINGTON DC//J4//J5//  
RUCJACC/USCINCCENT MACDILL AFB FL//CCJ4/7//  
RUEASAC/CDR USASAC ALEX VA//AMSAC-MP//  
RUVAFMC/AFSAC WRIGHT PATTERSON AFB OH  
RULSDMN/NAVICP PHILADELPHIA PA  
BT  
UNCLAS  
DSAA/MEAN-AP

PAGE 02 RUEKJCS8728 UNCLAS  
SUBJECT: UNITED ARAB EMIRATE COUNTRY CODE CHANGE  
1. UAE WISHES TO REMOVE ANY INFERENCE IT IS THE 'TRUCIAL COAST'. FOR THIS REASON, ITS REPRESENTATIVES HAVE REQUESTED DSAA CHANGE THE UAE SECURITY ASSISTANCE PROGRAM COUNTRY CODE FROM THE PRESENT TC TO AE. THIS HAS BEEN APPROVED.  
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67a

*Background*

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PAGE 03 RUEKJCS8728 UNCLAS

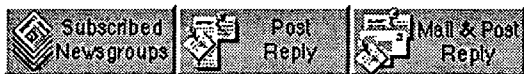
CONSIDER BOTH TC AND AE DATA. MESSAGE TRAFFIC AND OTHER NON-SECURITY ASSISTANCE COUNTRY CODE USAGE WILL ONLY CHANGE BASED ON FORMAL UPDATES TO FIPS OR OTHER GOVERNING GUIDANCE.

4. QUESTIONS MAY BE DIRECTED TO MR. WAYNE WELLS, DSN 664-6609 OR CML {703} 604-6609, X315.

BT

#8728

NNNN



670



DEFENSE SECURITY ASSISTANCE AGENCY

WASHINGTON, DC 20301-2800

*Background*

29 MAR 1996

In reply refer to:  
I-02910/96

Dr. William Wood, Director  
Office of the Geographer and Global Issues  
U.S. Department of State  
Washington, DC 20520

Dear Dr. Wood:

We have been repeatedly asked by the United Arab Emirates to change its country code from the present TC, which coincides with the FIPS 10-4 standard for United States Department of State and national defense programs, to AE, the FIPS 104-1 standard for international organizations. Although we anticipate limited UAE program disruption, we support the UAE request for reasons as follows:

- The UAE is an important friend to the U.S. in a historically unstable region. It is in the interests of both countries that the U.S.-UAE relationship remain warm and mutually supportive.

- Code TC is viewed by the UAE as an unpleasant remnant of a period when western powers exercised hegemony in the southern Persian Gulf. The code is regarded by the UAE as the acronym for Trucial Coast, with direct linkage to that era. We have conveyed the intention that country codes are not acronyms and that change will create some program disruption during the transition. It is increasingly apparent, however, that UAE regards this issue as an indicator the U.S. does not fully recognize the status of the United Arab Emirates as it exists today.

- The change will be beneficial over the long term as FIPS 10-4 and 104-1 codes are harmonized for use in future international programs. Assigning code AE to UAE will also avert any need to consider a unique code, unrelated to history or to FIPS 10-4 or 104-1, for security assistance programs with the UAE.

Your assistance is requested to waive the normal criteria for changing country codes and to change FIPS 10-4 country code TC to be consistent with code AE in FIPS 104-1.

My point of contact is Mr. Wayne Wells, (703) 604-6635, extension 367.

Sincerely,

H. Diehl McKalip  
Acting Director

cc: PM/A TEC (Mr. Maggi)

gmsls3

A (68)

*Background*

**DEFENSE SECURITY ASSISTANCE AGENCY**

**WASHINGTON, DC 20301-2800**



29 MAR 1996

In reply refer to:  
I-02910/96

Colonel Obaid A. S. Al Ketbi  
Head of Foreign Purchasing  
Directorate of General Purchasing  
General Headquarters, UAE Armed Forces  
P.O. Box 2501  
Abu Dhabi, United Arab Emirates

Dear Colonel Obaid:

This is to provide the status of your country's latest request, during our recent program management review, that the code used to designate the United Arab Emirates in our defense programs be changed from TC to AE, UE, or EM.

We have formally requested that the Department of State assign country code AE to the UAE for purposes of managing U.S. defense programs. We will notify you when we receive the Department of State response to this request.

Country codes used in defense programs are managed for the U.S. by the Department of State. As you are perhaps aware, the country code presently being adopted for the United Arab Emirates as the international standard is AE.

The preliminary review conducted within Defense Security Assistance Agency (DSAA) indicates the code change will create the need to track UAE programs under both the present and new codes until all programs under code TC are completed. This is expected to take several years, and may introduce limited disruption into UAE-U.S. programs in the interim. While an immediate change of all records was considered, we believe this would create unacceptable confusion and disruption in both of our program accounting processes.

Should you wish to discuss this issue, the DSAA points of contact are CDR Steve Shegrud, (703) 604-6623, extension 349, or Mr. Wayne Wells, (703) 604-6635, extension 367.

Sincerely,

**H. Diehl McKalip  
Acting Director**

cc: DoS PM/A TEC (Mr. Maggi)

(69)

*Background*

20 August 1997

MEMORANDUM FOR RECORD

SUBJECT: Country Name Change (Zaire to Democratic Republic of the Congo)

Talked with DSAA/MEAN's Ms. Ann Smoot and DSAA-ERASA's Ms. Elsie Hickman, former and current country directors for Zaire/DRC; Mr. Bill Ellis, former ISA Africa desk (now assigned to DSAA/MEAN-ME); and Ms. Jennie Jones (202-647-5876), DoS regional director for Zaire/DRC. Ms. Jones in turn consulted with DoS General Counsel. All agreed the change from Zaire to the Democratic Republic of Congo is name only and does not add or detract from Zaire's rights or responsibilities. The Presidential Determination remains in effect.

To avoid confusion between Democratic Republic of the Congo (capital Kinshasa, country code CX) and the Republic of the Congo (capital Brazzaville, country code CF), countries are listed as "Congo (Brazzaville)" and "Congo (Kinshasa)". "(see Congo, Kinshasa)" is entered following "Zaire", with remaining information deleted, to direct attention to the replacement country name and reduce incorrect reference to/use of Zaire information in the future.

Above was informally coordinated with DSAA Compt, Ms. Frey, for records maintenance purposes.

W. Wells, x315

69a



*Background*

File ref; pf. 29.10

2 September 1997

To: Defense Security Assistance Agency  
ERASA-ER  
Washington, DC 20301-2800  
USA  
Attention: Gregory Cleva

Information: Defense Finance and Accounting Service  
DFAS-DE/IFBI  
Denver, Colorado 80279-2000  
USA  
Attention: Sherry Goodner

Subject: **Foreign Military Sales Billing Statement (DD 645)**

Reference: I-97/51490

1. In order to comply with the Arms Export Control Act(AECA.3(a)(1)) the NATO C3 Agency (NC3A) wishes to clarify the following points:
2. On 1 July 1996, the NATO C3 Agency (NC3A) was formed by an amalgamation of the SHAPE Technical Centre (STC) in The Hague (The Netherlands) and the NATO CIS Agency (NACISA) in Brussels (Belgium). This Agency will continue to perform the same mission and functions as previously directed by NACISA and STC.
3. The NATO C3 Agency functions, related to FMS cases, will continue exclusively to be devoted to NATO projects.
4. The NATO C3 Agency will not provide any US origin defence services or defence articles to non-NATO entities without prior written US Department of State approval.
5. Furthermore, please be advised that Mr. G.G. Baldwin left the Agency. Effective 1 August 1997, the NATO Council nominated Mr. D.M.J. HEURTAUX as NC3A Financial Controller. Future correspondence should be addressed as follows:

Mr. D.M.J. Heurtaux  
Financial Controller  
NATO C3 Agency (NC3A)  
Rue de Genève, 8  
1140 BRUSSELS  
BELGIUM

FOR THE GENERAL MANAGER:

*T.I.M. Waugh*  
T.I.M. Waugh  
Executive Secretary

696

*Background*

**NETMA**

NATO EF2000 AND TORNADO DEVELOPMENT,  
PRODUCTION AND LOGISTICS MANAGEMENT AGENCY



Telephone: (089) 666 80 - 155

Telefax: (089) 666 80 - 573555/556  
Telex: 529 361

Postfach 1302  
D-82003 Unterhaching

Inselkammerstr. 12 + 14  
D-82008 Unterhaching

All correspondence to be addressed to General Manager

In reply refer to: T/41134/FMS/31074/97/NU

25 September 1997

To: United States Department of Defense  
Security Assistance,  
Attn: Diana L. Blundell  
Attn: Gregory Cleva  
ERASA-ER  
Washington, DC 20301-2800

Registry out:  
26 Sep. 1997

Internal: F1, C4

Subject: FMS CASE

Reference: I-97/51489 dtd 28/7/97

1. Further to your reference A letter, we would confirm to you the following:
  - NETMA is the Agency formed on 1.1.96 by the merging of the NAMMA/NEFMA Agencies and it will continue to perform the same missions and functions as previously performed by the NAMMA/NEFMA Agencies.
  - The NETMA organisation is exclusively devoted to NATO projects.
  - All future NETMA cases will use country code K3, used in the past only for NAMMA cases. The country code M1, used before only for one NEFMA case, will be retained solely for historical purposes.
  - Any US-origin defence articles or defence services will not be provided to any non-NATO entity without prior written US Department of State approval.
2. Should you need to discuss anything further then do not hesitate to contact us.

For the General Manager

M. KOTHE  
Section Leader Contracts 1 (Tornado)

69c



SECTION 603 - SALE OF GFE, GFM, AND RELATED SERVICES
--

**60301 PURPOSE.** This provides guidance to execute authority in AECA Sec 30 to sell to US companies defense articles and defense services (items) in connection with proposed direct commercial exports pursuant to the ITAR. This section is based on the legislative history of AECA Sec 30 and constitutes the consistent legal interpretation of its authority and limitations.

**60302 GENERAL.**

A. **IA Execution.** The IA shall execute the functions conferred by AECA Sec 30 and may redelegate the authority not below the level of the commanding officer or head of a contracting activity of the IA responsible for acquisition of the applicable end item. \*

B. **Records and Reporting.** A central IA record will be maintained showing the purchaser, item being sold, source (stock, DoD production, or procurement), cost estimate or (if delivered) billed price, end item (if applicable), ultimate recipient (country or international organization), and export license number and date or other DoS approval. Information from this record will be provided to DSAA upon request. \*

C. **Authorized Items.** Items shall not be sold if they are available to the purchaser directly from US commercial sources at such times as may be required to meet the delivery schedule. Sales may be authorized for:

1. Articles of a type approved for FMS, which have been <sup>or would be</sup> supplied as GFE or GFM in connection with ~~past or present~~ DoD procurement of the end items, including concurrent or follow-on support, and where the sale would simplify and expedite the direct commercial sale involved. \*

2. Services, such as transportation, installation, testing, or certification, which are directly associated with the sale. They may be performed only in the US in support of the sale of defense articles. Services alone may not be provided.

D. **Authorized Purchasers.** Sales may be authorized to a company incorporated in the US when one of the following applies:

1. The company is an existing end item prime contractor as defined in this paragraph, with an approved license under the ITAR, under which contract final assembly or manufacture of the end item will take place in the US. The license must provide for inclusion of GFE or GFM in the end item which is furnished for use of the armed forces of a specific country or international organization. The licensee shall identify the end item which has been or will be exported, and the ultimate recipient. For this purpose, existing prime contractors include contractors with a DoD contract or those known to be qualified, or those considered by the commanding officer of the IA procuring activity to be a responsible contractor, and which are not debarred, ineligible, or suspended for defense procurement or sales contracts or for export or import violations. \*

2. In the case of ammunition components, a known manufacturer, assembler, or developer that is (1) a US subcontractor (at any tier) to an authorized purchaser as defined in paragraph 1, or (2) a US contractor or US subcontractor with a foreign company that is supplying items to a friendly foreign government or international organization, provided in both (1) and (2) that the end items incorporating the ammunition components must be delivered directly to the friendly foreign government or international organization. \*

\* End items in this context means the end product of the commercial program, such as a tank, ship, or plane, a combination of such items, or a mix of SME and non-SME, with or without services, that form the program.

Dof Wz

Background

**SECTION 603 - SALE OF GFE, GFM, AND RELATED SERVICES**

**60301 PURPOSE.** This provides guidance to execute authority in AECA Sec 30 to sell to US companies defense articles and defense services (items) in connection with proposed direct commercial exports pursuant to the ITAR. This section is based on the legislative history of AECA Sec 30 and constitutes the consistent legal interpretation of its authority and limitations.

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B. **Records and Reporting.** A central IA record will be maintained showing the purchaser, item being sold, source (stock, DoD production, or procurement), cost estimate or (if delivered) billed price, end item (if applicable), ultimate recipient (country or international organization), and export license number and date or other DoS approval. Information from this record will be provided to DSAA upon request.

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1. Articles of a type approved for FMS, which have been <sup>or would be</sup> supplied as GFE or GFM in connection with ~~past or present~~ DoD procurement of the end items, including concurrent or follow-on support, and where the sale would simplify and expedite the direct commercial sale involved.

2. Services, such as transportation, installation, testing, or certification, which are directly associated with the sale. They may be performed only in the US in support of the sale of defense articles. Services alone may not be provided.

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1. The company is an existing end item prime contractor as defined in this paragraph, with an approved license under the ITAR, under which contract final assembly or manufacture of the end item will take place in the US. The license must provide for inclusion of GFE or GFM in the end item which is furnished for use of the armed forces of a specific country or international organization. The licensee shall identify the end item which has been or will be exported, and the ultimate recipient. For this purpose, existing prime contractors include contractors with a DoD contract or those known to be qualified, or those considered by the commanding officer of the IA procuring activity to be a responsible contractor, and which are not debarred, ineligible, or suspended for defense procurement or sales contracts or for export or import violations.

2. In the case of ammunition components, a known manufacturer, assembler, or developer that is (1) a US subcontractor (at any tier) to an authorized purchaser as defined in paragraph 1, or (2) a US contractor or US subcontractor with a foreign company that is supplying items to a friendly foreign government or international organization, provided in both (1) and (2) that the end items incorporating the ammunition components must be delivered directly to the friendly foreign government or international organization.

\* End items in this context means the end product of the commercial program, such as a tank, ship, or plane, a combination of such items, or a mix of SME and non-SME, with or without services, that form the program.

4. Shall use its best efforts to deliver at the estimated price, but that the purchaser is obligated to reimburse the USG for the total cost if it is greater than that price.

C. The sales agreement shall also provide that--

1. The item sold to a US company may be used only for incorporation into end items (or as concurrent or follow-on support in conjunction with a sale of the end item) for export under an approved export license and may not be used for other purposes.

2. The purchaser renounces all claims against the USG, its officers, agents, and employees arising out of or incident to this agreement, whether concerning injury to or death of personnel, damage to or destruction of property, or other matters, and will indemnify and hold harmless the USG, its officers, agents, and employees against any such claims of third parties and any loss or damage to USG property.

3. The US company agrees to provide for protection of classified information and will require the agreement with the foreign government to provide for protection of US classified information.

4. The purchaser is responsible for any insurance desired and, when applicable, export customs clearance.

5. The purchaser is required to reimburse the USG for all costs incurred by the USG if the purchase agreement is canceled by the purchaser before item delivery.

6. Delivery will be FOB point of origin. The purchaser must arrange for CONUS transportation (except for sensitive or hazardous cargo, which normally shall be shipped via DTS).

~~7. Payment terms are cash payable in full in advance.~~

use new subparagraph 7 next under (circled)



DEFENSE SECURITY ASSISTANCE AGENCY

WASHINGTON, DC 20301-2800

DEC 13 1996

In reply refer to  
I-006428/96

MEMORANDUM FOR DIRECTOR FOR INTERNATIONAL DEVELOPMENT  
AND SECURITY ASSISTANCE  
OFFICE OF THE DEPUTY UNDER SECRETARY  
OF THE ARMY (INTERNATIONAL AFFAIRS)  
DEPARTMENT OF THE ARMY

SUBJECT: Request for Guidance on Section 603, of the SAMM

This responds to the memorandum from the Army Armament and Chemical, Acquisition, and Logistics Activity (AMSTA-AC-SA (12-8b)), dated 30 October 1996, same subject as above, regarding sale of GFE/GFM (attached).

Approval is granted to negotiate a payment schedule as proposed in the attached memorandum. This action should comply with the following guidance, which will replace section 60305.C.7 of the SAMM, DoD 5105.38-M and is effective immediately:

"7. Payment terms.

"a. Sales of articles from stock. Total payment is required in advance for the full cost of any U.S. Government shipment.

"b. Sales of articles or services from procurement, or sales of services from resources on hand. Payment will normally be cash payable in full at the time the agreement is signed. Based on purchaser request, a payment schedule may be considered when full funding will not be immediately required. When requested by the purchaser, the IA, in coordination with the contracting officer, may negotiate a payment schedule which complies with SAMM paragraphs 60304. A and C. Funds must be available prior to USG entering into a contract, submitting a MIPR, or making other obligations. Payment will be equal to the full cost of the obligations plus reasonable uncertainties, such as costs which could be incurred should it become necessary to prematurely terminate the Sales Agreement."

The ACALA memorandum also requests information concerning M109 firing tables. If minor items, such as graphic firing tables, meet criteria in SAMM paragraph 60302.C, it is usually most effective to provide them through the agreement under which significant GFE/GFM are sold. They may be sold under a separate agreement if necessary to complete the program. In this case, the source should be available from the M109 item manager, maintenance manager, or program office.

Prep'd by: Mr. Wells, 46635  
Distr: Orig Addressee & cc  
DSAA Chron cc:  
CMD(1)  
OPS-MGT Subj  
OPS-MGT Chron

73

Questions may be directed to Mr. Wayne Wells, (703) 604-6635, x367.



Edward W. Ross  
Director  
Security Assistance Operations

Attachment  
as stated

cc: Navy IPO (O2C)  
HQ USAF (SAF/IA)  
Cdr, USASAC  
Cdr, ACALA (AMSTA-AC-SAMC)  
Cdt, DISAM  
Dir, DFAS/DE

polma

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 systems, ~~DBOP~~ DBOP-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.

4. (Add united paragraph next under)

### 70003 PROCEDURES.

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

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

a. The LOR must specify what is desired. For BO LOAs, the required level of funding must be provided.

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

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

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

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

2. **Channels of Submission of LOR.** DoS has statutory responsibility for approving requests for FMS. DoS has established the following procedures for the submission of requests:

a. **SME.** Requests <sup>for</sup> ~~(to purchase)~~ SME, which originate in country, should be transmitted by the US Embassy (rather than by the SAO or similar military element of the Embassy) and should be addressed to the cognizant DoD component (see Paragraph 70103.N) with an information copy to the Bureau of Politico-Military Affairs, Department of State (SecState-PM) and the Office of the Secretary of Defense, Defense Security Assistance Agency (SecDef/DSAA), and the UCOM. Requests <sup>for purchase</sup> ~~(to purchase)~~ SME which originate with Purchaser country representatives in the US should also be addressed to the cognizant DoD component with an information copy to the Bureau of Politico-Military Affairs, ~~Department of State,~~ and DSAA. For MDE items, the cognizant DoD component will provide the applicable unified command and SAO with a copy or details of the Purchaser's request, as appropriate. The following must be addressed in transmission of the request by the US Embassy:

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

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

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

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

#### 70003 PROCEDURES.

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

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

a. The LOR must specify what is desired. For BO LOAs, the required level of funding must be provided.

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

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

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

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

2. **Channels of Submission of LOR.** DoS has statutory responsibility for <sup>\*\*</sup> approving requests for FMS. DoS has established the following procedures for the submission of requests:

a. **SME.** Requests to purchase SME, which originate in country, should be transmitted by the US Embassy (rather than by the SAO or similar military element of the Embassy) and should be addressed to the cognizant DoD component (see Paragraph 70103.N) with an information copy to the Bureau of Politico-Military Affairs, Department of State (SecState-PM) and the Office of the Secretary of Defense, Defense Security Assistance Agency (SecDef/DSAA), and the UCOM. Requests to purchase SME which originate with Purchaser country representatives in the US should also be addressed to the cognizant DoD component with an information copy to the Bureau of Politico-Military Affairs, Department of State, and DSAA. For MDE items, the cognizant DoD component will provide the applicable unified command and SAO with a copy or details of the Purchaser's request, as appropriate. The following must be addressed in transmission of the request by the US Embassy:

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



## FACSIMILE TRANSMITTAL HEADER SHEET

For use of this form, see AR 25-11; the preparing agency is OCS&amp;C

*Background*

COMMAND/ OFFICE		NAME/ OFFICE SYMBOL	OFFICE TELEPHONE NO. (AUTOVON/Comm.).		FAX NO. (AUTOVON/Comm.).	
FROM: US Army Security Assistance Command, 5001 Eisenhower Ave, Alexandria, VA		AMSAC-MP	617-8434			
TO: DSAA ARL, VA		OPS-MGT W. WELLS	604-6635		604- 6541	
CLASSIFICATION	PRECEDENCE	NO. PAGES (including this header)	DATE-TIME	MONTH	YEAR	RELEASER'S SIGNATURE
2		2	30	MAY	96	A. Burgess

REMARKS

Space Below For Communications Center Use Only

DA FORM 3918-R, JUL 90

DA FORM 3918-R, AUG 72 IS OBSOLETE

LEAFPC V2.10

## ATTENTION!

DO NOT PROCESS, STORE, OR TRANSMIT CLASSIFIED INFORMATION ON NON-SECURE TELECOMMUNICATIONS SYSTEMS. OFFICIAL DOD TELECOMMUNICATIONS SYSTEMS, INCLUDING FACSIMILE MACHINES, ARE SUBJECT TO MONITORING FOR TELECOMMUNICATIONS SECURITY PURPOSES AT ALL TIMES. USE OF DOD TELECOMMUNICATIONS SYSTEMS CONSTITUTES CONSENT TO TELECOMMUNICATIONS SECURITY MONITORING.

*Doc is correct. Para was  
accidentally deleted (re-add) -  
W.  
6/6/96*

(78)

Background

Wayne:

I couldn't get you on the phone so here is my question:

Para 20202D.4.c (page 202-5) of the SAMM makes reference to 70002.C.4. There's no such para in C7. This para relating to non-standard support was in C6. Was it moved or left out either intentionally or unintentionally?

Thanks,

Dec Burgess  
617-8434

Replaces Table 700-2

MEMORANDUM FOR THE CHAIRMAN, JOINT CHIEFS OF STAFF

OFFICE OF THE UNDER SECRETARY OF DEFENSE  
(ACQUISITION AND TECHNOLOGY)  
INTERNATIONAL AND COMMERCIAL PROGRAMS

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

(\*) The attached request from [Country or International Organization] for [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 by [Normally 15 days from date of this memo]. My point of contact for this action is [Name, office symbol, and phone number of DSAA contact].

(Space for signature by Director  
or Deputy Director, DSAA)

Attachment[s]  
as stated

Copy furnished:

OASD(ISA)  
OJCS, Director, J-5  
ADUSD(P)-PS  
DTSA(PD/AC&PA), via room 4B687  
DoS (PM/A TEC)  
Applicable SAO  
Applicable DoD Component  
Applicable Unified Command

\*Memoranda will be classified if applicable.

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

79a

Replaces Table 700-2  
(Background)

MEMORANDUM FOR THE CHAIRMAN, JOINT CHIEFS OF STAFF

~~ASSISTANT SECRETARY OF DEFENSE~~  
~~(ECONOMIC SECURITY), OUSD(A&T)~~ OFFICE OF THE UNDER SECRETARY OF DEFENSE  
(ACQUISITION AND TECHNOLOGY)  
INTERNATIONAL AND COMMERCIAL PROGRAMS

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

(\*) The attached request from [Country or International Organization] for [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 by [Normally 15 days from date of this memo]. My point of contact for this action is [Name, office symbol, and phone number of DSAA contact].

(Space for signature by Director or Deputy Director, DSAA)

Attachment[s]  
as stated

Copy furnished:

- OASD(ISA)
- OJCS, Director, J-5 ← ADM SD (P) - PS
- DTSA(PD/AC&PA), via room 4B687
- DoS (PM/A TEC)
- Applicable SAO
- Applicable DoD Component
- Applicable Unified Command

\*Memoranda will be classified if applicable.

Background

**Wells, Wayne, CIV, DSAA/APD**

---

**From:** Farmer, Jeanne, CIV, DSAA/MED  
**To:** Wells, Wayne, CIV, DSAA/APD  
**Cc:** Shegrud, Steve, CAPT, DSAA/MED  
**Subject:** Economic Security  
**Date:** Wednesday, June 25, 1997 4:01PM

<<File Attachment: 700-2\_.doc>>

OUSD(A&T) just called to tell me they were no longer called Economic Security. Correspondence should be addressed to

OUSD(A&T) International & Commercial Programs

They are located in room 3E1082 of the Pentagon.

You might want to correct your attached memo format and email to all concerned.

*Background*

**Wells, Wayne, CIV, DSAA/OPS**

---

To: Laskofski, Wayne, , DSAA/OPS  
Subject: RE: LOR MDE Memo to J-5 and International Programs

You are right, I don't recall that decision being rescinded so I will treat it as still valid. I will send an updated format that copies DoS (PM/A TEC). Thanks--

-----  
From: Laskofski, Wayne, , DSAA/OPS  
To: Wells, Wayne, CIV, DSAA/OPS  
Subject: RE: LOR MDE Memo to J-5 and International Programs  
Date: Wed, Jul 24, 96 7:57AM

I'm not sure but didn't we decide to also put State on for info?  
Wayne

-----  
From: Wells, Wayne, CIV, DSAA/OPS  
To: Sawyer, Harry, COL, DSAA/PLANS; ERP; MAA  
Cc: Hill, Janice, Sgt, DTSA; Beasley, Daniel, , DSAA/PLANS; Brandt, William, CIV, DSAA/OPS; Ross, Edward, CIV, DSAA/OPS  
Subject: FW: LOR MDE Memo to J-5 and International Programs  
Date: Friday, July 19, 1996 1:33PM

<<File Attachment: 700-2.DOC>>DTSA has requested a change to the address of subject memo (SAMM Table 700-2). This is the latest format for use. It should be discarded upon publication of the next SAMM change. Believe my previous E-Mail on this topic may have dropped the attachment. See if this works--

79d

Background

**Wells, Wayne, CIV, DSAA/OPS**

---

**From:** Wells, Wayne, CIV, DSAA/OPS  
**To:** ERP; MAA; Sawyer, Harry, COL, DSAA/PLANS  
**Cc:** McKalip, Diehl, CIV, DSAA/FO; Ross, Edward, CIV, DSAA/OPS; Anthony, David, COL, DSAA/OPS; Brandt, William, CIV, DSAA/OPS  
**Subject:** LOR MDE Memo to J-5 and International Programs  
**Date:** Thu, Apr 11, 96 10:56AM

<<File Attachment: 700-2\_.doc>>Per request from Dep Dir, DSAA, subject memo format is changed to add copies furnished to State and OSD Security, as shown. This supersedes the version provided to you Feb 96. It can be discarded upon publication of the next SAMM change.

ADNSD(P)-PS

(Security, Policy Support - C. Wilson's office -  
added per Mr. McKalip request 4/11/96)

Wells, Wayne, CIV, DSAA/OPS

---

**From:** Wells, Wayne, CIV, DSAA/OPS  
**To:** ERP; MAA; Sawyer, Harry, COL, DSAA/PLANS  
**Cc:** Ross, Edward, CIV, DSAA/OPS; Anthony, David, COL, DSAA/OPS; Brandt, William, CIV, DSAA/OPS  
**Subject:** LOR MDE Memo to J-5 and International Programs  
**Date:** Mon, Feb 26, 96 4:31PM

<<File Attachment: 700-2.DOC>>Subject memo format in SAMM Table 700-2 has addresses bunched together and the DTSA address is wrong. Director, OPS has approved the attached, which includes corrections, for your use. It can be discarded upon publication of the next SAMM change.

*note: Mark Winkelman, OUSD(A&T) 697-1130, says (2/22/96)  
ASD (Economic Security), OUSD(A&T) address is still good. Again/  
still considering changes -*



Background

DEFENSE SECURITY ASSISTANCE AGENCY  
OPERATIONS DIRECTORATE  
Management Division

DATE: 22 FEB 96

MEMORANDUM FOR: MR. ROSS  
THROUGH: COL ANTHONY  
MR. BRANDT!

*[Handwritten signature]*  
A 2/24  
*[Handwritten initials]*

SUBJECT: Format for MDE Memoranda to JCS, et al

Present version of subject memoranda, annotated to show changes, is at Tab B. Proposed replacement is at Tab A.

Changes are primarily to (1) add a blank line between action addresses and (2) correct DTSA address under Copy furnished.

These are technical adjustments that have insignificant effect on policy or recent rewording of Tab B by Mr. McKalip and LTG Rhame. If approved, I will furnish Tab A to ERP, MAA, and Plans WSD for use pending publication in the next SAMM change.

Approved for use as shown above *[Handwritten signature]*

Other \_\_\_\_\_

*[Handwritten W.]*  
Wayne Wells  
OPS-MGT, x367

Attachments  
as stated

psc: whitey

798

8 August 1997

MEMORANDUM FOR DISAM

SUBJECT: Change to SAMM Table 700-6

The following changes should be included in alphabetical order by category in Table 700-6 of the next SAMM change:

Category III, in the line "Cartridge, 40MM, M385 Dummy (A)", change "M385" to M922A1".

Category IV, add

"BOMB, GUIDED UNIT, GBU-24	2,720	2JUL97"
"MISSILE, AGM-130 POWERED STANDOFF WPN	167,000	7JAN97"
"MISSILE, AGM-142A/B/C/D HAVE NAP	56,764	23MAY97"
change ATACMS line to read		
"MISSILE SYSTEM, ARMY TACTICAL (revised)	192,959	19JUN97"
and add		
"ROCKET, MLRS EXTENDED RANGE	4,445	18JUL97"

Category VII, add

"VEHICLE, M88A2, IMPROVED RECOVERY(A)	74,400	3JUL97"
---------------------------------------	--------	---------

Category VIII, Aircraft, add

"F-15A/B EAGLE w/MSIP	2,040,322	24Jul96"
"F-15C/D EAGLE w/MSIP	2,467,773	24Jul96"
change NC charges and effective dates for other F15s as follows		
F-15A/B Eagle W/O Engines to	"1,660,591"	"24Jul96"
F-15C/D Eagle W/O Engines to	"2,088,042"	"24Jul96"
F-15E Eagle W/O Engines to	"2,811,879"	"24Jul96"
delete		
(E-3 AWACS) "Memory Upgrade Modification	1,674,841	8Nov89"
"F-4G Wild Weasel (MOD ONLY)(AF)	667,241	12Mar82"

Category VIII, Engines, change NC charges and effective dates as follows

F100-PW-220 Alternate Fighter Engine to	"458,232"	"24Jul96"
F100-PW-229 Increased Performance Engine to	"283,217"	"24Jul96"
F110-GE-100 Alternate Fighter Engine to	"458,232"	"24Jul96"
F110-GE-129 Increased Performance Engine to	"283,217"	"24Jul96"

*Background*

<u>ITEM DESCRIPTION</u>	<u>APPROVED CHARGE</u>	<u>EFFECTIVE DATE/NOTES</u>
<b><u>CATEGORY I - FIREARMS</u></b>		
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
<b><u>CATEGORY II - ARTILLERY AND PROJECTILES</u></b>		
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
<b><u>CATEGORY III - AMMUNITION</u></b>		
CARTRIDGE, 20MM (A)		(D)
CARTRIDGE, 30MM GAU-8 (AF)	0.50	28MAR89(B)
CARTRIDGE, 40MM, HE (A) <i>922 A1</i>	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)

*Change based upon discussion with Mr. Brandt. Brooks 7/28/97*

Bomb, Guided Unit, GBU - 24

#1 2,720

2 JUL 97

DOD 5105.38-M

*Background*

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)

MISSILE, AGM-130 Powered Standoff Weapon 167,000 07JAN97

MISSILE, AGM-142 A/B/C/D 700-17 HAVENAP

Change No. 7, 5 January 1996

56,764 23 MAY 97 (82)

*Background*

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 <i>Revised</i> (ATACMS) (A)	<del>148,275</del> 192,959	<del>31OCT88</del> 19JUN97	
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)

*Background*

MISSILE SYSTEM, AGM-114 HELLFIRE (A)		14MAY85
LAUNCHER, HELLFIRE	14,715	
MISSILE AGM-114A/B/C HELLFIRE	4,124	
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 ANTITANK		
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)

**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.

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

*Extended Range, Multiple Launch, Rocket System, (MLRS) Rocket \$4,445*

*Background*

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 (M1 TANK SERIES)(A)	18,714	07JAN93 (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		
CARRIER, M727 HAWK		
CARRIER, M730 CHAPARRAL		
CARRIER, M741 VULCAN		

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

Vehicle, M88A2, Improved Recovery (A) \$ 74,400. 3 Jul 97

*Background*

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	
<del>MEMORY UPGRADE MODIFICATION</del>	<del>1,674,841</del>	<del>08NOV89</del>	
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	
<del>F-4G WILD WEASEL (MOD ONLY) (AF)</del>	<del>667,241</del>	<del>12MAR82</del>	
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)	1,660,591	24JUL96	
	1,849,611	05FEB92	
F-15C/D EAGLE (W/O ENGINES, AN/APG-63 RADARS, MSIP, & TEWS) (AF)	2,088,042	24JUL96	
	1,897,460	05FEB92	
F-15E EAGLE (W/O ENGINES, AN/APG-63 RADARS, MSIP, & TEWS) (AF)	2,811,874	24JUL96	
	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)

F-15A/B w/msip	2,040,322	24JUL96
F-15C/D w/msip	2,467,773	24JUL96

700-23

Change No. 7, 5 January 1996

F-15E w/msip

3,191,610

24JUN96

(86)



*Background*

OH-58C KIWAWA (A)	48,000	11JUN87
OH-58D KIWAWA (W/MAST MOUNTED SIGHTS) (A)	663,082	10AUG93 (A)
SH-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)	<del>458,232</del> <del>364,783</del>	<del>24JUL96</del> <del>27JAN92</del>
F100-PW-229 INCREASED PERFORMANCE ENGINE (IPE) (AF)	<del>283,217</del> <del>637,802</del>	<del>24JUL96</del> <del>27JAN92</del>
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)	<del>458,232</del> <del>364,783</del>	<del>24JUL96</del> <del>27JAN92</del>
F110-GE-129 INCREASED PERFORMANCE ENGINE (IPE) (AF)	<del>283,217</del> <del>637,802</del>	<del>24JUL96</del> <del>27JAN92</del>
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)

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*Background*

WASHINGTON, DC 20301-2800

In reply refer to:  
I-05303/97

FINDING

In accordance with DOD Directive 2140.2, dated January 13, 1993, I hereby approve the revised nonrecurring cost (NC) recoupment pro rata charge for the sale, coproduction, or licensed production of the Army Tactical Missile System (ATACMS) as shown below:

Army Tactical Missile System (ATACMS)	\$192,959
---------------------------------------	-----------

This nonrecurring cost recoupment charge is effective immediately.

(SIGNED, 19 JUN 97)

COORDINATION:

OUSD(A&T) (ACA)  
 CONCUR: ROBERT BRUCE, *Robert Bruce* Date: 5/29

OASD(C) (INVESTMENT)  
 CONCUR: RONALD G. GARANT, \_\_\_\_\_ Date: \_\_\_\_\_

DSAA GENERAL COUNSEL  
 CONCUR: S. LUDLOW-MACMURRAY, *S. Ludlow-MacMurray* Date: 5/20/97



DEFENSE SECURITY ASSISTANCE AGENCY

WASHINGTON, DC 20301-2800

*Background*

29 JUL 1997

In reply refer to:  
I-50885/97

MEMORANDUM FOR DEPUTY UNDER SECRETARY OF THE ARMY  
(INTERNATIONAL AFFAIRS)  
DEPARTMENT OF THE ARMY

DIRECTOR, NAVY INTERNATIONAL PROGRAMS OFFICE  
DEPARTMENT OF THE NAVY

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

SUBJECT: Cancellation of Nonrecurring Cost (NC) Recoupment Charge

We have determined that the following are not major defense equipment (MDE) and in accordance with DOD Directive 2140.2, dated January 13, 1993, I have canceled the nonrecurring cost (NC) recoupment pro rata charges as shown below:

E-3 AWACS MEMORY UPGRADE MODIFICATION	1,674,841	✓	
F-15 UPGRADE, MULTI-STAGE IMPROVEMENT PROGRAM	615,789	?	<i>not listed</i>
AVIONICS INTERMEDIATE SHOP (AIS) (F-16C/D) (AF)	2,400,000	?	" "
AVIONICS INTERMEDIATE SHOP (AIS) (F-16A/B) (AF)	1,190,000	?	" "
CARTRIDGE, 105MM, M735 (A)	68	?	" "
F-4G WILD WEASEL MODIFICATION (N)	667,241	✓	
LASER GUIDED BOMB KIT (AF)	112	?	<i>not listed</i>
AUTOMATIC TARGET DETECTION MODIFICATION (N)	82,186	?	" "

This cancellation of nonrecurring cost recoupment charge is effective immediately. The NC charges listed above will be eliminated from the active charges contained in Table 700-6 of the Security Assistance Management Manual (SAMM) and will be listed for historical reference only.

*Thomas G. Rhame*

Thomas G. Rhame  
Lieutenant General, USA  
Director

880

Background

DEFENSE SECURITY ASSISTANCE AGENCY

WASHINGTON, DC 20301-2800

29 JUL 1997  
In reply refer to:  
I-50885/97



CANCELLATION OF FINDING

In accordance with DOD Directive 2140.2, dated January 13, 1993, I hereby cancel the nonrecurring cost (NC) recoupment pro rata charge for the following:

E-3 AWACS MEMORY UPGRADE MODIFICATION	1,674,841
F-15 UPGRADE, MULTI-STAGE IMPROVEMENT PROGRAM	615,789
AVIONICS INTERMEDIATE SHOP (AIS) (F-16C/D) (AF)	2,400,000
AVIONICS INTERMEDIATE SHOP (AIS) (F-16A/B) (AF)	1,190,000
CARTRIDGE, 105MM, M735 (A)	68
F-4G WILD WEASEL MODIFICATION (N)	667,241
LASER GUIDED BOMB KIT (AF)	112
AUTOMATIC TARGET DETECTION MODIFICATION (N)	82,186

This cancellation of nonrecurring cost recoupment charge is effective immediately.

*Thomas G. Rhame*

Thomas G. Rhame  
Lieutenant General, USA  
Director

COORDINATION:

OUSD(A&T) (A&T)

CONCUR: ROBERT BRUCE, next under Date: 7-17-97

OUSD(C) (INVESTMENT)

CONCUR: RONALD G. GARANT, Second under Date: 7-24-97

DSAA GENERAL COUNSEL

CONCUR: S. LUDLOW-MACMURRAY, [Signature] Date: 8/17/97

(88b)

Background

**Wells, Wayne, CIV, DSAA/APD**

---

From: Crook, Gail, CIV, DSAA/APD  
To: Wells, Wayne, CIV, DSAA/APD  
Cc: Brandt, William, CIV, DSAA/APD; Judkins, Kay, CIV, DSAA/APD  
Subject: RE: SAMM Revision on NRCs  
Date: Thursday, August 07, 1997 3:47PM

I agree, Wayne.

-----  
From: Wells, Wayne, CIV, DSAA/APD  
To: Crook, Gail, CIV, DSAA/APD  
Cc: Brandt, William, CIV, DSAA/APD; Judkins, Kay, CIV, DSAA/APD  
Subject: RE: SAMM Revision on NRCs  
Date: Thursday, August 07, 1997 3:19PM

Gail, We seem to have a workable plan. Of the eight items listed in your memo, I found only the E-3 AWACS Memory Upgrade Mod and F4G Mod. Unless you find the others in the next couple days, will figure they are already not listed. Need to make any adjustments before the Change 8 package moves too far up the DSAA approval chain. Thanks--

-----  
From: Crook, Gail, CIV, DSAA/APD  
To: Brandt, William, CIV, DSAA/APD; Wells, Wayne, CIV, DSAA/APD  
Cc: Judkins, Kay, CIV, DSAA/APD  
Subject: RE: SAMM Revision on NRCs  
Date: Thursday, August 07, 1997 1:12PM

Wayne,  
I believe an interim change for the NRC portion would work also.

On the letter, I was working from the files which contained and MDE findings for each item. They should be on the MDE list. I will see if I can find them, although they may not be in the category where you would expect them. For this revision, I suggest simply deleting them. In the new table (where the MDE and NRC lists are split) the historical data would be included if all goes as planned. We really don't know what will come back from the MILDEPs regarding that list.

Gail

-----  
From: Wells, Wayne, CIV, DSAA/APD  
To: Brandt, William, CIV, DSAA/APD; Crook, Gail, CIV, DSAA/APD  
Cc: Judkins, Kay, CIV, DSAA/APD  
Subject: RE: SAMM Revision on NRCs  
Date: Thursday, August 07, 1997 8:58AM

Gail,

- First I heard recently about Chap 13 was when you told me a couple days ago the DISAM Chap 13 draft was sent to Kay O'Brien and Don Crigger was sending you a copy. Talked with Don about another matter yesterday and he mentioned Dave Carey is bringing you a copy today (also asked him to give me a copy). Don says he drafted and redrafted a couple times, so the revision differs considerably from the current. As you indicate, the substantial rewrite, interest from many orgs, etc will almost ensure staffing measured in months.
- As we also discussed, Change 8 is on its way through channels for approval to publish. To halt it and wait for your NC revision will mean redundant work as other sections will then need to be re-edited and adjusted to make them current as of the publication date. Your draft also seems to need work (e.g., DoD 7290.3-M is mentioned throughout as if it is current guidance). As we discussed for Table 700-6 (believe you mentioned that

88c

# Background

will require at least 6 more months of work), would appear to make more sense to staff and implement these changes in memo form for inclusion in the next SAMM change. Although not as clean, it has the advantage of allowing guidance to actually be used, and refined if necessary, before making it part of the SAMM. This is the approach underway for SAMM section 1401, which includes royalty fees, a corollary to your NC changes.

- I need more info about your 29 Jul memo (signed by LTG Rhame) promising to delete certain NC charges in the SAMM. I don't find in Table 700-6 most of the items for which the memo promises charges will be deleted. Memo also says we will delete charges because items have been determined not to be MDE, then leave the items themselves "for historical reference" in the MDE list. This doesn't appear compatible with the present list, so need info on what should be added to clarify the changed table. If this can be done soon, believe these changes can be added to Change 8 with no major disruption.

-----  
From: Crook, Gail, CIV, DSAA/APD  
To: Brandt, William, CIV, DSAA/APD  
Cc: Judkins, Kay, CIV, DSAA/APD; Wells, Wayne, CIV, DSAA/APD  
Subject: SAMM Revision on NRCs  
Date: Wednesday, August 06, 1997 3:35PM

Mr. Brandt,

The Legislative folks (Peter) called inquiring if the SAMM section on NRCs will be changed to reflect the new stuff. It seems the CBO (Congressional Budget Office) called wanting to know.

Wayne Wells tells me that the draft of Chapter 13 was sent to Kay as planned, but it will require extensive revisions. (I am told that it will require extensive coordination.) Are we going to revise the NRC portion as part of this SAMM revision or are we going to wait for Chapt 13 to be coordinated?

My recommendation is to revise the NRC portion without waiting.

My previous draft is attached for Kay's benefit. <<File Attachment: SEC1307B.DOC>>

Gail



DEFENSE SECURITY ASSISTANCE AGENCY

WASHINGTON, DC 20301-2800

*Background*

In reply refer to:  
I-05304/97

FINDING

In accordance with DOD Directive 2140.2, dated January 13, 1993, I hereby approve a nonrecurring cost (NC) recoupment pro rata charge for the sale, coproduction, or licensed production of the Improved Recovery Vehicle -M88A2 as shown below:

Improved Recovery Vehicle - M88A2 \$74,400

This nonrecurring cost recoupment charge is effective immediately.

(SIGNED 3 Jul 97)

COORDINATION:

OUSD(A&T) (ACA)  
CONCUR: ROBERT BRUCE, *[Signature]* Date: *5/28*

OASD(C) (INVESTMENT)  
CONCUR: RONALD G. GARANT, \_\_\_\_\_ Date: \_\_\_\_\_

DSAA GENERAL COUNSEL  
CONCUR: S. LUDLOW-MACMURRAY, *[Signature]* Date: *5/22/97*



DEFENSE SECURITY ASSISTANCE AGENCY

*Background*

WASHINGTON, DC 20301-2800

In reply refer to:  
I-02788/96

FINDING

In accordance with DOD Directive 2140.2, dated January 13, 1993, I hereby approve a nonrecurring cost (NC) recoupment pro rata charge for the sale, coproduction, or licensed production of the F-15A/B, F-15C/D, and F-15E Aircraft, (including F-15 Multi-Stage Improvement Program (MSIP)), Tactical Electronic Warfare System (TEWS), Alternate Fighter Engine (AFE), and Improved Performance Engine (IPE) as shown below:

Aircraft, F-15A/B (w/o Engines, AN/APG-63 Radars, MSIP, and TEWS)	\$1,660,591
Aircraft, F-15A/B w/MSIP (w/o Engines, AN/APG-63 Radars, and TEWS)	2,040,322
Aircraft, F-15C/D (w/o Engines, AN/APG-63 Radars, MSIP, and TEWS)	2,088,042
Aircraft, F-15C/D w/MSIP (w/o Engines, AN/APG-63 Radars, and TEWS)	2,467,773
Aircraft, F-15E (w/o Engines, AN/APG-63 Radars, MSIP, and TEWS)	2,811,879
Aircraft, F-15E w/MSIP (w/o Engines, AN/APG-63 Radars, and TEWS)	3,191,610
Tactical Electronic Warfare System (TEWS)	167,018
Alternate Fighter Engine (AFE) F100 PW220/F110 GE100	458,232
Increased Performance Engine (IPE) F100 PW229/F110 GE129	283,217

SIGNED 2472196

COORDINATION:

OUSD(A&T) (ACA)

CONCUR: ROBERT BRUCE, Robert Bruce Date: Apr 96

OASD(C) (INVESTMENT)

CONCUR: RONALD G. GARANT, [Signature] Date: 7/22/96

DSAA GENERAL COUNSEL

CONCUR: S. LUDLOW-MACMURRAY, [Signature] Date: 3/20/96





DEFENSE SECURITY ASSISTANCE AGENCY

*Background*

WASHINGTON, DC 20301-2800

18 JUL 1997

In reply refer to:  
I-05302/97

FINDING

In accordance with DOD Directive 2140.2, dated January 13, 1993, I hereby approve a nonrecurring cost (NC) recoupment pro rata charge for the sale, coproduction, or licensed production of the Extended Range Multiple Launch Rocket System (MLRS) Rocket as shown below:

Extended Range Multiple Launch Rocket System (MLRS) Rocket                      \$4,445

This nonrecurring cost recoupment charge is effective immediately.

Thomas G. Rhame  
Lieutenant General, USA  
Director

COORDINATION:

OUSD(A&T) (ACA)

CONCUR: ROBERT BRUCE, *not under* Date: *6/21/97*

OASD(C) (INVESTMENT)

CONCUR: RONALD G. GARANT, *not under* Date: *7/8/97*

DSAA GENERAL COUNSEL

CONCUR: S. LUDLOW-MACMURRAY, *[Signature]* Date: *7/21/97*



DEFENSE SECURITY ASSISTANCE AGENCY

WASHINGTON, DC 20301-2800

23 MAY 1997

*Background*

In reply refer to:  
I-02721/97

FINDING

In accordance with DOD Directive 2140.2, dated January 13, 1993, I hereby approve a nonrecurring cost (NC) recoupment pro rata charge for the sale, coproduction, or licensed production of the HAVE NAP AGM-142A/B/C/D, Air to Ground Missile, which is a 3000 lb. precision guided missile, as shown below:

HAVE NAP AGM-142A/B/C/D

\$ 56,764

This nonrecurring cost recoupment charge is effective immediately.

H. Diehl McKalip  
Acting Director

COORDINATION:

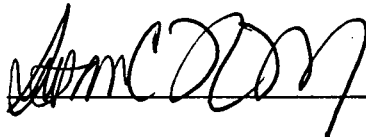
OUSD(A&T) (ACA)

CONCUR: ROBERT BRUCE, Second under Date: 5-14-97

OASD(C) (INVESTMENT)

CONCUR: RONALD G. GARANT, next under Date: 5-13-97

DSAA GENERAL COUNSEL

CONCUR: S. LUDLOW-MACMURRAY,  Date: 5/14/97



DEFENSE SECURITY ASSISTANCE AGENCY

WASHINGTON, DC 20301-2800

*Background*

In reply refer to:  
I-05783/96

FINDING

In accordance with DOD Directive 2140.2, dated January 13, 1993, I hereby approve a nonrecurring cost (NC) recoupment pro rata charge for the sale, coproduction, or licensed production of the Guided Bomb Unit (GBU) 24 as shown below:

Guided Bomb Unit (GBU) GBU-24 \$2,720

This nonrecurring cost recoupment charge is effective immediately.

SIGNED *2 Jul 97*

COORDINATION:

OUSD(A&T) (ACA)  
CONCUR: ROBERT BRUCE, *[Signature]* Date: *5/29*

OASD(C) (INVESTMENT)  
CONCUR: RONALD G. GARANT, \_\_\_\_\_ Date: \_\_\_\_\_

DSAA GENERAL COUNSEL  
CONCUR: S. LUDLOW-MACMURRAY, *[Signature]* Date: *5/20/97*

(93)

**70103 GENERAL PROCEDURES.**

A. **LOR Validation.** Upon receipt, the LOR must be validated to ensure the potential customer is an eligible FMS recipient, that the item sought may be sold, and that the request was received through proper channels (see paragraph 70003.A.2).

B. **Timeframes.** The IA must formally acknowledge receipt of LORs within 5 days. Transactions for valid LORs must be submitted to DSAA for input into the 1200 System within 10 calendar days of receipt of the request (see Chapter 15). LOAs must be listed in the 1200 System ~~for at least 7 days~~ prior to requesting DoS approval; i.e., prior to countersignature or, if applicable, forwarding directly to the requestor. The maximum IA processing time between the LOR and release of the LOA or Amendment should normally be no more than 60 days.

C. **Cost Data Exclusion.** The percentage rate used for determining PC&H, administrative, CLSSA, or other costs should not be indicated in the LOA.

D. **Individual Responsible.** The name and telephone number of the individual within the IA who is responsible for the LOA should appear in the Signed Copy Distribution field as illustrated in Tables 701-1 and 804-1.

E. **Coordination.** LOAs and LOIs should be coordinated through the IA comptroller and legal counsel. The DSAA point of entry for coordination is the DSAA COMPT FMSCRD. DSAA, including OSD, coordination will be accomplished by Operations Directorate, including documents which require countersignature. DSAA approval/disapproval will be provided from FMSCRD.

F. **Documents to Accompany LOAs During Coordination.** Documents discussed in this paragraph will not be provided to the Purchaser. See Section 703 for LOAs which meet criteria for reporting to Congress and Section 140010 for Financial Analysis for SDAF lines. Termination Liability Worksheets (see Table 701-2), to provide the IA's plan for the collection of funds to cover the liability to the USG should the LOA be terminated prior to normal completion, are to be included with selected LOAs as follows:

1. LOAs with a total value of \$25M or more will be accompanied by a TLW when submitted to DSAA for countersignature. Modifications or Amendments that contain a revised payment schedule will also contain a revised TLW. For LOAs below the \$25M threshold, a formal certification that termination liability has been included in the payment schedule should be added to the LOA file.

2. Entries for each date should show both the quarterly transactions and the cumulative totals. The TLW will include:

a. The deposit date, normally quarterly, in accordance with the schedule of payments.

b. The total payment, including the amount to be deposited for both disbursements and reserves.

c. Anticipated payments to contractors or suppliers during the three months after payment date plus amounts required to cover potential costs during that period for:

(1) Contractor holdback, which is a percentage of the amount earned by the contractors or suppliers that is retained by the USG to ensure contract compliance.

(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. Automated Case Approval System (ACAS).** ACAS is designed to expedite DoS \*\* clearance for certain LOAs, amendments, and modifications. If a case does not require clearance by DoS, ACAS processing is not applicable.

1. ACAS will not be used for defined line LOAs, amendments, and modifications, other than for training; LOAs, amendments, or modifications included in AECA Sec 36(b) notifications; offering SDAF, EDA, or TDPs; 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 includes basic LOAs, 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 (TLWs) to DSAA/COMPT-FMPD and DFAS.

30 June 1997

MEMORANDUM TO DISAM

SUBJECT: Change to the SAMM

Section 20303 should be deleted in the next change to the SAMM. The following should be added as section 70105.L.9.

9. Man-Portable Air Defense Systems

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

"Purchaser agrees to adhere to the following additional security requirements associated with **[insert appropriate missile/system]**. Modification of specified requirements to meet indigenous conditions may be approved by the Office of the Deputy Chief of Staff for Operations and Plans (DAMO-ODL-S), US Army.

"a. Physical Security. The **[insert appropriate missile]** will be stored in magazines that are at least equivalent in strength to US Army requirements as specified in subparagraph (1) below. The Purchaser also agrees to comply with US Army specified requirements for lighting, doors, locks, keys, fencing, and surveillance and guard systems. Specific requirements will be agreed upon and installed prior to delivery of the missile system. US Army representatives will be allowed to verify security measures and procedures established for implementation of these requirements.

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

"2. Lighting. Lighting will be provided for exterior doors and along perimeter barriers. Security lighting requirements will conform to the ammunition and safety requirements of US Army Technical Manual 9-1300-206, appendix C (standards of which will be provided to the Purchaser).

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

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

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

"6. Access to Storage Facilities. Two authorized persons will be required to be present during any activity which affords access to storage facilities containing **[insert missile/system]**. Lock and key procedures will be developed to ensure that no single individual can obtain unescorted or unobserved access to **[insert missile/system]** storage facilities.

"b. Accountability.

"1. A 100 percent physical inventory of **[insert items required to be inventoried]**, when applicable, will be taken monthly by the Purchaser. A 100 percent physical inventory by serial number shall be taken quarterly of **[insert items]** issued at the operational unit level. A 100 percent physical inventory by serial number shall be taken semiannually of **[insert items]** stored or retained at installation, depot, post, or base level. All inventories must be conducted by two authorized persons to ensure verification. **[Insert items]** expended during peacetime will be accounted for by serial number.

"2. The **[insert appropriate foreign country SAO]** will be permitted to conduct a US inspection and inventory of **[insert items]** by serial number annually. **[As appropriate, insert {items} are required to be inventoried annually by physical count.]** Inventory and accountability records maintained by the Purchaser will be made available for review.

"c. Transportation. Movements of **[insert appropriate missile]** will meet US standards for safeguarding classified materiel in transit as specified by the USG in DoD 5100.76-M, Physical Security of Sensitive Conventional Arms, Munitions, and Explosives (standards of which will be provided to the Purchaser), and paragraph 8 below.

"d. Access to Hardware and Classified Information.

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

"2. Maintenance which requires access to the interior of the **[insert missile, operational system, etc]** beyond that required of the operator, and maintenance or repair which requires access to the interior of the guidance assembly of **[insert item(s)]** will be performed under US control.

"e. Compromise, Loss, Theft, and Unauthorized Use. The Purchaser will report through the security assistance office and country team to the DoS by the most expeditious means any instances of compromise, unauthorized use, loss or theft of any **[missile and any other material]** or related information. This will be followed by prompt investigation and the results of the investigation will be provided through the same channels.

“f. Third-Party Access. The recipient will agree that no information on **[insert appropriate missile]** will be released to a third-country government, person or other third-country entity without US approval.

“g. Damaged/Expended Materiels. Damaged **[insert systems, material]** will be returned to the US Army for repair or demilitarization.

“h. Conditions of Shipment and Storage for **[insert missile system]**. Principal components (missiles and, as applicable, gripstocks or launchers) of the **[insert missile system and any other items requiring separate storage]** will be stored in at least two separate locations and will be shipped **[show how; e.g., in separate containers, separately]**. The storage locations will be physically separated sufficiently so that a penetration of the security at one site will not place other sites at risk.

“i. Conditions of Use. Assembly of the system will not be permitted for field exercises or deployments wherein the use of the **[insert appropriate missile]** system is simulated. In such cases, inert training devices may be used. The recipient will use information on the **[insert appropriate missile]** only for the purpose for which it was given.”

b. All sales of MANPADS to nations other than those identified in a. above will include notes in a., with exception of subparagraph i. Subparagraph i, "Conditions of Use," will be replaced with:

“ i. Conditions of Use.

“1. The two principle components of the **[insert appropriate missile system and any other items]** may be brought together and assembled under the following circumstances:

“(a) In the event of hostilities or imminent hostilities.

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

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

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

“2. The Purchaser will advise the US Security Assistance Organization in advance of any assembly of the various missile and **[insert any other items]** for the **[insert appropriate missile]** for training or lot testing.

“3. 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 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 missiles and, as applicable, launchers or gripstocks.
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 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 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 minimum standards in (a) and (b) above.
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/MEAN and US Army (USASAC), with an information copy to the applicable UCOM.

*Background*

**Wells, Wayne, CIV, DSAA/APD**

**From:** Wells, Wayne, CIV, DSAA/APD  
**To:** Beasley, Daniel, LTC, DSAA/ASA  
**Subject:** RE: SAMM Change  
**Date:** Tuesday, June 24, 1997 2:20PM

Dan, Thanks. Knew you were working on this and hope I didn't rush you. Included you to keep track of the loose ends. Would have had at least a couple more weeks.

-----  
From: Beasley, Daniel, LTC, DSAA/ASA  
To: Wells, Wayne, CIV, DSAA/APD  
Cc: Sawyer, Harry, COL, DSAA/ASA  
Subject: RE: SAMM Change  
Date: Tuesday, June 24, 1997 10:27AM

Wayne,

My comments follow:

- Pg 203-6, para A 5 - I believe the proper reporting procedure for loss, theft, unauthorized used should remain through State channels (through the AMEmbassy to DOS). DTSA expects countries to report losses to DTSA and we continually correct them by saying report losses through State channels. Wouldn't want DTSA to use wording as it now exists in an attempt to roll us. ✓ Agree. changed.
- Pg 203-6, para A 8 - For Stinger sales involving Avenger and Dual Mount Stinger (DMS), we don't generally do not include gripstocks; same will be the case for Air-to-Air Stinger. For clarity, recommend the title be changed to "Conditions of Shipment and Storage for STINGER and STINGER Variants that Include Gripstocks." ✓ changed
- Pg 203-6, para B 9 - There is a number disconnect, it should be para B 1. ✓ changed
- Pg 203-6, para B 9 - (Or para B 1) Include the DMS launcher, the Avenger's Standard Vehicle Mounted Launcher (SVML), and the aircraft air-to-air launcher since these are the other half of the principle components for these systems (no gripstocks). ✓ changed
- Pg 203-7, para D 4 - Change to read "... variants that include gripstocks, shall ... ." ✓ changed
- Pg 203-7, para D 6 c - I'm not sure of what we are saying in this para, perhaps it is only me but it doesn't read clear. ✓ changed

Pls give me a call if I've caused more problems than provided solutions.

dgb

-----  
From: Wells, Wayne, CIV, DSAA/APD  
To: Amlin, Ann, CIV, DSAA/CPD; Beasley, Daniel, LTC, DSAA/ASA; Crook, Gail, CIV, DSAA/APD; Job, Karma, CIV, DSAA/APD; O'Brien, Kay, CIV, DSAA/FPD; Woods, Del, CIV, DSAA/MED  
Cc: Brandt, William, CIV, DSAA/APD  
Subject: SAMM Change  
Date: Tuesday, June 24, 1997 9:14AM

A number of items have accumulated for another SAMM change. We have also had a number of general

(100)

*Work Copy  
Background*

**DEFENSE SECURITY ASSISTANCE AGENCY**  
**OPERATIONS DIRECTORATE**  
*Management Division*

19 May 1997

**Memorandum for COL Sawyer**

**SUBJECT:** Section 20303 (MANPADS) SAMM Changes

Harry,

At attachment 1, USASAC proposes a revision to subj section. I have circled or annotated the more significant proposed changes. USASAC's paragraph renumbering should probably be ignored, since paragraphing will remain unchanged if left in the present SAMM location, and will not agree with present or USASAC's version if moved.

Attachment 2 shows present section 20303, also with pertinent sections highlighted. In substance, there appears to be little difference beyond allowing more flexibility listing specific MANPADS or MANPADS material on the LOA.

Would appreciate your comment/concurrence to proposed changes, particularly with regard to whether transfer of Avenger justifies the changes (since we already include "Stinger Variants").

If no problems, will likely include with pending changes, without a formal response to USASAC.

Thank you--

*Wayne Wells*  
Wayne Wells, x367

Attachments  
as stated

cc: Mr. Brandt  
Ms. Ludlow-MacMurray

pscwd



DEPARTMENT OF THE ARMY  
U.S. ARMY SECURITY ASSISTANCE COMMAND  
5001 EISENHOWER AVENUE  
ALEXANDRIA, VA 22333-0001

*Background*

REPLY TO  
ATTENTION OF

- 8 MAY 1991

AMSAC-OL-MP (12-8a)

*14 May 91*

MEMORANDUM THRU OFFICE OF THE DEPUTY UNDER SECRETARY OF THE ARMY  
(INTERNATIONAL AFFAIRS), ATTN: SAUS-IA-DSA-A,  
102 ARMY PENTAGON, WASHINGTON, D.C. 20310-0102

FOR DIRECTOR, DEFENSE SECURITY ASSISTANCE AGENCY, ATTN: OPS-MGT,  
CRYSTAL GATEWAY NORTH, SUITE 303, 1111 JEFFERSON DAVIS  
HIGHWAY, ARLINGTON, VA 22202-4306

SUBJECT: Security Notes Related to Man-Portable Air Defense  
Systems Sales (MANPAD) Sales

1. Reference Security Assistance Management Manual (SAMM),  
Chapter 2, Section 203, Change No. 2, 2 July 1990.
2. Request that the current notes related to the MANPAD System  
be replaced in the SAMM with the proposed two enclosed notes,  
which are applicable for the AVENGER and STINGER Weapon Systems.
3. Point of contact for this action is Richard Lee, AMSAC-OL-MP,  
DSN 767-8438.
4. USASAC -- Strength In Cooperation.

FOR THE COMMANDER

2 Encls

RICHARD G. ALPAUGH  
Director for Operations  
and Logistics

# Background

Note to be used on LOAs for NATO, NATO Nations, Japan, Australia, and New Zealand:

Purchaser agrees to adhere to the following additional security requirements associated with (insert appropriate missile/system). Modification of specified requirements to meet indigenous conditions may be approved by the Office of the Deputy Chief of Staff for Operations and Plans (DAMO-ODL-S), U.S. Army.

a. **Physical security:** The (insert appropriate missile) will be stored in magazines that are at least equivalent in strength to U.S. Army requirements as specified in subparagraph (1) below. The purchaser also agrees to comply with U.S. Army specified requirements for lighting, doors, locks, keys, fencing, and surveillance and guard systems. Specific requirements will be agreed upon and installed prior to delivery of the missile system. U.S. Army representatives will be allowed to verify security measures and procedures established for implementation of these requirements.

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

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

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

(4) **Fencing:** Fencing will be 6-foot (minimum) steel chain link with a 1-foot overhang mounted on steel or reinforced concrete posts over firm base. Clear zones will be established 30 feet inside and 12 feet outside the perimeter fence (provided there is adequate space).

# Background

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

(6) **Access to storage facilities:** Two authorized persons will be required to be present during any activity which affords access to storage facilities containing (insert appropriate missile/system). Lock and key procedures will be developed to ensure that no single individual can obtain unescorted or unobserved access to (insert appropriate missile/system) storage facilities.

## b. Accountability:

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

(2) The (insert appropriate foreign country security assistance organization) will be permitted to conduct a U.S. inspection and inventory of (insert items) by serial number (insert any items required to be inventoried by physical count) annually. Inventory and accountability records maintained by the purchaser will be made available for review.

c. **Transportation:** Movements of (insert appropriate missile) will meet U.S. standards for safeguarding classified materiel in transit as specified by the U.S. Government in DOD 5100.76-M, Physical Security of Sensitive Conventional Arms, Munitions, and Explosives (standards of which will be provided to the purchaser), and paragraph h, below.

## d. Access to hardware and classified information:

(1) Access to hardware and related classified information will be limited to military and civilian personnel of the purchasing government (except for authorized U.S. personnel as specified

## Background

herein) who have the proper security clearance and who have an established need to know the information in order to perform their duties. Information released will be limited to that necessary to perform assigned functions/operational responsibility and, where possible, will be oral/visual only.

(2) Maintenance which requires access to the interior of the (insert missile, operational system, etc.) beyond that required of the operator, and maintenance or repair which requires access to the interior of the guidance assembly of (insert item(s)) will be performed under U.S. control.

e. **Compromise, loss, theft, and unauthorized use:** The purchaser will report to the U.S. Army by the most expeditious means any instances of compromise, unauthorized use, loss, or theft of any (insert missile and any other materiel) or related information. This will be followed by prompt investigation, and the results of the investigation will be provided to the U.S. Army.

f. **Third-party access:** The recipient will agree that no information on (insert appropriate missile) will be released to a third-country government, person, or other third-country entity without U.S. approval.

g. **Damaged/expended materiels:** Damaged (insert systems, materiel) will be returned to the U.S. Army for repair or demilitarization.

h. **Conditions of shipment and storage for (insert missile system):** The two principal components of the (insert appropriate missile system and any other items required to be stored in separate containers) will be stored in separate locations and will be shipped (insert how they are to be shipped, e.g., in separate containers: separately). The two storage locations will be physically separated sufficiently so that a penetration of the security at one site will not place the second at risk.

i. **Conditions of use:** Assembly of the system will not be permitted for field exercises or deployments wherein the use of (insert appropriate missile) system is simulated. In such cases, inert training devices may be used. The recipient will use information on (insert appropriate missile) only for the purpose for which it was given.

# Background

Note to be used to nations other than those identified in paragraph A will include all of the paragraph A notes, but paragraph i, "Conditions of Use," will be replaced with the revision below:

## i. Conditions of use:

(1) The two principal components of the (insert appropriate missile system and any other items) may be brought together and assembled under the following circumstances:

- (a) In the event of hostilities or imminent hostilities.
- (b) For firing as part of regularly scheduled training; however, only those rounds intended to be fired will be withdrawn from storage and assembled.
- (c) For lot testing, however, only rounds to be tested will be withdrawn from storage and assembled.
- (d) When systems are deployed as part of the point defenses of high-priority installations or activities (e.g., key government buildings, military headquarters, essential utilities, air defense facilities).

(2) The purchaser will advise the U.S. security assistance organization in advance of any assembly of the various missile and (insert any other items) for the (insert appropriate missile) for training or lot testing.

(3) The U.S. Government will be notified of deployments through the security assistance organization.



*Background***D. Ship transfer and approval procedures:**

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

2. Ship transfers are coordinated by the Director, Navy IPO. DSAA coordinates all transfers within OSD and with DoS. DSAA ensures compliance with statutory notification and authorizing legislation requirements. The Navy prescribes policies and procedures for ship transfers in SECNAV Instruction 4900.48 series.

3. Navy IPO submits each request for sale to the Director, DSAA. This takes the form of either a draft Congressional notification letter or a draft ship transfer bill, pursuant to 10 USC 7307. Each request will include a statement of approval from the Secretary of the Navy or his designee.

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

**20303 SECURITY NOTES RELATED TO MAN-PORTABLE AIR DEFENSE SYSTEMS SALES.**

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

"Purchaser agrees to adhere to the following additional security requirements associated with MANPADS. Modification of specified requirements to meet indigenous conditions may be approved by the Office of the Deputy Chief of Staff for Operations and Plans (DAMO-ODL-S), US Army.

1. **Physical Security:** The (insert appropriate missile) will be stored in magazines that are at least equivalent in strength to US Army requirements as specified in subparagraph (a) below. The Purchaser also agrees to comply with US Army specified requirements for lighting, doors, locks, keys, fencing, surveillance, and guard systems. Specific requirements will be agreed upon and installed prior to delivery of the missile system. US Army representatives will be allowed to verify security measures and procedures established for implementation of these requirements.

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

b. **Lighting:** Lighting will be provided for exterior doors and along perimeter barriers. Security lighting requirements will conform to the ammunition and safety requirements of Appendix C, US Army Technical Manual 9-1300-206 (standards of which will be provided to the Purchaser).

c. **Doors, Locks, and Keys:** Exterior doors will be class five steel vault doors secured by two key-operated high security padlocks and a high security shrouded

*Deleted,  
guidance  
revised and  
moved  
to  
70105.L.9*

*Background*

hasp. Keys will be secured separately to ensure effective two-man control of access, (i.e., two authorized persons must be present to enter). Use of a master or multiple key system is prohibited.

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

e. **Surveillance and Guard:** A full-time guard force or combination guard force and intrusion detection system (IDS) will be provided. When the IDS is not operational, 24 hour guard surveillance is required.

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

## 2. **Accountability:**

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

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

3. **Transportation:** Movements of MANPADS will meet US standards for safeguarding classified materiel in transit as specified by the USG in DoD 5100.76-M, *Physical Security of Sensitive Conventional Arms, Munitions, and Explosives* (standards of which will be provided to the Purchaser), and paragraph 8 below.

## 4. **Access to Hardware and Classified Information:**

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

b. Maintenance which requires access to the interior of the operational system beyond that required of the operator, and maintenance or repair which requires access to the interior of the guidance assembly of the tracking head trainer or captive flight trainer, beyond the bench test set capability, will be performed under US control.

*Background*

5. **Compromise, Loss, Theft, and Unauthorized Use:** The Purchaser will report to the US Army by the most expeditious means any instances of compromise, unauthorized use, loss or theft of any MANPADS materiel or related information. This will be followed by prompt investigation and the results of the investigation will be provided to the US Army.

6. **Third-Party Access:** The recipient will agree that no information on (insert appropriate missile) will be released to a third-country government, person or other third-country entity without US approval.

7. **Damaged/Expended Materiel:** Damaged systems, launchers, and/or grip stocks will be returned to the US Army for repair or demilitarization.

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

9. **Conditions of Use:** Assembly of the system will not be permitted for field exercises or deployments wherein the use of the (insert appropriate missile) system is simulated. In such cases, inert training devices may be used. The recipient will use information on the (insert appropriate missile) only for the purpose for which it was given."

B. All sales of MANPADS to nations other than those identified in paragraph A will include all of the paragraph A notes, but paragraph 9, "Conditions of Use," will be replaced with the revision below:

"9. **Conditions of Use:**

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

- (1) In the event of hostilities or imminent hostilities.
- (2) For firing as part of regularly scheduled training; however, only those rounds intended to be fired will be withdrawn from storage and assembled.
- (3) For lot testing; however, only rounds to be tested will be withdrawn from storage and assembled.
- (4) When systems are deployed as part of the point defenses of high priority installations or activities (e.g., key government buildings, military headquarters, essential utilities, air defense facilities).

b. The Purchaser will advise the US Security Assistance Organization in advance of any assembly of the various missile and gripstock for the STINGER and its variants for training or lot testing.

*Background*

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 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.
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:

Signed Copy Distribution: 021030004

00003801

1. Upon acceptance, the Purchaser should return one signed copy of this LOA to Defense Finance and Accounting Service (DFAS), ATTN: DE/SAAC/F, Denver, CO 80279-5000. [Simultaneously, wire transfer of the Initial Deposit should be made to: United States Treasury, New York, NY, ~~021-030-004~~, DFAS/SAAC, Agency Code ~~380~~, showing "Payment from Australia for AT-P-BLZ"; or, a check for the initial deposit should accompany the signed copy of the LOA or be sent simultaneously to DFAS, with a letter identifying the purchasing country and the LOA identifier.]

2. One signed copy plus a copy of the letter of transmittal forwarding payment to DFAS, or other evidence of payment, should be returned to [Department of the Navy, Navy International Programs Office, Washington, DC 20350-5000].

Questions may be directed to Mr. Baillie, Navy IPO 049, DSN 222-0704, CML (703) 692-0704.

*LETTER OF OFFER AND ACCEPTANCE STANDARD TERMS AND CONDITIONS, attached following page [4], are a part of this LOA. The following terms and conditions also apply:*

[Note 1. The configuration of the Standard Missile will be specified in NAVSEA Drawing Number 5246986-13. The missile and its components are classified. All missiles will be issued from stock in Condition Code A and configured with the MK 45 MOD 6 target detecting device. A listing of the exact configuration with ORDALTS and the remaining service life of each component, if applicable, will be provided prior to delivery. The dual thrust rocket motors have a remaining service life of ten years. USN assets will be replaced in kind from procurement. The estimated cost is based on the contract cost, including management of the replacement procurement. The expected delivery date is 30 November 1992.

Note 2. Containers are being provided for shipment and storage of item 1 defense articles based on documented requests from the Purchaser.

Note 3. This includes initial estimated USN or contractor engineering support related to the LOA such as performing technical reviews, analyzing firing data, and answering general technical queries. Specifics will be defined in program management meetings.

Note 4. The Offer expiration date allows less than the normal time for review in order to meet the contract award date for the replacement procurement.

Note 5. The Purchaser will be charged for the use of USG sponsored (Government Bill of Lading) transportation services for items which are classified Confidential or are explosive. This is effective for Offer/Release Code Z and Delivery Term Code 8 items. Items other than classified or hazardous will be shipped Collect Commercial Bill of Lading to applicable freight forwarders.

Note 6. The projected LOA closure date is March 2000.

Note 7. This LOA will be implemented under the Standard Accounting and Reporting System (STARS).

To assist in fiscal planning, the USG provides the following revised anticipated costs of this LOA:

<u>Payment Date</u>	<u>Quarterly</u>	<u>Cumulative</u>
Cumulative to Date	NA	\$19,360,450
Initial Deposit (This Amendment)	\$34,764	19,395,214
15 Dec 92	14,913	19,410,127
15 Mar 93	14,913	19,425,040
15 Jun 93	14,913	19,439,953
15 Sep 93	14,912	19,454,865
15 Dec 93	14,912	19,469,777
15 Mar 94	14,912	19,484,689
15 Jun 94	14,912	19,499,601]

Signed Copy Distribution:

021030004

00003801

1. Upon acceptance, the Purchaser should return one signed copy of this Amendment to Defense Finance and Accounting Service (DFAS), ATTN: DE/SAAC/F, Denver, CO 80279-5000. [Simultaneously, wire transfer of the Initial Deposit should be made to: United States Treasury, New York, NY, ~~021-030-004~~, DFAS/SAAC, Agency Code ~~3801~~, showing "Payment from Australia for AT-P-BLZ"; or, a check for the initial deposit should accompany the signed copy of the Amendment or be sent simultaneously to DFAS, with a letter identifying the purchasing country and the Agreement identifier.]

2. One signed copy plus a copy of the letter of transmittal forwarding payment to DFAS, or other evidence of payment, should be returned to [Department of the Navy, Navy International Programs Office, Washington, DC 20350-5000.]

Questions may be directed to Mr. Baillie, Navy IPO 049, DSN 222-0704, CML (703) 692-0704.

*Background*

**Wells, Wayne, CIV, DSAA/APD**

**From:** Wells, Wayne, CIV, DSAA/APD  
**To:** Liberty, Sally, CIV, DSAA/FPD; O'Brien, Kay, CIV, DSAA/FPD; Wiggins, Kent, , DSAA/DSAMSPMO; Amlin, Ann, CIV, DSAA/CPD; Freedental,Chester, ,DSAA/DSAM  
**Cc:** Brandt, William, CIV, DSAA/APD  
**Subject:** RE: DLA's suggested SAMM change  
**Date:** Wednesday, June 11, 1997 2:50PM

I will plan to add to next SAMM change--  
-----

**From:** Liberty, Sally, CIV, DSAA/FPD  
**To:** O'Brien, Kay, CIV, DSAA/FPD; Wells, Wayne, CIV, DSAA/APD; Wiggins, Kent, , DSAA/DSAMSPMO; Amlin, Ann, CIV, DSAA/CPD; Freedental,Chester, ,DSAA/DSAM  
**Subject:** DLA's suggested SAMM change  
**Date:** Wednesday, June 11, 1997 1:21PM

Kay,

Ref. DLA memo dated 3 Jun 97, I checked with DFAS-DE/IR and they concurred with DLA. The Treasury Account Number should be 021030004 (w/o dashes) and the Agency Code is 8 positions 00003801.

For Wayne: Recommend this corrected information be included in the next SAMM change.

For DSAMS: Recommend this corrected information be included in DSAMS, as required.

For Kay: We will have to make a change to Vol. 15 Table 405-2 (agency code only 4 positions). I will prepare a change to be forwarded to DFAS (McIntire).

Please contact me if you have any questions. Thanks,Sally



DEFENSE LOGISTICS AGENCY  
 DEFENSE CONTRACT MANAGEMENT COMMAND  
 DEFENSE CONTRACT MANAGEMENT AREA OPERATIONS, NEW YORK  
 207 NEW YORK AVENUE  
 STATEN ISLAND, NEW YORK 10305-5013

*Background*

REFER TO DCMDE-GNIP

June 3, 1997

MEMORANDUM FOR DSAA, DSAA/OPS-MGT

SUBJECT: Proposed Security Assistance Management Manual (SAMM) Revision

Our office generates and manages LOAs for the Defense Logistics Agency (DLA). Our LOAs are for contract administration services on direct commercial contracts between foreign governments and United States contractors. Many of our LOAs are contractor funded and contractors have often encountered problems attempting to wire transfer funds. Recently, such a problem led to a contractor inquiry to DFAS-DE which revealed the following information. The SAMM specifies how to wire transfer funds under "Signed Copy Distribution", paragraph 1. This paragraph reads:

1. Upon Acceptance, the Purchaser should return one signed copy of this LOA to Defense Finance and Accounting Service (DFAS), ATTN: DE/SAAC/F, Denver, CO 80279-5000. Simultaneously, wire transfer of the initial deposit should be made to: United States Treasury, New York, NY 021-030-004, DFAS/SAAC, Agency Code 3801 showing "Payment from Japan for JA-R-CMZ"; or, a check for the initial deposit should accompany the signed copy of the LOA or be sent simultaneously to DFAS, with a letter identifying the purchasing country and the LOA identifier (JA-R-CMZ).

We found out that:

- a). The Treasury Account Number should be input without the dashes 021030004
- b). The Agency Code should be preceded by four zeros 00003801

With these corrections, the contractor was able to wire transfer the funds without a hitch. We suggest that the wire transfer information on pages 701-13 (LOA) and 804-9 (Amendment) be changed to reflect the correct information. This change will also affect the Defense Security Assistance Management System (DSAMS).

If you need any further information, please contact Thomas Maurer at (718) 390-1074 or via fax at (718) 390-1093.

ROBERT F. HUNTER, JR.  
 Director  
 International Logistics Office

cc: Chester Freedenthal, DSAA, DSAMS, PMO



b. FMSO I cases reflect customer equity in the U.S. supply system and defense articles upon which these cases are based are not shipped to the country, but are drawn down against a corresponding FMSO II LOA.

**B. Issuing Letters of Offer for \$50 Million or More or for MDE of \$14 Million or More.**

1. The AECA provides that the LOA shall not be issued if Congress, within 30 calendar days (15 calendar days for NATO, NATO member nations, Japan, Australia, or New Zealand) after receiving the notification, adopts a joint resolution stating that it objects to the proposed sale, unless the President, in his notification to Congress, had certified that an emergency exists which requires such sale in the national security interests of the U.S.

2. If Congress adopts a <sup>IA</sup> concurrent resolution objecting to a proposed sale, the Director, DSAA will promptly notify the ~~applicable DOD component~~ of that fact, seek the guidance of the President as to the course of action which should be taken, and advise the ~~cognizant DOD component~~ <sup>IA</sup> of the action to be taken (see paragraph B.2.d. above).

**70304 PROCEDURES.**

**A. Categories of Purchasers.**

1. The AECA makes a distinction between exempted purchasers (i.e., NATO, NATO countries, Japan, Australia, and New Zealand) and non-exempted purchasers (all others).

2. For exempted purchasers:

a. Advance notification is not required.

b. The waiting period after statutory notification is 15 days.

**B. State and Defense Relationship, Staffing Agreement, and Timing.**

1. Prior to any advance or statutory notification to Congress under the AECA, Section 36(b)(1), the DSAA must receive clearance from ~~the Department of State~~ <sup>DOS</sup> for that notification.

2. Representatives of the State and Defense Departments have agreed that State policy deliberations, intra-agency coordination, and submission for Presidential approval (if required) and Defense preparation of the Sec 36(b)(1) notification, and the LOA all aim toward the common objective of completing these actions within 60 days after receipt of the prospective purchaser's complete request. The procedures established in this section are designed to meet these objectives. \*

3. Under normal circumstances the milestones indicated in Tables 703-1 and 703-2 should be met by all functional areas involved in the processing of Section 36(b)(1) notifications and LOAs.

**C. Submission of Supporting Data.**

1. ~~Concurrent with LOA or LOI preparation, the cognizant DOD component must submit the supporting data required for Congressional notification to the DSAA/Comptroller-Foreign Military Sales Control Division (DSAA/Compt-FMSCD). If the LOR case information has not been previously entered into the 1200 system, DSAA will make the entry. Supporting data~~

*Replace with next doc under (circled) paragraph*

(including purchaser's reference and date of receipt by the IA) are to be submitted, using the prescribed formats, within ten days of receipt of the LOR from the purchaser. In order to enable the notification process to begin as soon as possible after receipt of the country request, it is essential that appropriate actions be accomplished by DOD components.

2. Appropriate steps will be taken by DOD components to assure that the ten-day requirement to provide data to DSAA is met. Consistent with this requirement field inputs will be obtained by DOD components on an expedited basis as necessary. Additionally, cost estimates will include separate identification of the estimated dollar value of the MDE portion of the proposed sale. Rough order of magnitude cost estimates are acceptable for processing Congressional notifications. In the exceptional situation, if it is determined by DOD component that the ten-day requirement cannot be met, approval for extension must be sought from the DSAA Comptroller (Chief, ~~FMS Control~~ Division).

*Financial Policy*

3. Requests from exempted prospective purchasers require the following data to be submitted: Military Justification (see Table 703-4), Statutory Notification (see Table 703-5), and, as required, Sensitivity of Technology Statement (see Table 703-6A).

4. Requests from non-exempted prospective purchasers require the following data to be submitted: Notification as specified in Table 703-3, Advance Notification; Table 703-4, Military Justification; and, as required, Table 703-6A, Sensitivity of Technology.

5. To the extent possible for non-exempted prospective purchaser requests, the submission should also include the supporting data required to meet the statutory notification requirement as specified in Table 703-5. If these data can be provided during the initial submission, no further data are needed by DSAA to process the advance and statutory Section 36(b)(1) notifications. However, if all data are not available, the advance notification data only should be submitted to meet the ten-day data submission requirement.

6. To the extent that it is not possible for DOD component to provide statutory notification Table 703-5 data with the initial submission, these data will be forwarded to DSAA/Compt-~~FMS~~ as early as possible but no later than ten days after the start of the 20 day advance notification period so that the follow-on statutory notification will not be delayed. Should it be impractical to meet the ten day deadline, approval for extension must be sought from Chief, ~~FMS Control Division~~, DSAA.

*FPD*

7. As the process evolves, the cognizant DOD component will be informed via message of each Congressional notification and provided with a copy of the letters which transmit the advance and statutory Section 36(b)(1) notifications to Congress.

8. Following completion of the 20 day advance notification period and after State clearance, the Director, DSAA, will provide the statutory Section 36(b)(1) notification of the proposed sale to the Congress. At this time, and after receiving express authority from the Comptroller, DSAA, and coordination with DSAA ~~(Operations, the cognizant DOD component)~~ will furnish a copy of the unsigned LOA to the purchaser as an enclosure to a transmittal letter in the format of Table 703-8 (Transmittal Letter for the Unsigned LOA). If Congress adopts a joint resolution objecting to a proposed sale, the Director, DSAA will promptly notify the ~~(applicable DOD components)~~ of that fact, seek the guidance of the President as to the course of action which should be taken, and advise the ~~(cognizant DOD component)~~ of the action to be taken.

9. ~~(DOD components)~~ will submit signed LOAs to the DSAA/Compt-~~FMS~~, ~~Countersignature Branch~~ no later than five working days prior to completion of the statutory 15 or 30 day Congressional review period. Unless there are appropriate reasons to do otherwise, the expiration date ~~(assigned by DOD components)~~ will allow for normal country review periods beyond

*assigned*



DEFENSE SECURITY ASSISTANCE AGENCY

WASHINGTON, DC 20301-2800

02 OCT 1996

In reply refer to:  
I-04378/96

MEMORANDUM FOR DEPUTY UNDER SECRETARY OF THE ARMY FOR  
INTERNATIONAL AFFAIRS (SAUS-IA-DSA-A)  
DEPARTMENT OF THE ARMY

DIRECTOR FOR SECURITY ASSISTANCE, BUSINESS &  
FINANCIAL MANAGEMENT DIRECTORATE (04A)  
DEPARTMENT OF THE NAVY

CHIEF, POLICY DIVISION (SAF/IAX)  
DEPUTY UNDER SECRETARY (INTERNATIONAL AFFAIRS)  
DEPARTMENT OF THE AIR FORCE

SUBJECT: Letters Of Request (LORs) with AECA 36(b) Data

Reference: Security Assistance Management Manual (SAAM), DOD 5105.38-M

Paragraphs 70003 and 70103 of the SMM provide guidance regarding LOR processing. Paragraph 70304.C.1 provides further guidance concerning LOR information to be included in submissions required for compliance with AECA Section 36(b) notifications.

The next change to the SMM will revise Paragraph 70304.C.1 to read as follows:

"1. The development of a Congressional notification must begin as soon as possible after receipt of the LOR from a foreign government. Concurrent with LOA or LOI preparation, the IA must submit notification data to DSAA (ATTN: DSAA/COMPT-FPD). A copy of the LOR is to be attached to the notification data prescribed in Section 703. If the LOR information has not been previously entered into the 1200 system, DSAA will make the entry."

The net effect of this change is to require that a copy of the pertinent LOR, rather than a reference to the LOR, be included with the congressional notification data. This guidance is effective for notifications provided to DSAA after 30 September 1996.

The POC on this matter is Al Urban, DSAA/COMP/FPD, (703)604-6575, x242.

Kay O'Brien  
Chief, Financial Policy Division  
Office of the Comptroller

cc: DLA (MMBN)  
DMA (FMS Mgr)  
DISAM  
DFAS/DE  
AMSAC-MP

Distr:

DSAA  
CMD  
OPS/MAA  
✓ OPS/MGT  
COMPT RF  
COMPT/FPD CHRON  
COMPT/FPD

Coord:

OPS/MGT (Wayne Wells) (in draft - 9/27/96)  
OPS/MAA (LtCol Pena) (in draft - 10/1/96)

Prepd by:  
Urban, Al, DSAA/COMPT/FPD  
604-6575, ext. 242

117

*Background*

**Wells, Wayne, CIV, DSAA/OPS**

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To: Urban, Al, CIV, DSAA/FMPD  
Subject: RE: LORs

Mr. Urban, This is my suggested verbiage. I am recommending we not talk about informal conveyance of LOR info because that should be the exception, especially with more sensitive LOAs (e.g., virtually all that would qualify for 36(b)s). Also believe SAMM para 70003 and the LOR definition in SAMM Append B will provide support that true LORs are in writing (e.g., even if initially requested informally, we must clear with State, etc., which will require formalization--).

Please give me a copy when signed and I will include in next SAMM change.

*copy received  
Apr 197*

-----  
From: Urban, Al, CIV, DSAA/FMPD  
To: Wells, Wayne, CIV, DSAA/OPS  
Subject: LORs  
Date: Wed, Sep 25, 96 9:34AM

Wayne - attached for your review, comments, recommended changes and whatever else you may be able to offer at this time, I present to you a proposed policy letter on LORs - Any suggestions on how to make the package shorter - without just saying in thre opening line - give me a hard copy - would be appreciated. - Thanx, Al  
<<File Attachment: LORPOL.DOC>>

<b>SECTION 801 - ACQUISITION FOR FMS</b>
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**80101 DOD REGULATIONS AND PROCEDURES.**

A. **Compliance with DOD Regulations.** In keeping with the DOD policy, acquisition for FMS purchasers will be in accordance with U.S./DOD regulations and procedures. This affords the foreign purchaser the same benefits and protection that apply to DOD procurement and is one of the principal reasons why foreign governments and international organizations prefer to procure through FMS channels.

B. **Federal Acquisition Regulation.** The DOD is authorized to enter into contracts for the purpose of resale to foreign governments or international organizations. The FAR shall apply to all purchases and contracts made by the DOD for acquisitions in support of FMS. Some of the most pertinent sections of the FAR and the Defense FAR supplement relative to FMS are listed below:

	<u>FAR</u>	<u>FAR SUPPLEMENT</u>
1. Acquisition for FMS	-----	Subpart 225.73
2. Agents Fees and Commissions	Subpart 3.4	225.7303-4
3. Options - FMS	-----	Subpart 217.2
4. Contract Type Risk - FMS	-----	215.971-3(d)(3)(iv)
5. Costs of Doing Business with a Foreign Government	-----	225.7303-2
6. Selling Costs	31.205-38	225.7303-2(a)(2)(i)
7. Recovery of Nonrecurring Costs	-----	Part 270
8. Other Than Full and Open Competition-- International Agreement	6.302-4	206.302-4
9. Applicability of Acquisition Warranties to FMS	-----	246.770-6

C. **Acquisition Notification of FMS Requirements.** In accordance with Section 225.7302 of the Defense FAR Supplement, when the acquisition for FMS is expected to involve a contract in excess of \$10,000 that is to be awarded noncompetitively (for example when the FMS purchaser requests a specific sole source), prices, delivery data and other relevant information shall be requested from the prospective source and the request shall indicate that the information is for the purpose of a potential sale under FMS and shall identify the prospective FMS purchaser(s).

D. (Insert 80102.D from next under.)

**80102 FMS CUSTOMER REQUESTS FOR SPECIFIC SOURCE.**

A. **DOD Policy.** DOD policy provides that procurements made for FMS will comply with U.S. government acquisition regulations and procedures. When procurement is required to meet an FMS requirement for defense articles and/or services, to the maximum extent possible, the

1.2

, in writing,

Standard  
ma and  
Conditions

SUPPLEMENTAL CONDITION (XXXXXXXXXXXXX): Sole-Source Procurement. Paragraph ~~A.1 of Annex A (General Conditions)~~ of the Letter of Offer and Acceptance states in part: "Unless the purchaser has requested that a sole source contractor be designated, and this Letter of Offer and Acceptance reflects acceptance of such designation by ~~the DOD~~, the purchaser understands that selection of the contractor source to fill this requirement is solely the responsibility of the Government of the United States (hereinafter referred to as USG)." By letter dated (XXXXXXXXXX) the purchaser has requested that (name of specific firm or other private source) be designated as (prime contractor) or (subcontractor) for line/item(s) (XXXXXXXXXXXXX) of this Letter of Offer and Acceptance. This supplemental condition is evidence that DOD has accepted such request of the purchaser and that such designation is required at the written direction of the purchaser.

2. LOA Amendment or Modification. The designation of sole source procurement for an LOA which has already been accepted by the purchaser would be an exception to policy as outlined above. If the situation does occur, addition of the supplemental condition should normally be added by an Amendment. The IA may determine that use of a Modification is justified when the sole source request is made by the official who requested the LOA, his replacement, or an official known to have equivalent or greater authority than the official who signed the LOA.

D. FMS Purchaser Involvement. The purchasing activities of defense components and prime contractors shall implement FMS requirements using normal procurement and contract management procedures as set forth in the FAR, other directives and pertinent contractual provisions. Representatives of the FMS purchaser shall not be permitted to review bidders' mailing lists or slates of proposed architect engineer firms, nor shall they be permitted to direct the deletion of names of firms from such lists or slates. They may, however, suggest that certain firms be included. The defense components should fully control the procurement and contracting process and contractual provisions. Representatives of the FMS purchaser will not normally participate in contract negotiations. The defense components shall not accept directions from the FMS purchaser as to source selection decisions or contract terms (other than the special contract provisions and warranties referred to in condition A.2 of the LOA), nor shall the ~~FMS~~ purchaser be permitted to interfere with a prime contractor's placement of his subcontracts. However, to the extent permitted above, defense components may honor an ~~FMS~~ purchaser's request for the designation of particular prime or subcontract source for defense articles or defense services. Requests by the FMS customer for rejection of any bid or proposal shall not be honored unless such rejection is justified on the basis of reasons which would be sufficient in the case of a procurement made by ~~the DOD~~ to meet its own needs.

77101  
to  
80101

80103 SALES COMMISSIONS AND AGENTS FEES.

A. Determination of a Bona Fide Agent. FAR sets forth the criteria to be used by the contracting officer or head of the procuring activity (HPA) in determining whether an agent(s) is *bona fide*. When an agent(s) has been determined to be *bona fide*., based on FAR, the following procedures will be followed with regard to the inclusion of sales commissions and fees in FMS cases:

1. Prior Notification to Purchasing Government. Unless the ~~purchasing country or international organization~~ <sup>Purchaser</sup> has indicated to the contrary, all sales commissions and fees anticipated to be included in FMS cases shall be made known to the purchaser prior to or in conjunction with the submission of the LOA to the purchaser. Such advice will include: (a) the name and address of the agent(s); (b) the estimated amount of the proposed fee, and the percentage of the sale price; and (c) a statement indicating one of the following, whichever is applicable:

*Background*

**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:** *Don Cragg* (NAME) *DSN 785-2994* (TELEPHONE)

**TO:** *Wayne Wells* (NAME) *604-6635* (TELEPHONE)  
*DSAA-OPS* (ORGANIZATION/OFFICE SYMBOL)                      (FAX NUMBER)

**DATE:** *28 Mar 96*  
**NO. OF PAGES** (including cover sheet): *5*  
**ADDITIONAL COMMENTS:**

*Wayne*  
*Just a couple of items*  
*Don*

*Background***Wayne**

According to the SAMM, paragraph 80102.D. **FMS Purchaser Involvement**, when the U.S. is purchasing for the FMS customer, "Representatives of the FMS purchaser will not normally participate in contract negotiations." Granted, this paragraph is in the FMS Customer Requests for Specific Source section of the SAMM but it would seem to apply even when sole source has not been requested.

I found in the Defense Federal Acquisition Regulation Supplement. Subpart 225.73, Acquisition of Foreign Military Sales, paragraph 225.7304, words that seem to indicate that FMS customer representatives may not participate in contract negotiations. The wording of paragraph 225.7304(b) is such that, among other things, representatives of FMS customers are not allowed to "Participate in the price negotiations between the U.S. Government and the contractor." While this particular area only mentions the price negotiation part, should the SAMM be changed to agree with this part of the DFAR Supplement?

I have included that part of the DFAR in this Fax so you can see what I found.

Also, it has been brought to my attention that DSAA published a memo in Jan 1994, reference RODs for nonreceipt and some documentation required when such a ROD is submitted. I am attaching that memo. The question raised to me concerns whether or not the memo is in effect as the SAMM really doesn't mention the required documentation in Section 802 or in table 802-2.

Thanks for your help

*Alan*

(122)



**Part 225—Foreign Acquisition***Background*

- (ii) The proposed fee/commission may be compared with known costs for comparable services under non-FMS contracts, or for FMS sales of comparable scope and dollar amounts for the same or similar items.
  - (iii) In analyzing the fee, give consideration to whether the sale is the initial or a follow-on sale. Effort for follow-on sales of additional quantities, spares, and support equipment is normally not as great as the effort for the initial sale.
- (4) The chief of the contracting office must approve the contracting officer's determination—
- (i) As to whether there is a bona fide employee or agency relationship; and
  - (ii) Of the reasonableness of the commission or fee.
- (b) If the foreign customer disapproves the fee, or a portion of the fee, the contracting officer must notify the prospective contractor and request that the contractor withdraw the fee for the sales representative from the proposal. If the contractor refuses to withdraw the fee, the contracting officer notifies the department/agency activity responsible for preparation of the DoD Offer and Acceptance, which notifies the foreign customer that DoD is unable to purchase the items or services from that contractor.
- (c) It may not be possible to determine whether or not the price to be paid for material or services will include sales commissions and fees (for example, when FMS requirements are to be fulfilled by competitive acquisitions). In such cases, if contract negotiations indicate that costs for a sales representative will be claimed by the contractor, the department/agency responsible for presentation of the Offer and Acceptance notifies the foreign customer as soon as possible and asks for a reply within 30 days as to whether the customer will approve the costs.
- (d) Under DoD 5105.38-M, Security Assistance Management Manual, Letters of Offer and Acceptance for requirements for the governments of Australia, Taiwan, Egypt, Greece, Israel, Japan, Jordan, Republic of Korea, Kuwait, Pakistan, Philippines, Saudi Arabia, Turkey, Thailand, or Venezuela (Air Force) must provide that all U.S. Government contracts resulting from the Letters of Offer prohibit the payment of sales commission and fee unless the payments have been identified and payment approved in writing by the foreign customer before contract award. (See 225.7308(a).)

**225.7304 Source selection.**

- (a) FMS customers may request that a defense article or defense service be obtained from a particular contractor. In such cases, FAR 6.302-4 provides authority to contract without full-and-open competition. The FMS customer may also request that a subcontract be placed with a particular firm. The contracting officer shall honor such requests from the FMS customer only if the Letter of Agreement or other written direction sufficiently fulfills the requirements of FAR 6.3.
- (b) Do not allow representatives of the FMS customer to—
- (1) Direct the deletion of names of firms from bidders mailing lists or slates of proposed A-E firms. (They may suggest the inclusion of certain firms):

## Defense Federal Acquisition Regulation Supplement

## Part 225—Foreign Acquisition

Background

- (2) Interfere with a contractor's placement of subcontracts; or
- (3) Participate in the price negotiations between the U.S. Government and the contractor.
- (c) Do not accept directions from the FMS customer on source selection decisions or contract terms (other than the special contract provisions and warranties referred to in Condition A.2 of the DD Form 1513).
- (d) Do not honor any requests by the FMS customer to reject any bid or proposal.

**225.7305 Limitation of liability.**

The contracting officer must advise the contractor whenever the foreign customer will assume the risk for loss or damage under the appropriate limitation of liability clause(s) (see FAR Subpart 46.8). Consider the costs of necessary insurance, if any, obtained by the contractor to cover the risk of loss or damage in establishing the FMS contract price.

**225.7306 Exercise of options for foreign military sales.**

Consider changes to cost and profit attributable to pricing differences between U.S. and FMS requirements when exercising an option to satisfy an FMS requirement. Also consider such changes if the option is already identified for FMS, but it is exercised for country B requirements instead of the country A requirements for which it was priced.

**225.7307 Implementation of offset arrangements negotiated pursuant to foreign military sales agreements.****225.7307-1 General.**

- (a) The purpose of an FMS/offset arrangement is to fulfill commitments negotiated pursuant to an FMS agreement. The general policy in fulfilling these commitments is to exempt the FMS country's products from the requirements of the Buy American Act on a case-by-case basis.
- (b) Generally, it is not appropriate to establish an offset goal or objective. If in special circumstances it is in the national interest to establish an offset goal or objective, the goal or objective may be stated as—
  - (1) A certain percentage of the FMS agreement dollar value;
  - (2) A specific dollar amount; or
  - (3) A combination of the two.
- (c) The Presidential policy statement of April 16, 1990 provides that DoD shall not encourage, enter directly into, or commit U.S. firms, to any FMS/offset arrangement. The decision whether to engage in offsets, and the responsibility for negotiating and implementing offset arrangements, resides with the companies involved. Exceptions to this policy must be approved by the President through the National Security Council. This does not prevent DoD from fulfilling obligations incurred through international agreements entered into before April 16, 1990.



DEPARTMENT OF THE AIR FORCE  
WASHINGTON DC 20330-1000

*Background*

OFFICE OF THE UNDER SECRETARY

MEMORANDUM FOR DSAA OPS MGT (Mr. Wayne Wells)

MAR 29 1996

FROM: SAF/IAX

SUBJECT: Recommendation for Update to the SAMM, Paragraph 80102.C.1.

In accordance with the SAMM, paragraph 10008, request paragraph 80102.C.1., LOA Presentation (page 801-4), be updated for consistency with Letter of Offer and Acceptance Standard Terms and Conditions, Table 701-1, paragraph 1.2 (page 701-17). Recommend paragraph 80102 be revised to read as follows:

SUPPLEMENTAL CONDITION (XXXXXXXXXXXX): Sole-Source Procurement. Paragraph 1.2 of the Letter of Offer and Acceptance Standard Terms and Conditions states in part: "Unless the purchaser has requested, **in writing**, that a sole source contractor be designated, and this Letter of Offer and Acceptance reflects acceptance of such designation by the DoD, the purchaser understands that selection of the contractor source to fill this requirement is solely the responsibility of the Government of the United States (hereinafter referred to as USG)." By letter dated XXXXXXXXXXXX the purchaser has requested that (Name of specific firm or other private source) XXXXXXXXXXXXXXXX XXXX be designated as (prime contractor) or (subcontractor) for line/item(s) of this Letter of Offer and Acceptance. This supplemental condition is evidence that DoD has accepted such request of the purchaser and that such designation is required at the written direction of the purchaser.

Point of contact is Charlene Garlitz, SAF/IAXO, 697-8032.

ROBERT J. KUEHN, JR., Colonel, USAF  
Chief, Policy Division  
Deputy Under Secretary, Int'l Affairs

Change 8

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

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

**3. Coordination with the DSAA.**

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

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

c. All ex-post facto notifications of an agent fee to a foreign country or international organization will be coordinated with DSAA Operations prior to dispatch.

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

**B. FMS Agent Fee Ceiling.** Allowable costs for sales commissions and fees applicable to contracts for FMS shall not exceed \$50,000 per contract (including all modifications and subcontracts thereto), per country. ~~Although commissions and fees may be less than \$50,000 per contract, all such commissions and fees must be justified and supported based on the criteria cited in the FAR and DFARS.~~ , unless payment has been identified and

**C. Disallowance of Agents Fees.** approved in writing by the Purchaser before contract award. FMS

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

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

**Wells, Wayne, CIV, DSAA/APD**

*Background*

**From:** McKalip, Diehl, CIV, DSAA/FO  
**Date:** Friday, March 13, 1998 12:26 PM  
**To:** Stratman, Henry, Col,DSAA/MEAN; Ross, Edward, CIV, DSAA/MEAN  
**Cc:** Wells, Wayne, CIV, DSAA/APD  
**Subject:** RE: Change in DFARS 225.7303-4 -- Contingent Fees; Effective March 9, 1998

Okay by me. I have complete confidence in Mr. Wells, working with Mrs. Cannon, to get it right. DM

-----Original Message-----

**From:** Stratman, Henry, Col,DSAA/MEAN  
**Sent:** Friday, March 13, 1998 12:11 PM  
**To:** McKalip, Diehl, CIV, DSAA/FO; Ross, Edward, CIV, DSAA/MEAN  
**Cc:** Wells, Wayne, CIV, DSAA/APD  
**Subject:** FW: Change in DFARS 225.7303-4 -- Contingent Fees; Effective March 9, 1998

Sir,  
See Wayne's response below to your subject question.  
COL S

-----Original Message-----

**From:** Wells, Wayne, CIV, DSAA/APD  
**Sent:** Friday, March 13, 1998 10:57 AM  
**To:** Ross, Edward, CIV, DSAA/MEAN  
**Cc:** Stratman, Henry, Col,DSAA/MEAN; Cannon, Kay, CIV, DSAA/GC; Woods, Del, CIV, DSAA/MED  
**Subject:** FW: Change in DFARS 225.7303-4 -- Contingent Fees; Effective March 9, 1998

I reviewed DSAA GC comments and the new and old wording in the Federal Register, and discussed the DFARS change with the OUSD(A&T) action officer. I found the following: Both old and new DFARS 225.7303-4 require the contracting officer to complete an assessment of fee reasonableness, without regard to fee value. OUSD(A&T) confirms the major change is to allow the fee to exceed \$50,000 when determined to be reasonable and with customer written approval. Proscribed country guidance did not change; that is, contingent fees, without regard to value, for proscribed countries listed in the SAMM and DFARS must still be approved in writing by those countries.

On these bases, I treated this as a technical adjustment and asked DISAM to change the wording in SAMM 80103.B. to read: "B. FMS Agent Fee Ceiling Allowable costs for sales commissions and fees applicable to contracts for FMS shall not exceed \$50,000 per contract (including all modifications and subcontracts thereto), per country, **unless payment has been identified and approved in writing by the Purchaser before contract award.** ~~Although commissions and fees may be less than \$50,000 per contract,~~ All such commissions and fees must be justified and supported based on the criteria cited in the FAR **and DFARS.**"

I informed Dr Samelson so he can add this to any summaries of guidance changes in the Journal.

If the above is not satisfactory, alternate instructions are requested quickly since final touches are underway to send SAMM change 8 to the printer. .

-----Original Message-----

**From:** McKalip, Diehl, CIV, DSAA/FO  
**Sent:** Wednesday, March 11, 1998 5:18 PM  
**To:** Cannon, Kay, CIV, DSAA/GC; Irwin, Joe, CIV, DSAA/FMD; O'Farrell, Pat, MAJ, DSAA/MED; Wells, Wayne, CIV, DSAA/APD; Woods, Del, CIV, DSAA/MED  
**Subject:** RE: Change in DFARS 225.7303-4 -- Contingent Fees; Effective March 9, 1998

Kay: I thought change said "fair and reasonable;" "approved in writing only applied to the proscribed list of FMS customers?"

Wayne: Once this is straight, we need to get to DISAM, especially Lou Samuelson for the Journal. He will be in my office tomorrow at 1530. DM

-----Original Message-----

**From:** Cannon, Kay, CIV, DSAA/GC  
**Sent:** Wednesday, March 11, 1998 4:59 PM

125a1

*Background*

**To:** Irwin, Joe, CIV, DSAA/FMD; O'Farrell, Pat, MAJ, DSAA/MED; Wells, Wayne, CIV, DSAA/APD; Woods, Del, CIV, DSAA/MED  
**Cc:** McKalip, Diehl, CIV, DSAA/FO  
**Subject:** Change in DFARS 225.7303-4 -- Contingent Fees; Effective March 9, 1998

Dear Colleagues,

You may have noted that the March 9, 1998 DFARS Miscellaneous Amendments in the Federal Register at Volume 63 provide a new FMS contingent fee rule. This may require changes in the SAMM and the certification. The new rule is at 63 FR 11534. I will gladly provide a copy or you can get one from Joe.

DFARS 225.7303-4 has amended the old rule which limited allowable contingent fees to \$50K for contracts in support of an FMS case. Effective 9 Mar 98, the new rule permits allowable contingent fees in support of an FMS case to exceed \$50K provided that the payment has been identified and approved in writing by the foreign customer before contract award.

If the foreign customer is a listed country (Australia, Taiwan, Egypt, Greece, Israel, Japan, Jordan, Republic of Korea, Kuwait, Pakistan, Phillipines, Saudi Arabia, Turkey, Thailand or Venezuela (Air Force)) no contingent fees may be reimbursed unless the payments have been identified and approved in writing by the country before contract award.

For all other countries, only amounts in excess of \$50K are unallowable if they were not identified and approved in writing by the foreign customer prior to award.

Sincerely,

Kay

125A2

**Wells, Wayne, CIV, DSAA/APD**

---

**From:** Wells, Wayne, CIV, DSAA/APD  
**Date:** Monday, March 16, 1998 10:24 AM  
**To:** Cannon, Kay, CIV, DSAA/GC  
**Subject:** Agent/Contingent Fee SMM Change

Kay, As information and to tie up a loose end:

SMM Change 8 has gone to the publisher but DISAM apparently gets a final chance for minor refinements when it is publication-ready. DISAM has been provided the "...approved in writing by the **FMS** Purchaser..." words and expects to be able to make the change.

---

125a3

## Wells, Wayne, CIV, DSAA/APD

To: Cannon, Kay, CIV, DSAA/GC  
Subject: RE: Change in DFARS 225.7303-4 -- Contingent Fees; Effective March 9, 1998

-----Original Message-----

From: Cannon, Kay, CIV, DSAA/GC  
Sent: Monday, March 16, 1998 10:07 AM  
To: Wells, Wayne, CIV, DSAA/APD  
Subject: RE: Change in DFARS 225.7303-4 -- Contingent Fees; Effective March 9, 1998

Dear Wayne,

For the sake of good order, just to confirm we discussed this morning and I do not object to the language you propose, even though I would like to see the acronym FMS before the word Purchaser.

Sincerely,

Kay

-----Original Message-----

From: Wells, Wayne, CIV, DSAA/APD  
Sent: Friday, March 13, 1998 10:57 AM  
To: Ross, Edward, CIV, DSAA/MEAN  
Cc: Stratman, Henry, Col, DSAA/MEAN; Cannon, Kay, CIV, DSAA/GC; Woods, Del, CIV, DSAA/MED  
Subject: FW: Change in DFARS 225.7303-4 -- Contingent Fees; Effective March 9, 1998

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Subject: RE: Change in DFARS 225.7303-4 -- Contingent Fees; Effective March 9, 1998

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To: Irwin, Joe, CIV, DSAA/FMD; O'Farrell, Pat, MAJ, DSAA/MED; Wells, Wayne, CIV,

12504



**Wells, Wayne, CIV, DSAA/APD**

*Background*

**From:** McKalip, Diehl, CIV, DSAA/FO  
**Date:** Wednesday, March 11, 1998 5:18 PM  
**To:** Cannon, Kay, CIV, DSAA/GC; Irwin, Joe, CIV, DSAA/FMD; O'Farrell, Pat, MAJ, DSAA/MED; Wells, Wayne, CIV, DSAA/APD; Woods, Del, CIV, DSAA/MED  
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**Cc:** McKalip, Diehl, CIV, DSAA/FO  
**Subject:** Change in DFARS 225.7303-4 -- Contingent Fees; Effective March 9, 1998

Dear Colleagues,

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For all other countries, only amounts in excess of \$50K are unallowable if they were not identified and approved in writing by the foreign customer prior to award.

Sincerely,

Kay

*\* discussed also with ODUSD(A&T) AD (ms. Amy Wino, 703-602-0131) who confirmed this is the crux of the change. Passed change on pg 125a to Don Viggan who confirmed will go into change B.*

*Note: FAR 3.4 and DFARS 225.7303-4 (e.g. 225.7303-4(a)(3) for contingent fee reasonableness) apply.*

125b

Background

Defense Federal Acquisition Regulation Supplement; Miscellaneous Amendments; Interim and Final Rules  
[[Page 11522]]

DEPARTMENT OF DEFENSE

48 CFR Parts 201, 202, 204, 209, 212, 214, 215, 216, 217, 219, 223, 225, 226, 227, 229, 231, 232, 233, 234, 235, 236, 237, 239, 241, 242, 243, 250, 252, 253, and Appendices G and I to Chapter 2

[Defense Acquisition Circular 91-13]

Defense Federal Acquisition Regulation Supplement; Miscellaneous Amendments

AGENCY: Department of Defense (DoD).

ACTION: Interim and final rules.

-----

SUMMARY: Defense Acquisition Circular 91-13 amends the Defense Federal Acquisition Regulation Supplement (DFARS) to revise, finalize, or add language on the Defense Acquisition Regulations System, acquisition of commercial items, multiyear contracting, interagency acquisitions under the Economy Act, small business programs, the environment, foreign acquisition, utilization of Indian organizations, foreign patent interchange agreements, taxes, contract cost principles and procedures, contract financing, disputes and appeals, major system acquisition, research and development contracting, construction and architect-engineer contracts, service contracting, acquisition of information technology, acquisition of utility services, contract administration, extraordinary contractual actions, and contract reporting.

DATES: Effective date: March 9, 1998.

Comment date: Comments on the interim rule (Item XXIII: Sections 236.102, 236.274, 236.570, 252.236-7010, and 252.236-7012) should be submitted in writing to the address shown below on or before May 8, 1998 to be considered in the formulation of the final rule.

ADDRESSES: Interested parties should submit written comments on the interim rule (Item XXII) to: Defense Acquisition Regulations Council, Attn: Ms. Amy Williams PDUSD(A&T)DP(DAR), IMD 3D139, 3062 Defense Pentagon, Washington, DC 20301-3062. Telefax number (703) 602-0350. E-

125C

mail comments submitted over the Internet should be addressed to: dfars@acq.osd.mil. Please cite DFARS Case 97-D307 in all correspondence related to this rule. E-mail comments should cite DFARS Case 97-D307 in the subject line.

Background

FOR FURTHER INFORMATION CONTACT: Item XXIII--Ms. Amy Williams, (703) 602-0131.

All other items--Ms. Susan Buckmaster, (703) 602-0131.

Item XIV--Contingent Fees--Foreign Military Sales (DFARS Case 96-D021)

The interim rule published as Item XXVII of DAC 91-12 is revised and finalized. The rule amends DFARS guidance pertaining to contingent fees for foreign military sales. The final rule differs from the interim rule in that it revises DFARS 225.7303-4 and [[Page 11526]]

252.225-7027 to permit payment of contingent fees exceeding \$50,000 under foreign military sales contracts if the foreign customer agrees to such fees in writing before contract award.

225.7303-4 Contingent fees.

(a) Except as provided in paragraph (b) of this subsection, contingent fees are generally allowable under DoD contracts, provided the fees are determined by the contracting officer to be fair and reasonable and are paid to a bona fide employee or a bona fide established commercial or selling agency maintained by the prospective contractor for the purpose of securing business (see FAR Part 31 and FAR Subpart 3.4).

(b)(1) Under DoD 5105.38-M, Security Assistance Management Manual, Letters of Offer and Acceptance for requirements for the governments of Australia, Taiwan, Egypt, Greece, Israel, Japan, Jordan, Republic of Korea, Kuwait, Pakistan, Philippines, Saudi Arabia, Turkey, Thailand, or Venezuela (Air Force) must provide that all U.S. Government contracts resulting from the Letters of Offer and Acceptance prohibit the reimbursement of contingent fees as an allowable cost under the contract, unless the payments have been identified and approved in writing by the foreign customer before contract award (see 225.7308(a)).

(2) For FMS to countries not listed in paragraph (b)(1) of this subsection, contingent fees exceeding \$50,000 per FMS case shall be unallowable under DoD contracts, unless payment has been identified and approved in writing by the foreign customer before contract award.

125d

80103.D.

**D. Exceptions to Notification Procedures.**

1. The procedure contained in paragraph A.1. above will not be followed in the case of Australia, Egypt, Greece, Israel, Japan, Jordan, Korea (Republic of), Kuwait, Pakistan, Philippines, Saudi Arabia, Taiwan, Thailand, Turkey, and the Venezuelan Air Force. At the request of these governments all LOAs issued to these countries will include one of the following statements:

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

(For other countries granted an exception) "All U.S. Government contracts resulting from this Offer and Acceptance shall contain one of the following provisions, unless the sales commission and fee have been identified and payment thereof approved in writing by the Government of (\_\_\_\_) before contract award:"

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

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

b. For all other types of contracts:

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

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

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

<sup>902-SA, D.6</sup> ~~F. **Agents Fees for Commercial Contracts.** Agents fees for direct commercial contracts financed with FMS credit funds will be limited to \$50,000/per contract. It is the responsibility of the contractor to prove that payments of any agents fees in excess of \$50,000 are not financed with FMS credit funds.~~ ~~delete~~

**80104. APPOINTMENT OF AN AGENT.**

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

**Wells, Wayne, CIV, DSAA/OPS**

*Background*

**To:** Brandt, William, CIV, DSAA/OPS  
**Subject:** RE: Samm change

It should disappear with Change 8--

-----  
From: Brandt, William, CIV, DSAA/OPS  
To: Wells, Wayne, CIV, DSAA/OPS  
Subject: Samm change  
Date: Thursday, February 13, 1997 5:19PM

Wayne :

I think we need to delete paragraph 80103 F. Agents Fees for DCC .

B. Form Letter.

Director  
 Defense Security Assistance Agency  
~~Room 4E837, The Pentagon III~~ *Jefferson Davis Highway*  
~~Washington, D.C. 20301-2800~~ *Arlington, VA 22202-4306*

Dear Sir:

The Government of [country] hereby appoints [name] whose address is [address] as its Agent for the purpose of receiving deliveries of the following items: Above items will be used for the [manufacture/assembly/repair/rehabilitation]\* of the [program]. Said Agent is hereby authorized to sign in the name of the Government of [country] as its Agent for the receipt of these items as indicated by the shipping instructions contained in the LOA. The Government of [country] undertakes to instruct [name] as its Agent to maintain possession of the above specified items in accordance with the LOA until transferred by such Agent of the Government of [country].

Sincerely,

Such agency is acknowledged.

\_\_\_\_\_  
 (Signature of Agent)

\* Insert words describing the Agent's function.

**80105 WARRANTIES.** DoD normally obtains for FMS the <sup>SDR</sup> same warranties on conformance ~~to~~ design and manufacturing requirements and against defects in material and workmanship as it acquires for itself. These warranties are exercised within the ~~ROD~~ process and do not normally require special actions by the Purchaser. Essential performance warranties are normally obtained upon request, with acquisition and administrative costs borne by the Purchaser. Any warranty in addition to LOA Standard Terms and Conditions section 6 should be described in a note or supplemental condition on the LOA. The Purchaser should also be informed, in the LOA note or by documentation such as a technical bulletin accompanying the item when shipped, of any steps necessary to maintain or exercise rights under these additional warranties.

Change 8

4. While the language of AECA Sec 21(i) pertains only to shipments from stocks, impacts can occur when DoD diverts materiel from production and procedures outlined in A.2 still apply.

5. Where the SecDef takes action to advise the President of the requirement for a report to Congress, the SecDef will provide the analysis relevant to the justification and certification called for in AECA Sec 21(i)(1)(E), as well as a determination of whether a shortage of tanks will occur in the National Guard and Reserve with an attendant replacement plan (if the withdrawal is for tanks), as required by report 99-176. This latter tank determination and replacement plan must be included in the President's report to Congress. In this connection, a "proposal to sell" within the meaning of Sec 21(i) refers to a decision at an appropriate level of the USG to make a sale and to direct the issuance of an LOA or signature of a document with comparable effect, and does not refer merely to the receipt of a request for an LOA or the making of a recommendation with respect thereto. No Presidential report is therefore required if the ultimate decision is not to make a sale. AECA Sec 21(i) is also interpreted as being applicable to a situation in which the significant adverse effect becomes apparent only after a sales contract is concluded. However, no Presidential report is required with respect to supply action under a sales contract where the supply action is altered in order to avoid a significant adverse effect on US combat readiness which would otherwise occur. The report required by 10 USC. Sec 118 is covered in Section 703 of this manual.

#### 80204 SYSTEM SUPPORT BUYOUT (Also See 20202.D.)

A. **Initial Action.** When it is determined that a weapon system is to become obsolete to US forces, and the system is not supported under a CLSSA, the MILDEP responsible for logistics support will:

1. Determine system Purchasers still believed to have the system in their inventories.
2. Advise Purchasers of a proposed system support buyout. This may be done by offering a list of items or by identifying the systems to be phased out. On system phaseout, the country should be allowed a minimum of two years to place a final order for ~~spares~~ *secondary items* to support the system for its remaining useful life.

B. **Post Buyout.** Subsequent to the expiration of the system support buyout, the following is authorized:

1. Items with no demand for four years, including the system support buyout period, may be processed for disposal.
2. Inventories of items which have continued to show demands during the four year period may be retained and managed in support of SA requirements.

#### 80205 REQUISITION PROCEDURES

A. **Inform Purchasers.** SAOs, IAs should take every opportunity to make inventory management guidance (e.g., proper assignment of IPDs, requisition timing to balance inventories and out of stock conditions, and requisitioning in economical quantities) available to the Purchaser in order to utilize the requisition process effectively.

[NOTE: Technical correction requested by  
DSAMS work group - w/ 1/15/98] 802-4

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~~ that

~~Space available cargo under FAA Sec 516~~ 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.~~

*delete*

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. *Except in unusual circumstances, such as when efforts to honor waiver terms appear \**

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.

*MEAN-AP*

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:

*\* to be weak, imbalances will not be carried forward beyond the waiver period.*

Sec 516)

- (1) FMS LOA identifier if FMF (including lease) or FAA program name (e.g.,
- (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, <sup>or other address</sup> 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.

(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

**FAX TRANSMITTAL**

# of pages **1**

To	mm. <i>EWING</i>	From	<i>W. A. 115</i>
Dpt./Agency	<i>DSAA</i>	Phone #	<i>(see memo)</i>
Fax #	<i>94-785-4319 (E1)</i>	Fax #	<i>Chang, B. F. (see memo)</i>
NSN 7540-01-317-7388		GENERAL SERVICES ADMINISTRATION	

10/30/97 10:42 7036046541

DSAA OPERATIONS

001

\*\*\*\*\*  
 \*\*\* ACTIVITY REPORT \*\*\*  
 \*\*\*\*\*

TRANSMISSION OK

TX/RX NO.	1940
CONNECTION TEL	947854319
CONNECTION ID	
START TIME	10/30 10:40
USAGE TIME	01'14
PAGES	1
RESULT	OK

<b>USDP STAFF SUMMARY SHEET</b>	1. DATE 7 August 1996	2. I- 03976/96
	4. CURRENT SUSPENSE DATE	

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

At Tab A, Israel requests a general waiver to use Israeli ships to carry up to 50% of U.S.-funded (AECA FMF and lease, FAA grant) items. We have traditionally granted these waivers based on Israel's record of compliance with cargo preference rules.

Tab A also includes Israel's usual request it be allowed to combine "SRA and FMF-funded" cargoes to meet the more-than-50%-U.S. flag requirement. This would allow use of FAA cargo to offset any FMF or lease imbalances, or vice versa, that might develop. It has been previously turned down because cargo preference applied to SRA shipments by policy, not by legislation. Applying cargo subject to cargo preference only by policy to offset undershipments of cargo required to be balanced by law was not considered defensible.

HR 3121 (PL 104-164), effective 21 Jul 96, consolidated several FAA EDA grant sections into FAA section 516. In the process, language that previously excluded SRA and certain nonlethal grants from cargo preference rules was removed. With exception of items shipped on a space-available basis, FAA grants are now subject to cargo preference laws. This suggests two changes.

- The proposed general waiver to Israel at the Signature Tag will allow aggregation of FMF, lease, and FAA 516 items.
- The change to the SAMM at Tab B will recognize changed legislation.

Recommend you approve by signing at the Signature Tag.

*done 8/23/96 gms161*

6. ROUTING

DIR/OFC	COORD	DATE	DIR/OFC	COORD	DATE	DIR/OFC	COORD	DATE
1 Dir, DSAA	<i>negated</i>				9			17
2 Dep Dir, DSAA	<i>m</i>	8-23-96			10			18
3 Dir, OPS	<i>R/d</i>	8/23/96			11			19
4 Dep Dir, OPS					12			20
5 OPS-MGT	<i>UB</i>	8/22/96			13			21
6 MARAD	<i>Mr. R. Casale</i>	8/22/96			14			22
7 OPS-MAA	<i>Mr. Rowe</i>	8/9/96			15			23
8 DSAA-GC	<i>mailing machine</i>	8/12			16			24

NAME OF ORIGINATOR Wayne Wells	8. DIRECTORATE/OFFICE DSAA Operations	9. TELEPHONE NUMBER (703) 604-6635, x367	10. SIGNATURE <i>Wayne Wells</i>
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Replace Section 80201 with the following:

**80201 GENERAL** The overall policy concerning logistics support is shown in Section 20202. This section provides guidance in logistics related areas not covered elsewhere in the Manual.

**A. Use of US Logistics System** Implementation of LOAs will be accomplished within the existing organizational and procedural structure of the US military logistics, including acquisition, system. Use of the DTS is an exception to this policy as discussed in section 80206.

**B. Items to Reflect Favorably on US** Items provided under FMS will normally be new or unused or, as a result of rehabilitation, possess original appearance insofar as possible and have serviceability standards prescribed for issue to US forces. If the Purchaser desires exclusively new equipment, this requirement will be stated in the LOA. If the Purchaser desires "as is/where is" items, this will also be stated in the LOA.

**C. Purchaser Service** Delivery performance directly reflects the degree to which the US meets its FMS commitments and is therefore a key element of the supplier-customer relationship. The importance of prompt and effective service to the Purchaser must be continually emphasized to assure overall success in the attainment of FMS program objectives.

**D. Discrepancy Reporting** Every effort must be made to provide the correct defense article or service in the quantity and quality shown in the LOA. Positive actions should be taken to prevent discrepancies. After a discrepancy has occurred, the submission of a discrepancy report should be encouraged. In order to take advantage of a fresh audit trail, Purchasers should be reminded of the importance of reporting discrepancies as soon as possible. SDR (RØD) submissions should be recorded to find and correct program weaknesses and minimize loss of resources and customer confidence. SDRs will be considered based on guidance in Section 80207.

**E. ILCS** The International Logistics Communication System has been developed for the improvement of logistics communications service to SA countries, freight forwarders, and contractors. DLA's DAASO, Wright-Patterson Air Force Base, OH 45433-5328 manages ILCS under DLA General Order 2-83, dated 10 January 1983. As a stand-alone system, or in tandem with processes such as Supply Tracking and Repairable Return/Personal Computer based (STARR/PC), ILCS provides a computer-to-computer telecommunications capability which allows a subscriber to exchange logistics related information with the DoD logistics community and other ILCS subscribers.

**F. Direct Exchange (DX) and Repair and Return Programs** A serviceable item in the stocks of DoD may be exchanged for a repairable item of the same type under certain conditions. The repairable must previously have been obtained under the AECA, must not be an end item, and DoD (including FMS) must have a requirement for the repairable item. Programs may be executed under defined line, BO, or CLSSA LOAs. Also see DoDD 4000.21-1-M.

1. To accept the DX repairable, it must be assured that sufficient customer funds have been provided for the cost of the serviceable replacement. The requisition for the replacement will normally be filled according to normal supply procedures.

2. Repair and return will normally be used when a serviceable replacement is not available from stock on hand or due in within a reasonable time, or if the customer requests repair and return of a specific item. Repair of a customer-owned article requires that the customer return a repairable article under an LOA established for that purpose and await the necessary leadtime for repair. For either DX or repair and return, the total cost will be the same as that charged US forces for similar transactions, plus normal administrative surcharges.

**G. Returns** Returns should be accepted if the defense article (1) was previously provided under the AECA, (2) is not SME, and (3) is in fully functioning condition without need of repair or rehabilitation. DoD, including FMS requirements, must have a funded requirement for the defense article. The customer will not be reimbursed directly, the customer's FMS account must be credited to reflect the transaction, using DoD appropriations or other customer funds, dependent upon the buyer. Also see DoDD 4000.21-1-M and DoD 4140.1-R.

1. Return credits may be added, at customer request, to specific BO or CLSSA LOAs. In order to facilitate program efficiencies (e.g., automated processing), no more than three country LOAs will normally be designated to receive credit funds.

2. Title for returned items will normally accrue to the US following acceptance at the point of US receipt inspection. Returns to or through US controls do not constitute a third party transfer as discussed in 60004.

Paragraph 80206.G.1.c.(1) will be replaced with:

(1) Shipments of sensitive material (Sensitive Arms, Ammunition, and Explosives Categories I, II, III, and IV; see DoD 5100.76-M), including sensitive ammunition, explosives, and other hazardous materiel moving under DTS control, will be shipped DTC 7, 8, or 9, through CONUS water or aerial ports controlled by DoD. FMS shipments of non-sensitive ammunition and explosives or other controlled items, such as pilferable materiel, shown by their Controlled Inventory Item Code (CIIC) to be non-sensitive may be transported to or through Purchaser representatives (normally freight forwarders) and through CONUS commercial airports or seaports, providing:

(a) The Purchaser has directed the shipment in response to a shipper-supplied Notice of Availability (NOA).

(b) The shipment, if hazardous, is certified by the shipping activity for commercial shipment in accordance with 49 CFR (Code of Federal Regulations)/IMDG (International Maritime Dangerous Goods code)/ICAO (International Civil Aviation Organization)/IATA (International Air Transportation Association) requirements. The Purchaser representative must also comply with international, federal, state, and local codes when handling, storing, and exporting the materiel.

(c) Any classified material is transitioned from DTS to non-DTS channels in accordance with the approved transportation plan developed by the Purchaser (see Table 503-4).

This guidance will normally allow items initially moved via DTS to be released to a Purchaser representative for temporary storage and movement beyond CONUS when the representative has demonstrated experience or the capability to safely and securely ship similar items, from FMS or commercial sources. This will include

movement of most Hazard Division 1.4 items, such as CAD/PAD. If doubt exists, the IA should confirm experience or capability by obtaining, from the Purchaser representative prior to shipment, information showing comparable items have been handled in the past, or other information which confirms capability.

Paragraph 80206 will also be changed by replacing Paragraphs N. and O. with the following (Paragraph P., Documentation, has been moved to Section 80207.C):

**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. Regardless of whether the shipment was tendered on a prepaid or collect basis, and whether shipment was a small parcel or freight size carrier, DoD shipping activities will assist by providing evidence of shipment documents, or pertinent information from the documents, so the Purchaser can effect the tracer action.

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, 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. During the intransit stage of movement (carrier departure at origin to arrival at destination), the IA ILCO may be contacted for coordinating correction of potential discrepancies; e.g., to redirect a shipment which would otherwise go astray.

**O. Transportation Discrepancies** If the DTS ships an item (GBL or small parcel carrier) to an FMS recipient, including a recipient freight forwarder, and loss or damage occurs, the recipient must file any claim with the carrier. If resolution with the shipper is unsuccessful, recipient may submit qualifying SDRs per section 80207 to request additional shipment or billing information or to obtain IA assistance in resolving the discrepancy. The USG has responsibility for filing and processing claims with carriers when shipment is made on a prepaid basis to ~~DoD activities~~. When the USG files the claim, the benefits will be reimbursed to the Purchaser. The US shipper should provide information, complementing that provided under paragraph N above, needed to support claims discussed in this paragraph.

New section 80207 will be added as follows:

*locations where DoD personnel or other USG representatives have primary responsibility for receipt inspection and acceptance.*

### 80207 PROCESSING SUPPLY DISCREPANCY REPORTS (formerly RoDs)

**A. General** This section provides SA-unique guidance for processing of SDRs (SF 364). Further guidance, such as definitions, instructions for SF 364 completion, DoD processing timeframes, and responsibilities may be found in Joint Regulation DLAI 4140.55/AR 735-11-2/AFJMAN 23-215/NAVINST 4355.18, "Reporting of Supply Discrepancies," hereafter referred to as JR 4140.55. Initial screening of FMS SDRs is outlined in Table 802-1. Table 802-2 summarizes the financing of SDRs. See Section 80206 for additional guidance regarding transportation tracers and discrepancies and ~~130002 for~~



~~Further financial guidance.~~ Should guidance elsewhere appear to conflict, guidance herein will normally be followed.

1. AECA Sec 21 and 22 requirements that USG recover full costs under FMS also apply to SDRs. FMS customers directly or indirectly fund DoD procurement, <sup>DWCF</sup> ~~DDOF~~ item surcharge, and other costs related to discrepancies. Emphasis should be placed on providing articles and services under terms and conditions shown on the LOA, at minimum cost and with maximum customer satisfaction.

2. Item discrepancies are often not due to USG erroneous action or inaction. Further, not every USG erroneous action or inaction gives rise to responsibility for SDR compensation from USG or FMS funds. Table 701-1, LOA Standard Terms and Conditions, should be studied by the IA and FMS customers, with particular attention to 1, 3, 5.4, 6, and LOA supplemental conditions pertaining to assumption of risk. There should be no automatic approval of SDRs based solely on dollar value. Until final decisions are available, commitments to the customer for US financing of discrepancies will not be made.

3. Due to loss of information and customer confidence with the passage of time, SDRs will be addressed as thoroughly and quickly as possible. SDR responses should be provided by the IA within timeframes established by JR 4140.55. Any extension must be approved by the IA FMS SDR focal point. Any required DSAA review should be completed within 30 days of receipt within DSAA.

4. DSAA approval will be obtained when (1) The IA determines the USG is liable for correction of the SDR under terms of the LOA and recommends use of FMS Funds, and the value is in excess of \$50,000; or, (2) The SDR involves an issue likely to be raised at DSAA or higher levels, such as treatment to one country which is not consistent with guidance herein.

5. Each IA is responsible for designating to FMS customers the single point(s) of contact for SDR corrective action. Only those points and DSAA are authorized to accept and convey USG liability or originate a commitment for corrective action.

6. When customer countries re-requisition items, the current price should be paid without regard to the price under the original requisition.

7. Any problems involving GFE furnished per Section 603 should be directed by the foreign customer to the contractor. FMS funding and FMS SDR processing do not apply to these sales.

B. **Supply Discrepancies** These include shortages or overages due to incorrect quantity counts, improper packing or marking, duplicate shipments, incorrect items, and condition or quality discrepancies (including damage) prior to release to the carrier by the origin shipper. They also include, for security assistance purposes, documentation, including billing, errors and deficiencies in performance of services. Non-receipt of shipment units qualify only if no evidence of shipment (signed carrier receipt and shipping document) 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.

C. **Shipment Documentation** 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

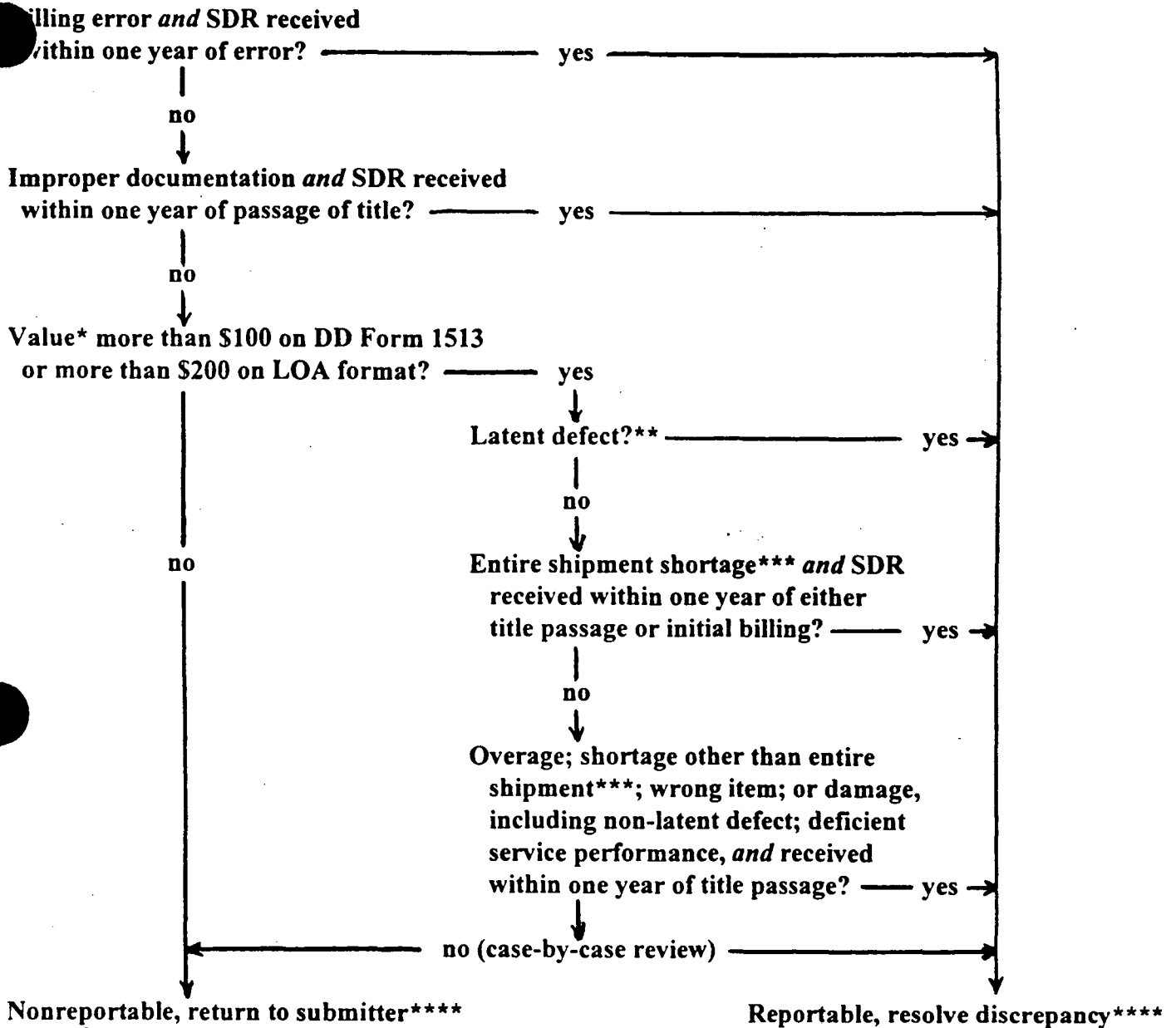
quantity, NSN, mode of shipment, date, TCN, notice of availability number/bill of lading/parcel post insured or registered number, addressee, vessel/voyage or flight number (to the extent possible), and name of the shipper and carrier. This information is essential for adjudication of SDRs. If the freight 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.

**D. SDR Documentation** The documentation package is often the key to effective SDR resolution. It should be initiated carefully but quickly after a discrepancy is reported and expedited through each step. The following are required when SDRs are submitted to DSAA and should be merged into IA procedures tailored for effectiveness (e.g., less research/documentation for low value and non-sensitive item SDRs):

1. Copy of the SDR, SF 364, and supporting data from the customer.
2. Copy of the LOA and any Amendment or Modification bearing on the discrepancy.
3. Chronology of events. The following statement covers pertinent events for most SDRs: "The SDR was filed within the time period allowed by the LOA, which in this instance is [period, normally "one year"] from ["the date of shipment"/"the date of furnishing of services" or "the date of billing"]. Date of ["shipment"/"completion of services"] was [date]. Date of billing was [date]. The SDR was received by [organization] on [date] with document origination date of [date signed by initiator]." Principal SDR processing actions and dates, present status of any assets, and other substantial information pertinent to the SDR background should also be included.
4. An IA General Counsel position regarding USG liability, to include "This office was furnished relevant documents pertaining to SDR [number]. The determination of USG liability for this SDR is supported by [list LOA General Terms and Conditions paragraph(s), footnotes, attachments, legal principle, legal precedent, or other bases for the determination]."
5. Options, with costs, to remedy the SDR. Discuss article or service the USG was responsible to provide. How does that differ from what the country was provided? Will the supply source repurchase the item(s), hold item(s) for DoD/FMS sale, repair, or replace the item? Provide detailed cost estimates, including transportation, TDY, and other associated charges for each remedy. If rework or repair is indicated, include source documents, if possible, from the office responsible for correcting the SDR upon receipt of authority.
6. Corrective action. Discuss policy, procedure, or systems change; education; or other actions to reduce probability of reoccurrence.
7. Retention of records. Show status of records required for resolution, including present and anticipated preservation.

TABLE 802-1

INITIAL SUPPLY DISCREPANCY REPORT (SF 364) SCREENING



\* Example - Ten items, with a U/P of \$100, are shipped together. When received, five have damage which will cost \$150 to repair. Four are missing. The SDR value is \$550 plus transportation, PC&H, or other directly related costs.

\*\* Detection of reduced item operability is dependent upon initial operation or extensive testing, disassembly, or other extraordinary receipt inspection.

\*\*\* When shipped through a freight forwarder, return to submitter if freight forwarder verification that material has not been received on the TCN that applies is not provided.

\*\*\*\* All SDRs which contain sufficient information to be useful in trend analysis should be recorded and, based on continuing process refinements, minimized.

TABLE 802-1. Initial Supply Discrepancy Report (SF 364) Screening

TABLE 802-2

FINANCING SUPPLY DISCREPANCY REPORTS

The table below shows the most common SDRs and methods of financing when IA research results in approval of an item discrepancy. In summary, corrections will normally be financed:

- (1) Within contract costs for <sup>DWCF</sup>~~DBOF~~, O&M, PA, and RDT&E items obtained from procurement. —
- (2) Within the surcharge for <sup>DWCF</sup>~~DBOF~~ items or services supplied from stock. —
- (3) From the O&M, PA, or RDT&E account for O&M, PA, or RDT&E items supplied from stock.
- (4) From the FMS (Administrative, Transportation, or PC&H) Fund accounts when sources above do not apply. These SDRs are to be financed from current year FMS Administrative/Logistics Support Expense (LSE) budget obligation authority, or reissuance of past unused budget authority.

<u>Nature of Discrepancy</u>	<u>FMS Funds \1</u> (Admin, PC&H, Transportation)	<u>USG Funds/Appropriations</u> ( <del>DBOF</del> , PA, O&M, RDT&E) DWCF
1. Damage, Defect, or Other Deficiency		
a. From Procurement \2	Generally not applicable except where US action or inaction caused inability of USG to obtain satisfaction from contractor for customer	Generally not applicable. Usually corrected by contractor within existing contract terms.
b. From Stock	Peripheral costs of correction (e.g., testing, transportation, TDY)	Replacement, refund to customer account, or rework of defective items for costs not listed under FMS Fund heading
2. Nonreceipt or Shortage		
a. From Procurement \2	Generally not applicable except where US action or inaction caused inability of the USG to obtain satisfaction from contractor for customer	Generally not applicable (Normally corrected by contractor within existing contract terms)

TABLE 802-2. Processing Supply Discrepancy Reports

b. From Stock	Not applicable except where item shipped DTS and US action or inaction caused inability to obtain satisfaction from carrier (see 80206 and USG Fund/Appropriations column at right)	(Shortage/misdirection at origin based on no evidence of shipment) Credit to customer account, charged to USG fund or appropriation initially credited. Lost items will be absorbed as inventory losses.
3. Overage		
a. From Procurement\2	Generally not applicable	Generally not applicable
b. From Stock	Generally not applicable See next column.	If billed and customer does not want item, amount charged will be refunded to customer account and USG appropriation fund charged. If USG directs no return, will be absorbed as inventory loss
4. Incorrect Item		
a. From Procurement\2	Generally not applicable See next column.	Generally not applicable. Normally corrected by contractor within contract terms.
b. From Stock	Generally not applicable See next column.	Unless the item manager chooses to reissue, refund to the customer account, charged against appropriation or fund initially credited. If USG directs no return, absorb as inventory loss.
5. Missing or Improper Documentation		
a. From Procurement\2	Generally not applicable See next column.	Generally not applicable. Normally corrected by contractor.
b. From Stock	Generally not applicable See next column.	Issue documentation and/or proper items without additional charge to FMS customer. If not available for issue, refund against USG appropriation/fund initially credited. If USG directs no return, absorbed as inventory loss.

TABLE 802-2. Processing Supply Discrepancy Reports

DEFENSE SECURITY ASSISTANCE AGENCY

WASHINGTON, DC 20301-2800

10 SEP 1997

In reply refer to  
I-52571/97



MEMORANDUM FOR COMMANDER,  
U.S. ARMY SECURITY ASSISTANCE COMMAND,  
DIRECTORATE FOR OPERATIONS AND LOGISTICS,  
DEPARTMENT OF THE ARMY

SUBJECT: Allowance for Correction of Discrepancies at Assemblage Point/Consolidation  
Locations

References: a. AMSAC-OL-LS-SP (12-12) memorandum, dated 30 July 1997, subject as above  
b. DSAA memorandum I-06262/96, dated 31 December 1996, subject: Changes to  
DoD 5105.38-M, SAMM

Reference a. requests expansion of current policy to allow for correction of discrepancies  
when identified by U.S. Government personnel at consolidation locations.

Paragraph 80207.A.1 of reference b. encourages actions leading to customer satisfaction.  
Resolving discrepancies at the earliest time and with the least use of resources supports the intent  
of this guidance. Paragraph 80206.O. requires USG representatives to file and process claims  
with carriers when shipment is to DoD activities. For this purpose, DoD activities include  
consolidation points and other locations where DoD personnel or other USG representatives,  
versus freight forwarders or other Purchaser representatives, have primary responsibility for  
receipt inspection and acceptance. Guidance in Joint Regulation DLAI 4140.55/AR 735-11-  
2/AFJMAN 23-215/NAVINST 4355.18, "Reporting of Supply Discrepancies," and DoD 4500.9-  
M, "Defense Transportation Regulation" (Part II, Cargo Movement), apply when DoD personnel  
initiate SF 361 or 364 discrepancy resolution documentation.

Reference b. will be adjusted as it is published in the SAMM to help ensure the above  
guidance is clear. Questions may be directed to Mr. Wayne Wells, (703) 604-6609, x315.

A handwritten signature in black ink, appearing to read "Edward W. Ross", is written over a horizontal line.

Edward W. Ross  
Director, Security Assistance Operations  
(Middle East, Asia, North Africa)

cc: HQDA (SAUS-IA)  
Navy IPO (O2C)  
HQ USAF (SAF/IA)  
Dir, DLA (MMBN, DLMSO)  
Dir, DFAS/DE  
Cmndt, DISAM

Prep'd by: Mr. Wells, 6609  
Distr: Orig Addressee & cc  
DSAA Chron DSAA GC  
MEAN-AP Subj  
MEAN - AP Chron  
MEAN Chron

polma

141a

6. Duplicate or Erroneous Billings (From procurement <u>2</u> or stock)	Generally not applicable See next column.	Refund or adjustment to customer account. Adjustments charged against appropriate USG or customer account.
7. Loss of Customer Item (provided for repair, etc)	Reimburse customer when item is nonstandard (no longer maintained in USG inventory)	Reimburse customer when item is DoD standard (currently maintained in USG inventory) and the loss is bookkeeping or inventory control only.

---

1 In some instances, Administrative, Transportation, or PC&H funds may complement other financing for SDR resolution. For example, it could be appropriate to reimburse PC&H or transportation costs for initial delivery of an overage when this is the sole means for resolution.

2 Procurement includes defense articles and services acquired to fill the FMS requirement and therefore not supplied from on-hand DoD assets. Both stock and procurement guidance may apply in some instances (e.g., item on hand in DoD inventory reworked through a commercial contract prior to shipment).

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TABLE 802-2. Processing Supply Discrepancy Reports

02(12/4/96)

UNCLASSIFIED

EX  
EA 27 Dec 96  
*Background*

# USDP STAFF SUMMARY SHEET

1. DATE  
5 Dec 96

2. I- 06262/96

3. SUBJECT  
Samm Changes

4. CURRENT SUSPENSE DATE

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

**ORIGIN:** SAMM changes based on changes in legislation and other updates.

**PURPOSE:** Changes are based on the following--

- PL 104-164 (Jul 96) amendment to the AECA, providing new authority for direct exchange of reparable items and returns of non-SME for credit.

- Continuing refinement of guidance pertaining to sensitive and hazardous items, to fine tune the balance between transportation security and over-control (e.g., required dedicated aircraft pickup of bayonets, with no intermediate storage allowed, via FMS but not for commercial).

- LOA agreements, the SAMM, and other DoD guidance related to discrepancies have become misaligned and outdated. Guidance unique to security assistance is being provided in regulations which were not being staffed with DSAA. The proposed change is to provide updated SA guidance. OPS and Compt are working with the DLA Logistics Management Standardization Office to have non-SA discrepancy guidance interface correctly.

SAMM sections as presently written are at Tab A. Actions have been coordinated within DSAA (Compt, Plans, and GC) and with MILDEPS and DLA. Significant comments, with consideration, are at Tab B.

**ACTION RECOMMENDED:** Sign the ~~copy~~ memo at Signature Tag.

(pol)161a

## 6. ROUTING

	DIR/OFC	COORD	DATE		DIR/OFC	COORD	DATE		DIR/OFC	COORD	DATE
1	Dir, DSAA	SIG	<i>[Signature]</i>	9				17			
2	Dep Dir, DSAA	Coord	<i>[Signature]</i>	10			12-31-96	18			
3	Dir, OPS, DSAA	Coord	<i>[Signature]</i>	11			12/24/96	19			
4	Dep Dir, OPS, DSAA	Coord	<i>[Signature]</i>	12				20			
5	Ch, OPS-MGT	Coord	<i>[Signature]</i>	13			12/21/96	21			
6	DSAA Counsel		<i>[Signature]</i>	14			12/10	22			
7	DSAA Conet.		<i>[Signature]</i>	15			12/23	23			
8				16				24			

11. NAME OF ORIGINATOR  
Wayne Wells

8. DIRECTORATE/OFFICE  
DSAA/OPS-MGT

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

10. SIGNATURE  
*Wayne Wells*

UNCLASSIFIED

(142a)





DEFENSE SECURITY ASSISTANCE AGENCY

*Background*

WASHINGTON, DC 20301-2800

31 DEC 1996

In reply refer to:  
I-06262/96

MEMORANDUM FOR DIRECTOR FOR INTERNATIONAL DEVELOPMENT  
AND SECURITY ASSISTANCE  
OFFICE OF THE DEPUTY UNDER SECRETARY  
OF THE ARMY (INTERNATIONAL AFFAIRS)  
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: Changes to DoD 5105.38-M, Security Assistance Management Manual (SAMM)

The attached guidance will be added to the next change to the SAMM and is effective immediately. It includes:

- Exchange of unserviceable for serviceable reparable, and return to DoD of certain items for credit, based on PL 104-164 amendments to the Arms Export Control Act.
- Shipment of sensitive and hazardous items and other transportation guidance in SAMM section 80206.
- Guidance related to Reports of Discrepancy.

Questions or comments may be directed to Mr. Wayne Wells, DSAA/OPS-MGT, (703) 604-6635 (x367) or 6541 for datafax.

*Thomas G. Rhame*

Thomas G. Rhame  
Lieutenant General, USA  
Director

Attachment  
as stated

cc: CMDT, DISAM  
DIR, DFAS/DE  
DLA, DLMSO

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.  
DWCF
- b. ~~DDOF~~ 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.

(1) ~~Items determined to be non-sensitive, such as Department of~~ *Replaced*  
~~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.~~ *all 4*  
*Dec 96*  
*note -*

(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

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:

- (1) Estimated total costs increase by ten percent,
- (2) The payment schedule changes, or
- (3) Significant delivery delays occur.

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

c. Price increase Modifications will be provided by the IA before the actual accrued costs exceed those estimated on the LOA.

4. Price increases or decreases discovered during LOA closure will be assessed during final billing if a closure certificate can be provided to <sup>DFAS-DE</sup> SAAC within six months of the supply completion date. When closure certification will take longer than six months from the supply completion date, a Modification adjusting the LOA value is required.

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

1. Except as indicated in C. below, Modifications to LOAs which have been the subject of Congressional [Section 36(b), AECA] notifications (see Section 70303.A.4).

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

3. Shifts of value between two or more LOAs by concurrent Modifications. The following conditions must be met--

a. The FMS country official who requests the shift in value has the authority to accept LOAs and the LOR must ~~accompany the Modification package~~ <sup>a copy of</sup> be attached to each <sup>of</sup> a shift which results in a scope increase or decrease must be as reflected in the LOR.

b. Must not include a significant scope change (e.g., added SME).

c. Total amount(s) increased are no more than the total amount(s) decreased. If addition(s) to the LOA(s) being increased will generate a requirement for an initial deposit, an Amendment must be used.

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

e. All Modifications are provided to DSAA as a package for countersignature and cross-reference each other in the "This Modification is For:" section as follows: (On decreased LOA) "Value of \$ \_\_\_ is hereby transferred to FMS \_\_\_-\_\_\_ (reference notice \_\_\_)" and (on increased LOA) "Value of \$ \_\_\_ is hereby transferred from FMS \_\_\_-\_\_\_ (reference notice \_\_\_)."

**C. Modifications Not Requiring DSAA Countersignature.** Copies of the Modifications which are exempt from countersignature will be provided to SAAC by the IA at the <sup>DFAS-DE</sup>

1 July 1997

MEMORANDUM FOR DISAM

SUBJECT: SAMM Change

The following should be added as new paragraph 90209.C:

“C. **Audit Rights** As requested by DSAA, DoD will conduct audits of private firm contracts which are FMF financed and entered into directly with foreign governments. Contractors and country representatives should plan for the time required to conduct such audits. Based on Table 902-6 Guidelines and 902-7 Contractor Certification, contractors will permit, for three years from the date of final receipt of contract payment, DoD or other authorized USG representatives access to the contractors' facility and the right to examine any of the contractors' pertinent books, documents, papers, or other records related to the contract.

90209.C

*Background*

**Wells, Wayne, CIV, DSAA/APD**

**From:** Woods, Del, CIV, DSAA/MED  
**To:** Wells, Wayne, CIV, DSAA/APD  
**Cc:** Brandt, William; O'Farrell, Pat, MAJ, DSAA/MGT  
**Subject:** RE: SAMM Change, Audit Rights  
**Date:** Wednesday, July 02, 1997 8:24AM

Wayne, I agree with your changes.

Thanks, Del

-----  
**From:** Wells, Wayne, CIV, DSAA/APD  
**To:** Woods, Del, CIV, DSAA/MED  
**Cc:** Brandt, William, CIV, DSAA/APD; Galante, Al, COL, DSAA/MED; O'Farrell, Pat, MAJ, DSAA/MED  
**Subject:** SAMM Change, Audit Rights  
**Date:** Tuesday, July 01, 1997 10:55AM

<<File Attachment: doc2\_.doc>>Del, In getting this into format for publication, I adjusted the words in your draft. Could you check to be certain you can live with this? One change is to refer to contractor cert, to avoid appearance this para (versus their cert agreement) is basis for our directing contractor actions. If okay, will include with other change items--Thanks.

Background

7/22/96 DLW.  
Planned when? (e.g.,  
Table 502-6, pg  
902-50, para 18.  
Add new statement also  
as 90209.C.

Additional Requirements Under the Foreign Military Financing Program

Current Law

That the Department of Defense shall conduct nonreimbursable audits of private firms whose contracts are made directly with foreign governments and are financed with funds made available under this heading (as well as subcontractors thereunder) as requested by the Defense Security Assistance Agency."

Revision of Current Law

"Sec. 573. None of the funds made available under the Heading "Foreign Military Financing Program" may be made available to finance the purchases of a defense article or service not sold by the United States Government under the Arms Export Control Act when it is made known to the President that the Department of Defense is not conducting during the current fiscal year nonreimbursable audits of private firms whose contracts are made directly with foreign governments and are financed with funds made available under this heading as requested by the Defense Security Assistance Agency."

Implementation guidance to SAMM Chapter 9.

The Department of Defense will conduct audits of private firms whose contracts are made directly with foreign governments and are financed with FMF funds. Funds made available to finance the purchase of a defense article or service may not be made available when the Department of Defense does not conduct nonreimbursable audits of private firms (as well as subcontractors thereunder) as requested by DSAA.

may fit into 902  
e.g., 90204 or  
new 90205. not  
"MGT Div" approach -

country counterparts to develop a two-year training plan which consolidates host country training needs from a joint perspective, taking into consideration all sources of funding (i.e., FMS, FMF, IMET, INM) and all potential sources of training (i.e., indigenous, third country, commercial, and US). SAOs should use the two-year training plan as the vehicle to encourage host country training counterparts to plan beyond a single year program. SAOs should also use the two-year training plan as part of the SAO input to the training ~~AIASA~~ in view of the overlapping reporting periods and similar statistical summary requirements by training analysis code categories. Specific guidance on preparation of the two-year training plan is contained in Table 1000-1.

B. Training <sup>FYPA</sup> ~~AIASA~~ Reports. Input of IMET and FMS program requirements will be included by the SAO training officer in the training <sup>FYPA</sup> ~~AIASA~~ <sup>FYPA</sup> submitted by all SA recipients to DoS providing a rationale and justification for allocation of SA resources. Information copies of these reports will be provided to DSAA, UCOMs, and IAs.

C. Joint Service Training Program Management Reviews. During each fiscal year, UCOMs will host Joint Service TPMRs on behalf of the training community to address IMET as well as FMS, INM, and other training requirements. The TPMRs cycle will be scheduled by the UCOMs during the March-May timeframe with the CENTCOM review, followed generally in sequence by the PACOM, ACOM, EUCOM, and SOUTHCOM reviews. There will be a one-week gap between consecutive UCOM TPMRs.

1. TPMR Objectives. Objectives are to ~~FF~~ review and coordinate the two-year training plans developed by the SAOs and approved by the UCOMs for the budget year and planning year, finalize the budget year training program for each country, reconcile training policy, program, and planning issues, and educate SAOs.

2. Format. Each TPMR, consolidated on a joint service basis, will consist of two phases conducted in not more than five duty days. Phase 1 (Planning and Policy) will consist of a plenary session with presentations by the UCOM, SAO, and CONUS attendees as appropriate. Phase 1 will focus primarily on planning and policy issues and the review of SAO requests for exceptions to policy, PME, and Expanded IMET requirements. Phase II (Programs) will consist principally of MILDEP panels devoted to a detailed review of country training program data. In addition, UCOMs will use the TPMR as a forum to obtain IMET Mid-Year Review input from the SAOs.

3. TPMR Agenda. UCOMs will coordinate a TPMR agenda with DSAA and the MILDEPs at least 60 days prior to the TPMR.

4. TPMR Attendance. SAO attendance will normally be limited to one representative per country; this should normally be a US person charged with development and execution of the SA training program. Foreign national attendance is authorized on a case-by-case basis where the UCOM determines that attendance is critical to the presentation and review of the program.

5. SAO TPMR Briefings. Selected SAOs will provide an oral presentation within a time limit, content, and format prescribed by UCOMs. At a minimum, the SAO oral presentation will cover highlights of the two-year training plan and include the three-year statistical summary (current, budget, and first plan year) by training analysis code categories broken out by students, dollars, and percentage of dollars for each category. The overall objective of the SAO oral presentation is to highlight and clarify the vital aspects of each plan for UCOM and CONUS TPMR attendees to enable them to better respond to the unique requirements of each country.

6. SAO Requests for Exception to Policy. SAOs will submit written policy waiver requests to the UCOM that include full justification for the training, including a statement of

National Telecommunications and Information Systems Security Committee (NISSC). Classified material may not be released to students. See Paragraph 50111 regarding transmission of classified material to foreign governments.

**100007 MINIMUM STUDENT AGE.** The minimum acceptable age for students receiving SA training is 18 years, or 17 years with parental consent. *Replace (below)*

**100008 SELF-INVITED VISITS.** Self-invited visit requests should be submitted outside SA channels, from the host country Washington Attaché to the cognizant IA in accordance with applicable IA regulations.

**100009 SECURITY ASSISTANCE NETWORK AUTOMATION PROGRAMS.** The Training Management System (TMS) software program is designed for program management and control, utilizing the Integrated Standardized Training List as one of its principal data bases. General policies concerning TMS and related SAN programs are included in Section 1504. Detailed TMS and related SAN system interface procedures are contained in the *SAN Training User's Handbook*, published by DISAM.

\* "100007. Screening Student Candidates. For IMET students, also see 100109. ITOs will not be issued until SAOs have complied with guidance in this paragraph. The minimum age for students receiving SA training is 18 years, or 17 years with parental consent. If an individual's reputable character cannot be validated, the individual shall not be approved for training. The following DoD and DoS developed guidance, in addition to any guidance provided separately to country teams by DoS, is to be used in scrutinizing candidates for records of human rights abuses, drug trafficking, corruption, criminal conduct, or other activities inconsistent with US policy goals:

A. The SAO will inform host country of the checks needed and that formal provision of a student name constitutes certification that required checks have been completed.

B. US Embassy personnel, including human rights officer, regional security officer, Drug Enforcement Agency, consular section, and other offices as appropriate screen the nominees thoroughly.

C. SAOs will develop a checklist that, as a minimum, encompasses these steps. The checklist will be included with other documents related to country nominees and maintained for ten years. SAOs shall make reasonable adjustments to accommodate specific regional guidance."



Background

(Guidance author -  
Mr. Murray, Chief, LPP  
1/8/98 - concurrence,  
All comments included)

80403.A.4. and 80403.C. Change "SAAC" in each to "DFAS-DE."

80403.B.2. Delete "SDAF" in the first line.

80403.B.3. Replace 3.a. with: "The FMS country official who requests the shift in value has the authority to accept LOAs and a copy of the LOR must be attached to each Modification. Any shift which results in a scope increase or decrease must be as requested in the LOR."

90209. Add the following as new 90209.C.:

"C. Audit rights As requested by DSAA, DoD will conduct audits of private firm contracts which are FMF financed and entered into directly with foreign governments. Contractors and country representatives should plan for the time required to conduct such audits. Based on Table 902-6 Guidelines and 902-7 Contractor Certification, contractors will permit, for three years from the date of final receipt of contract payment, DoD or other authorized USG representatives access to the contractors' facility and the right to examine any of the contractors' pertinent books, documents, papers, or other records related to the contract."

100002.A. and B. Change "AIASA" to "FYPA" in each place it appears.

100007. Replace this paragraph with:

"100007. Screening Student Candidates. ITOs will not be issued until SAOs have complied with guidance in this paragraph. The minimum age for students receiving SA training is 18 years, or 17 years with parental consent. If an individual's reputable character cannot be validated, the individual shall not be approved for training. The following DoD and DoS developed guidance, in addition to any guidance provided separately to country teams by DoS, is to be used in scrutinizing candidates for records of human rights abuses, drug trafficking, corruption, criminal conduct, or other activities inconsistent with US policy goals:

A. The SAO will inform host country of the checks needed and that formal provision of a student name constitutes certification that required checks have been completed.

B. US Embassy personnel, including human rights officer, [RSO-spell out], Drug Enforcement Agency, consular section, and other offices as appropriate screen the nominees thoroughly. ~~Candidates surviving this screening will be interviewed by the SAO for suitability.~~

Regional Security Officer  
and others as determined

C. SAOs will develop a checklist that encompasses these steps. The checklist will be included with other documents related to country nominees and maintained for ten years. SAOs ~~may~~ <sup>shall</sup> make reasonable adjustments to accommodate ~~unique situations~~ <sup>and specific regional guidelines guidance.</sup>

100103. Replace the second sentence with: "Expanded IMET trains military and civilian officials, including civilian personnel and from non-defense ministries, personnel from the country's legislative branch who are involved in military matters, and individuals who are members of NGOs. These personnel are trained in managing and administering military establishments and budgets, in promoting civilian control of the military, and in creating and

\*\*\*\*\*  
\* UNCLASSIFIED \*  
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Background

CDSN = HPB957 MCN = 97357/27154 TOR = 973581349  
RTTUZYUW RUEKJCS0317 3572246-UUUU--RHWRAAA RUCTFOA RUCTPOV RUEAAIA  
RUEADWD RUEAHQA RUEHAC RUEHBH RUEHBO RUEHBR RUEHBU RUEHC RUEHCV  
RUEHDG RUEHKG RUEHLP RUEHME RUEHMN RUEHPE RUEHPU RUEHQT RUEHSG  
RUEHSJ RUEHSN RUEHTG RUEHWN RUEKJCS RULSSAK RUVAFMC.

ZNR UUUUU

R 231411Z DEC 97

FM SECDEF WASHINGTON DC//USDP:DSAA//  
TO RUEHBU/USMILGP BUENOS AIRES AR  
RUEHLP/USMILGP LA PAZ BL  
RUEHBR/CHUSMLO BRAZILIA BR  
RUEHSG/COMUSMILGP SANTIAGO CI  
RUEHBO/USMILGP BOGOTA CO  
RUEHSJ/CHODR SAN JOSE CS  
RUEHDG/CHMAAG SANTO DOMINGO DR  
RUEHQT/USMILGP QUITO EC  
RUEHSN/COMUSMILGP SAN SALVADOR ES  
RUEHTG/USMILGP TEGUCIGALPA HO  
RUEHME/USMLO MEXICO CITY MX  
RUEHAC/USODC ASUNCION PA  
RUEHPE/CHMAAG LIMA PE  
RUEHMN/ODC MONTEVIDEO UY//CC//  
RUEHCV/USMILGP CARACAS VE  
RUEHWN/CHUSMLO BRIDGETOWN BB  
RUEHBR/AMEMBASSY NASSAU//NLO//  
RUEHPU/CHUSMLO PORT AU PRINCE HA  
RUEHKG/CHUSMLO KINGSTON JM  
INFO RUEHC/SECSTATE WASHINGTON DC//PM/ARA/  
RUEKJCS/SECDEF WASHINGTON DC//USDP/CHAIRS//  
RUEKJCS/JOINT STAFF WASHINGTON DC//J5//  
RUCTFOA/USSOUTHCOM MIAMI FL//J5//  
RUEKJCS/USCINCSO WASHINGTON FIELD OFFICE WASHINGTON DC  
RUEADWD/DA WASHINGTON DC//DUSA-IA//  
RUVAFMC/DISAM WRIGHT PATTERSON AFB OH  
RUEAAIA/DIRSATFA FT MONROE VA //ATFA//  
RUEAHQA/OSAF WASHINGTON DC//IAXM//  
RHWPAAB/AFSAT RANDOLPH AFB TX  
RULSSAK/NAVY IPO WASHINGTON DC//O2T//  
RUCTPOV/NETSAFA PENSACOLA FL  
BT

UNCLAS

SUBJECT: GUIDANCE FOR SCREENING CANDIDATES - U.S.-SPONSORED TRAINING PROGRAMS

FROM: DSAA/LPP

REF: STATE 218691, 192156Z NOV 97

THIS IS A JOINT DEPARTMENT OF STATE AND DEPARTMENT OF DEFENSE

\*\*\*\*\* PAGE 01  
\* UNCLASSIFIED \* 231411Z DEC 97  
\*\*\*\*\*

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Background

CASLE.

2. THE STATE DEPARTMENT RECENTLY ISSUED WORLDWIDE GUIDANCE (REFTEL) FOR SCREENING NOMINEES FOR U.S.-SPONSORED TRAINING PROGRAMS. THIS GUIDANCE WAS A DIRECT RESULT OF RECENT CONGRESSIONAL INTEREST IN THE SELECTION AND SCREENING OF CANDIDATES FOR INSTRUCTION AT THE SCHOOL OF THE AMERICAS (P.L. 105-118, FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS ACT, 1998).

3. THE SECRETARY OF DEFENSE UNDERSCORES THE IMPORTANCE OF REFTEL GUIDANCE AND DIRECTS SOUTHCOM MILGROUP COMMANDERS AND SAOS TO IMPLEMENT IN FULL. WE MUST ENSURE THAT ONLY THE MOST QUALIFIED CANDIDATES (CIVILIAN OR MILITARY) PARTICIPATE IN U.S. TRAINING PROGRAMS, EITHER CONUS OR OCONUS. IF AN INDIVIDUAL'S REPUTABLE CHARACTER CANNOT BE VALIDATED, THEN SUCH AN INDIVIDUAL SHOULD NOT BE SELECTED FOR TRAINING.

4. TO HELP FACILITATE THE SCREENING AND SELECTION PROCESS FOR U.S.-SPONSORED TRAINING PROGRAMS, THE DEFENSE DEPARTMENT, IN COORDINATION WITH THE DEPARTMENT OF STATE, HAS DEVELOPED SUPPLEMENTAL GUIDELINES FOR USE BY MILGROUP COMMANDERS AND SAOS. THESE GUIDELINES ARE INTENDED TO BE HELPFUL IN SCRUTINIZING CANDIDATES FOR RECORDS OF HUMAN RIGHTS ABUSES, DRUG TRAFFICKING, CORRUPTION, CRIMINAL ACTIVITY, AND OTHER ACTIVITIES INCONSISTENT WITH U.S. FOREIGN POLICY GOALS.

GUIDELINES:

A. STEP ONE

MILGROUP/SAO REQUESTS THE HOST NATION TO PROVIDE STUDENT NOMINATION FOR U.S. TRAINING PROGRAMS. MILGROUP/SAO SPECIFIES TO THE HOST COUNTRY THE TYPE OF LOCAL RECORD AND BACKGROUND CHECKS TO BE COMPLETED. MILGROUP/SAO INFORMS HOST COUNTRY THAT THE PROVISION OF STUDENT NAMES, IN WRITING, CONSTITUTES CERTIFICATION THAT CHECKS HAVE BEEN COMPLETED SATISFACTORILY. (TRAINING INCLUDES, INTER ALIA, IMET, FMS-PURCHASED TRAINING AT DOD EDUCATIONAL INSTITUTIONS, POLICE TRAINING, COUNTER-TERRORISM AND COUNTER-NARCOTICS TRAINING, AND PERSONNEL EXCHANGE PROGRAMS.)

B. STEP TWO

THE HOST NATION CONDUCTS LOCAL RECORD/BACKGROUND CHECKS AND PROVIDES IN WRITING STUDENT NOMINATION TO MILGROUP/SAO. (AS INDICATED ABOVE, PROVISION OF STUDENT NOMINATION CONSTITUTES HOST COUNTRY CERTIFICATION THAT REQUESTED CHECKS HAVE BEEN COMPLETED SATISFACTORILY.)

C. STEP THREE

AMERICAN EMBASSY PERSONNEL, INCLUDING ALL RELEVANT MEMBERS OF THE COUNTRY TEAM (HUMAN RIGHTS OFFICERS, RSO, DOD, DEA, CONSULAR SECTION, AND OTHER OFFICES, AS APPROPRIATE), CHECK AND SCREEN THE NOMINEES THOROUGHLY (REFTEL).

STEP FOUR

MILGROUP OR SAO INTERVIEWS THE NOMINEES FOR SUITABILITY.

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*Background*

E. STEP FIVE

ONCE THE ABOVE STEPS ARE COMPLETED, THE MILGROUP OR SAO GENERATES AN ITO. MILGROUP/SAO MAINTAINS DOCUMENTATION OF LOCAL RECORD AND BACKGROUND CHECKS.

6. DOD DIRECTS THAT MILGROUP COMMANDERS AND SAOS DEVELOP A CHECKLIST THAT ENCOMPASSES THE GUIDELINES ABOVE: THIS CHECKLIST SHOULD BE INCLUDED WITH OTHER DOCUMENTATION RELATED TO POTENTIAL NOMINEES AND MAINTAINED FOR A MINIMUM OF TEN (10) YEARS. EACH MILGROUP COMMANDER OR SAO MAY ADJUST THE GUIDELINES ABOVE AS NECESSARY TO ACCOMMODATE THE LOCAL SITUATION.

7. IN THE COMING MONTHS DOD WILL INTEGRATE THE ABOVE GUIDANCE ON SELECTION CRITERIA IN THE SECURITY ASSISTANCE MANAGEMENT MANUAL (SAMM). DOD WILL WORK ALSO WITH THE DEFENSE INSTITUTE OF SECURITY ASSISTANCE MANAGEMENT (DISAM) TO ENSURE THAT FUTURE INSTRUCTION FOR MILGROUP COMMANDERS AND SAOS CONTAINS A SESSION ON U.S.-SPONSORED TRAINING PROGRAMS.

8. DOD RECOMMENDS THAT THE OFFICE OF THE INSPECTOR GENERAL, U.S. SOUTHERN COMMAND, AND THE STATE DEPARTMENT INSPECTOR GENERAL MAKE THE GUIDELINES AND SCREENING PROCESSES EXPLAINED ABOVE AN ITEM OF INTEREST IN THEIR PERIODIC INSPECTIONS OF MILGROUPS OR SAOS.

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<b>SECTION 1001 - INTERNATIONAL MILITARY EDUCATION AND TRAINING</b>
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**100101 IMET AREAS OF EMPHASIS.** To the fullest extent possible, the principal emphasis in international training, particularly IMET-funded training, will be on:

- A. Training that demonstrates the proper role of the military in a civilian-led democratic government.
- B. Training that promotes effective military justice systems and emphasizes an understanding of internationally recognized human rights.
- C. Training that promotes effective defense resources management.
- D. Training of individuals likely to hold key positions in government.
- E. Training that promotes military professionalism.

**100102 OBJECTIVES.** Within the above areas of emphasis the objectives of providing IMET-funded training are:

- A. Develop rapport, understanding, and communication links.
- B. Develop host country training self-sufficiency.
- C. Develop host country ability to manage its defense establishment.
- D. Develop skills to operate and maintain US-origin equipment.

**100103 EXPANDED IMET OBJECTIVES.** The Expanded IMET Program is a part of the overall IMET Program, but is different from the traditional IMET Program which emphasizes military-to-military ties. Expanded IMET trains military and civilian officials, including civilian personnel from non-defense ministries, ~~and~~ personnel from the country's legislative branch who are involved in military matters, in managing and administering military establishments and budgets, in promoting civilian control of the military, and in creating and maintaining effective military justice systems and military codes of conduct, in accordance with internationally recognized human rights. Expanded IMET objectives are:

- A. Contribute to responsible defense resource management.
- B. Foster greater respect for and understanding of democracy and civilian rule of law, including the principle of civilian control of the military.
- C. Improve military justice system and promote an awareness and understanding of internationally recognized human rights.

**100104 GENERAL CONSTRAINTS TO IMET FUNDING.** In order to maximize the use of IMET funds and ensure the greatest benefit to the program, the general categories of training listed below are constrained from IMET funding and are normally not candidates for policy waivers:

- A. Training not related to accomplishment of the objectives listed in paragraphs 100102 or 100103.

F. Doctoral/PhD level Training.

G. Training to Support National Intelligence Programs. *Change 8* 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.

**100107 REQUIRED MILITARY POLICE TRAINING CERTIFICATION.** When military police training is provided to non-"police" personnel, a certification is required from the country that the student to attend military police training will not be involved with or assigned to a unit performing any civilian law enforcement functions for a period of at least two years. SAOs may forward programing requests for military police training to the IA and must retain a copy of a signed certification prior to sending the student to training. Certifications must: (1) if in a language other than English, be accompanied by an English translation; (2) include student name and rank, course title, MASL identification number, host country service, and WCN; (3) be signed by appropriate host country official; and (4) be maintained on file by the SAO for a minimum of three years. The following is a sample certification statement:

The Government of \_\_\_(country) certifies that \_\_\_(student rank and name), who is scheduled to attend \_\_\_(course title/MASL ID) under WCN \_\_\_(number), is a member of \_\_\_(host country service) and will not be involved with or assigned to a unit performing in any civilian law enforcement functions for a period of at least two years following completion of training listed above.

**100108 SUBMITTING REQUESTS FOR IMET WAIVERS.**

A. Submitting Requests. SAOs will submit requests for waivers to the above constraints at the UCOM Training Program Management Review (TPMR). Requests will include complete justification for the training and a written statement of SAO Chief concurrence. Those requests that of necessity must be submitted outside the TPMR will be addressed by the SAO to the UCOM with information copy to DSAA-Plans and appropriate IA. After appropriate coordination between DSAA and the UCOM, and depending on the particular circumstances of the request, DSAA or the UCOM will respond to the SAO request with information copy to appropriate IA.

B. Programing. IAs should program training lines requiring waiver using the appropriate waiver code in card column 58. Upon receipt of UCOM and DSAA approval, IAs will enter an "A" in card column 57. The waiver code in card column 58 will be a permanent entry and maintained for historical purposes.

C. Waiver Request Format. When submitting requests for waivers, the format in Table 1001-1 will be used.

**100109 SELECTION, UTILIZATION, AND MONITORING OF TRAINEES.**

*(Also see 100007)*

A. Selection. To the extent practicable, personnel trained under the auspices of the IMET program, and particularly those attending CONUS schools, will be selected from career personnel likely in the future to occupy key positions in the foreign country's defense establishment. Except as may be authorized specifically by DSAA, the requirement for selection of career personnel is mandatory for attendance at professional level schools; e.g., command and staff or equivalent and higher, and college level.

IMET student that could provide the service and when requested by the Ambassador. This does not apply for cost sharing countries.

**100112 LIVING ALLOWANCES FOR IMS.** The IMET living allowance is a standard rate, equally applicable to all countries, and is intended to cover an average cost differential of the student living away from his home station. It is not a substitute for normal compensation. Responsibility for timely payment of sufficient overall compensation to allow for decent living standards and effective completion of training rests with the student's country. It is DoD policy to encourage foreign countries to assume the cost of all living allowances so that IMET funds are utilized to permit higher numbers of students to be enrolled in training.

A. **Entitlements for IMS in Travel Status.** When IMET pays travel and living allowance, students are entitled to living allowances during travel status, to include the day of departure from home country, through the day of arrival at their first training location. Living allowance in training status will commence the day after arrival at the training location. Living allowance in a travel status will resume the day of departure for home country, excluding any leave period authorized by student's government following termination of training or any unauthorized delay enroute. Students are not authorized travel allowance for any portion of travel paid by their government. Living allowances will be computed incrementally in accordance with the JTR on the day of departure from home country and the day of arrival in home country.

B. **Transoceanic Costs Borne by Foreign Country.** IMS whose travel to the US is paid by their own government are entitled to living allowances in a travel status to include the day of departure from the US entry port enroute to the training location, through the day of arrival at the training location. Living allowance in a travel status will resume the day of departure from the last training location and include the day of arrival at the US departure point. This policy also applies to IMS whose country pays a portion of the transoceanic travel costs; e.g., from homeland to London and return.

C. **Entitlements for IMS in Training Status.** A living allowance will be programed (see Table 1001-2) for all students in a training status, unless otherwise directed ~~or if the student is from a country with a per capita GNP greater than \$2,349 in the 1988 World Bank Report~~. For programing purposes, a standard factor will be used for officers and for enlisted personnel based on the assumption that quarters are available but mess is not available for officers; quarters and mess are available for enlisted personnel. For enlisted personnel, the full entitlement is not paid directly to the student. Enlisted personnel are paid a reduced stipend per week for the purchase of personal items of health and comfort, with the remainder programed for reimbursement to the appropriate IA for laundry, maid fees, and subsistence. Where it is known in advance that quarters or mess are not available, the appropriate factors in Table 1001-2 will be used for programing. Where it is determined that dependents are authorized to accompany students; i.e., those attending selected courses designated by the IAs as indicated in Note 4 of Table 1001-2, the "with-dependents" rate will be used.

- D. **Non-Authorized Living Allowances.** Living allowances are not authorized for:
1. Periods of unauthorized absence from duty.
  2. Excess travel time not authorized by the administrative authority of the IA concerned when proceeding by other than USG transportation.
  3. Periods of delay not in connection with training (except hospitalization or outpatient care).
  4. Students whose country assumes the payment of all living costs.

4. In addition to the allowances in 1 through 3 above, one additional piece of luggage is allowed for students, with authorized accompanying dependents, attending the PME and postgraduate programs listed in Table 1001-2, Note (4), and for students attending flight training.

5. Where US and foreign flag carriers differ in free baggage allowance, or baggage is authorized beyond 140 pounds, transportation officers will issue Government Excess Baggage Authorization Ticket (GEBAT) or equivalent to cover the difference up to the free allowable amount of the US flag carrier(s) and also any authorized excess baggage allowance.

**B. IMS Unauthorized Baggage.** Shipment of baggage in excess of the weight allowance contained in subparagraph A. above is not authorized. Disposition of unauthorized baggage will be made at the expense of the student or the student's government. Commanding officers of the training or administrative installation should ensure that unauthorized baggage is shipped at the student's expense prior to his departure from the installation. Students reporting to ports of departure with unauthorized baggage will be requested to forward the unauthorized baggage by commercial means at their expense. If lack of time prohibits this, unauthorized baggage will be taken into custody by the traffic representative, and the 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.

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**100114 MEDICAL COSTS.** A factor of \$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:~~

<u>Country</u>	<u>Eff Date</u>	<u>Expires</u>	<u>Dependents</u>	<u>Civilians</u>	<u>FMS</u>	<u>IMET</u>	
Bolivia	9-13-94	9-12-97	Yes	No	No	No	*
Canada	5-3-93	<del>5-3-96</del> 5-2-99	No	No	No	N/A	—
Colombia	4-9-92	<del>4-8-96</del> 4-8-99	Yes	No	Yes	Yes	*
Ecuador	1-25-92	<del>1-27-96</del> 1-27-97	Yes	No	No	No	*
El Salvador	2-7-92	<del>2-6-96</del> 2-6-97	Yes	No	Yes	Yes	*
Germany	7-8-92	7-8-97	Yes	Yes	Yes	Yes	
Guatemala	4-24-94	4-23-97	Yes	No	No	No	*
Romania	4-26-95	4-25-98	Yes	No	No	No	*
Tunisia	10-13-93	10-13-96	Yes	No	Yes	Yes	
Uruguay	8-2-94	8-2-97	Yes	No	Yes	Yes	
Venezuela	9-22-94	9-21-97	Yes*	No	Yes	No	*

\*Dependents covered of all students regardless of funding source.



Background  
July 25, 1996

MEMORANDUM FOR OPS-MGT, ATTN: WAYNE WELLS

SUBJECT: Revisions to Chapter 10, SAMM

The following is provided to assist in the next revised publication of the SAMM, Chapter 10:

- ✓ 1. Pg. 1001-1, Section 100103, *Expanded IMET Objectives*, sentence two is to be revised as follows: "Expanded IMET trains military and civilian officials, including civilian personnel from non-defense ministries, personnel from the country's legislative branch who are involved in military matters, and individuals who are members of non-governmental organizations (NGOs), in managing and ....."
- ✓ 2. Pg. 1001-7, Section 100112, C., *Entitlements for IMET in Training Status*, sentence one is to be revised as follows: "A living allowance will be programmed (see Table 1001-2) for all students in a training status, unless otherwise directed."
- ✓ 3. Pg. 1000-2, Section 100002, C., sub para. 1., *TPMR Objectives*, delete "(1)" from the paragraph.
- ✓ 4. Pg. 1001-9, Section 100114, *Medical Costs*, revise the first sentence as follows: "A factor of \$35 per student training ....."
- ✓ Revise the chart in this section as follows: Canada expires "5-2-99"; Colombia expires "4-8-99"; Ecuador expires "1-27-97"; El Salvador expires "2-6-97".

  
Keith Webster  
Plans-PGM

*Background*

PRIORITY  
P 221506Z FEB 96  
FM SECDEF WASHINGTON DC//USDP:DSAA//  
TO AIG 7814

ZYUW RUEKJCS0654 0532348

UNCLAS SECTION 01 OF 02  
SUBJECT: FY96 DMET POLICY GUIDANCE  
FROM DSAA-PLANS-PGM, I-002008786

REFERENCES: A. USDP:DSAA MESSAGE DATED 181154Z NOV 94, SUBJ: FY95  
DMET POLICY GUIDANCE.  
B. USDP:DSAA MESSAGE DATED 041404Z JAN 96, SUBJ: FY96  
AND FY97 DMET POLICY GUIDANCE.

THIS IS A THREE PART MESSAGE  
PART I FOR ALL

1. THIS MESSAGE REVISES REFERENCES A AND B AND PROVIDES ADDITIONAL GUIDANCE FOR IMPLEMENTATION OF THE FY96 DMET PROGRAM.
2. ON JANUARY 26, THE PRESIDENT SIGNED LEGISLATION THAT ENACTED THE FY96 FOREIGN OPERATIONS APPROPRIATIONS ACT. THE FY96 APPROPRIATION FOR DMET IS \$39M, REPRESENTING A FIFTY PERCENT INCREASE OVER FY95. INDIVIDUAL COUNTRY ALLOCATIONS WILL BE PROVIDED SEPARATELY, VIA MESSAGE, BY STATE DEPARTMENT. THIS DRAMATIC FUNDING INCREASE WAS REALIZED THROUGH THE COMBINED EFFORTS OF SENIOR-LEVEL ADMINISTRATION POLICYMAKERS ARMED WITH STRONG POLICY AND PROGRAMMATIC ARGUMENTS, THOSE EFFORTS, AND THE ADMINISTRATION'S RECENT DECISION TO REQUEST \$45M FOR THE FY97 DMET PROGRAM, UNDERSCORE THE IMPORTANCE THE ADMINISTRATION PLACES ON MAINTAINING ADEQUATE RESOURCES IN SUPPORT OF THIS IMPORTANT FOREIGN POLICY AND NATIONAL SECURITY PROGRAM.
3. AS CONGRESS AND THE PRESIDENT MOVE TO BALANCE THE BUDGET, OVERALL FOREIGN ASSISTANCE LEVELS ARE DECLINING, COMPETITION FOR SCARCE RESOURCES IS INCREASING, AND SPENDING PRIORITIES ARE BEING REALIGNED. IN ORDER TO MAINTAIN OR INCREASE DMET RESOURCES IN THIS DIFFICULT FISCAL ENVIRONMENT, THE DMET PROGRAM MUST BE RESPONSIVE TO THE CHANGING GLOBAL POLITICAL SCENE. IN THE PAST FEW YEARS, SIGNIFICANT CHANGES HAVE BEEN MADE IN THE DMET PROGRAM TO RESPOND TO THE EVOLVING INTERNATIONAL SITUATION AND TO ALIGN IT MORE CLOSELY WITH THE PURPOSES AND OBJECTIVES OF DMET AS DEFINED IN THE FOREIGN ASSISTANCE ACT. BECAUSE OF THESE CHANGES, THE ADMINISTRATION HAS BEEN SUCCESSFUL IN SEEKING HIGHER DMET FUNDING LEVELS FROM CONGRESS.
4. EXPANDED DMET (E-DMET) HAS BEEN CENTRAL TO THE ADMINISTRATION'S SUCCESS IN SECURING HIGHER DMET FUNDING LEVELS FROM CONGRESS. AN INTEGRAL COMPONENT OF THE OVERALL DMET PROGRAM, E-DMET PROVIDES INSTRUCTION ON THREE OF THE PURPOSES OF DMET ESTABLISHED IN THE FOREIGN ASSISTANCE ACT: RESPONSIBLE DEFENSE RESOURCES MANAGEMENT, IMPROVED MILITARY JUSTICE TO INCLUDE AN INCREASED AWARENESS OF BASIC ISSUES INVOLVING INTERNATIONALLY RECOGNIZED HUMAN RIGHTS, AND A GREATER UNDERSTANDING OF THE PRINCIPLE OF CIVILIAN CONTROL OF THE MILITARY. E-DMET IS PARTICULARLY WELL SUITED TO THE NEEDS OF THE DEVELOPMENT OF OUR BILATERAL RELATIONS WITH THE EMERGING DEMOCRACIES AROUND THE WORLD. AN ENORMOUS AMOUNT OF TIME, RESOURCES AND HARD WORK HAVE GONE INTO DEVELOPING A NUMBER OF DIFFERENT COURSES WHICH CAN BETTER ADVANCE U.S. FOREIGN POLICY INTERESTS IN THE POST-COLD WAR ENVIRONMENT. THIS PROGRAM HAS THE FULL SUPPORT OF SENIOR-LEVEL POLICY MAKERS AT DOD AND STATE.
5. THE FOLLOWING CATEGORIES OF TRAINING ARE ELIGIBLE FOR DMET FUNDING, ON A CASE-BY-CASE BASIS, REQUIRING UNIFIED COMMAND AND DSAA APPROVAL:
  - A. POSTGRADUATE TRAINING, OTHER THAN PARAGRAPH 4 PROGRAMS, REQUIRES A WAIVER.
  - B. MOBILE TRAINING TEAMS (MTTS): MTTS SHOULD BE HELD TO A MINIMUM TO MAXIMIZE THE NUMBER OF STUDENTS TRAINING IN THE U.S. MTTS OF CRITICAL IMPORTANCE TO HOST COUNTRY OPERATIONAL READINESS OR TO SATISFY OTHER URGENT REQUIREMENTS MAY BE FUNDED UNDER DMET ONCE A WAIVER IS GRANTED. THIS DOES NOT APPLY TO PARAGRAPH 4 MTTS OR MOBILE EDUCATION TEAMS.
  - C. TECHNICAL TRAINING: ALTHOUGH TECHNICAL TRAINING CAN BE ACCOMPLISHED UNDER DMET, IT SHOULD BE A SMALL COMPONENT OF THE

OVERALL PROGRAM. DMET CAN BE USED FOR TECHNICAL TRAINING NECESSARY TO SUPPORT SIGNIFICANT HOST-COUNTRY MILITARY DEFICIENCIES, PROGRAMS THAT PROMOTE IN-COUNTRY SUFFICIENCY OF TRAINING INSTRUCTORS, AND TO ENABLE FOREIGN STUDENTS TO ACQUIRE SKILLS NECESSARY FOR NATION BUILDING AND PEACE OPERATIONS. HOWEVER, TECHNICAL TRAINING IN SUPPORT OF EQUIPMENT-SPECIFIC PURCHASES WILL BE ACCOMPLISHED THROUGH THE FOREIGN MILITARY SALES (FMS) PROCESS, NOT DMET. A WAIVER IS NOT REQUIRED, BUT PROGRAMS WILL BE MONITORED FOR COMPLIANCE.

D. ENGLISH LANGUAGE LABORATORIES (ELLS). UNLIKE OUR PREVIOUS GUIDANCE IN REFERENCES A AND B, NEW ELLS AND EXPANSION KITS CAN BE FUNDED UNDER DMET TO INCLUDE THOSE COUNTRIES WITH ESTABLISHED ENGLISH LANGUAGE TRAINING PROGRAMS. ALL LEVEL III AND IV ELLS REQUIRE A UNIFIED COMMAND WAIVER. WAIVER REQUESTS SHOULD BE SUBMITTED TO THE UNIFIED COMMAND FOR CONSIDERATION PRIOR TO THE ANNUAL TPMR. A DECISION WILL BE RENDERED BY THE UNIFIED COMMAND, IN COORDINATION WITH DLIELC AND TASA, PRIOR TO THE CLOSE OF THE ANNUAL REVIEW. IT IS IMPERATIVE THAT ALL APPROVED ELLS AND SUPPORTING TRAINING MATERIALS BE EXPEDITIOUSLY FUNDED TO ALLOW AMPLE PROCUREMENT, DELIVERY AND INSTALLATION TIME. ADVISE AGAINST LAST MINUTE, END-OF-YEAR PROGRAMMING AND FUNDING GIVEN TASA'S PROCUREMENT CONSTRAINTS.

6. THE FOLLOWING CATEGORIES OF TRAINING REMAIN INELIGIBLE FOR DMET FUNDING:
 

- A. UNDERGRADUATE PILOT TRAINING AND OTHER HIGH COST TRAINING.
- B. ORIENTATION TOURS (OT) EXCEPT FOR NEW COUNTRIES (PROGRAMS INITIATED WITHIN LAST FOUR YEARS) WHERE AN OT IS NECESSARY FOR THE SUCCESSFUL INTRODUCTION OF THE DMET PROGRAM.
7. DECENTRALIZED FUNDING PROCESS: NECESSARY REALLOCATIONS WILL BE HANDLED ON A CASE-BY-CASE BASIS; HOWEVER, THERE WILL BE NO MIDDYEAR REVIEW. AS WE DID LAST YEAR, WE WILL CONDUCT ONLY AN END-OF-YEAR REALLOCATION REVIEW. THEREFORE, AFTER THE CLOSE OF THE TPMRS, ALL FINAL PROGRAM ACTIVITY, CONCERNING ADDITIONS, WILL END BY JULY 15. THIS ALLOWS SUFFICIENT TIME TO STABILIZE THE PROGRAM AND NOTIFY THE CONGRESS OF CHANGES IN ALLOCATIONS PRIOR TO YEAR END.
8. MEDICAL COST FACTOR: CHANGE NO. 7 OF THE SECURITY ASSISTANCE MANAGEMENT MANUAL, DATED 5 JAN 96, REFLECTS A FACTOR OF \$50 PER STUDENT TRAINING LINE UNDER CHAPTER 10, SECTION 100114, PAGE 1001-9. THIS FACTOR NO LONGER APPLIES; THE CORRECT MEDICAL COST FACTOR IS ONCE AGAIN \$35 PER STUDENT TRAINING LINE. SHORTLY AFTER PUBLICATION OF CHANGE NO. 7, A DETAILED REVIEW OF THIS ISSUE REVEALED THAT AN INCREASE TO THE MEDICAL COST FACTOR WAS NOT NECESSARY, THEREBY RETURNING US TO THE \$35 PER STUDENT LINE CHARGE.
9. FY97 PLANNING GUIDANCE: THE FY97 DMET REQUEST IS FOR \$45M. FY97 DRAFT COUNTRY ALLOCATIONS, PROVIDED SEPARATELY, AND THE REVISED POLICY GUIDANCE PROVIDED IN THIS MESSAGE SHOULD BE USED FOR PLANNING AND PROGRAMMING PURPOSES.

PART II FOR MILITARY SERVICES

10. AS PART OF THE DMET DECENTRALIZED FUNDING, MILDEPS ARE DIRECTED TO FUND ALL CONFIRMED E-DMET TRAINING ASAP AND ALL PRIORITY A TRAINING LINES BY JUNE 1. FOR THOSE COUNTRY PROGRAMS ON HOLD PENDING CONGRESSIONAL NOTIFICATION OR CERTIFICATION (AS PREVIOUSLY INFORMED VIA FAX), THIS GUIDANCE WILL APPLY ONCE WE PROVIDE AUTHORIZATION TO PROCEED. ADDITIONALLY, DSAA CONCURRENCE MUST BE OBTAINED BEFORE TAKING ACTION TO DELETE OR UNFUND FY96 E-DMET TRAINING LINES. PROGRAM MANAGERS MUST THOROUGHLY REVIEW ALL PRIORITY A AND D REQUIREMENTS BY JUNE 1 TO ENSURE THAT THE TRAINING REQUEST CAN BE MET.

UNCLAS FINAL SECTION OF 02

FILLED. IF NOT, WORK WITH THE SAO TO DELETE OR REPROGRAM THE REQUIREMENT UNDER THE NEXT FY.

11. IN CONSIDERATION OF REDUCED OPERATIONAL BUDGETS AND ADVANCES IN AUTOMATION, TPMR PARTICIPATION SHOULD BE LIMITED TO ESSENTIAL PERSONNEL ONLY.

PART III FOR UNIFIED COMMANDS

12. UNIFIED COMMANDS SHOULD CONTINUE TO WORK CLOSELY WITH THE SAOS TO ENSURE THAT EACH FY96 AND FY97 COUNTRY DMET PROGRAM REFLECTS A BALANCE OF PROFESSIONAL, E-DMET AND ANY MISSION CRITICAL TRAINING REQUIREMENTS.

13. REQUEST UNIFIED COMMANDS PROVIDE APPROPRIATE GUIDANCE TO SAOS TO IMPLEMENT THE REVISED FY96 DMET POLICY GUIDANCE CONTAINED IN THIS MESSAGE AND ENSURE THAT THE SAOS MAKE NECESSARY PROGRAM CHANGES TO THEIR FY96 DMET PROGRAM TO REFLECT THE REVISED POLICY GUIDANCE. SAOS MUST BE REMINDED TO REVIEW PERIODICALLY THE VALIDITY OF ALL PRIORITY A AND D REQUIREMENTS AND ENSURE THAT THE MILDEPS ARE INFORMED AS TO WHAT ARE THE PRIORITIES. ADDITIONALLY, THE MAJORITY OF COUNTRY PROGRAMS HAVE PROGRAMMED REQUIREMENTS WELL IN EXCESS OF THE FY96 PLANNED ALLOCATIONS BASED ON A \$39M APPROPRIATION.

JOINT STAFF V1  
ACTION  
INFO CMA(1) USCINCSO LO(1) JSAMS(1) USDP:AP(2) (U.A)  
USDP:NA(1)  
+USCINCSO QUARRY HEIGHTS PM

SECDEF V2  
INFO SECDEF(1) USDP:ILC(1)

UNCLASSIFIED

JOINT STAFF  
INFO SERVICE CENTER

*Background*

- EFFORTS SHOULD BE MADE TO CORRECT THIS SITUATION PRIOR TO TPRS.
- 14. FY97 TPRS SHOULD BE FURTHER STREAMLINED AND LENGTH OF REVIEWS SHORTENED WHERE APPROPRIATE.
  - 15. THIS MESSAGE HAS BEEN COORDINATED WITH STATE DEPARTMENT.
  - 16. THE POINT OF CONTACT IS MR. KEITH WEBSTER, PLANS-PGM, (703) 604-6644, EXT. 382. BT

UNCLASSIFIED

(134)

PAGE 2 OF 2  
221505Z FEB 96  
02 0001 MSC

Change 8

**SECTION 1102 - SECTION 506 SPECIAL AUTHORITY**

**110201 PURPOSE:** This section provides procedures for emergency drawdowns authorized under FAA Sec 506.

**110202 SECTION 506(A).**

A. **Law:** If the President determines and reports to Congress in accordance with Section 652 of the FAA that:

1. An unforeseen emergency exists which requires immediate military assistance to a foreign country or international organization; and

2. The emergency requirement cannot be met under the authority of the AECA or any other law except this section; he may direct, for the purposes of this part, the drawdown of defense articles from the stocks of DoD, defense services of the DoD, and military education and training, of an aggregate value not to exceed \$75 million in any fiscal year.

B. **Interpretation:** FAA Sec 506(a) provides neither funds nor contract authority. It does not authorize new procurement for contracting in order to provide or replace the material, services, or training directed. It ~~only~~ authorizes the drawdown of material from DoD stocks and the provisions of non-contractual services and training from DoD resources for grant as military assistance under Part II, FAA. The non-contractual services and training costs include TDY costs incidental to provisions of such services or training. Reimbursement will be dependent upon subsequent appropriation action. Assistance furnished under FAA Sec 506 is furnished subject to all other laws and regulations applicable to assistance furnished pursuant to FAA Sec 503(a)(1).

C. **Implementation:**

1. After an emergency is identified, the ~~Department of State~~ will write a presidential determination which, after being signed by the President, authorizes DoD to furnish up to a specified dollar value, military assistance to the country specified in the determination.

2. DSAA (<sup>regional &</sup> Operations Directorate), with country, ambassador, SAO, CINC, OJCS, ~~State Department~~ and OASD (ISA) input, will provide implementing instructions to the appropriate military department identifying requirements and providing dollar ceiling levels. Pricing will be in accordance with IMET/MAP (not FMS rates).

3. <sup>IA</sup> ~~MILDEPs~~ will:

a. Drawdown articles or services from DoD assets in accordance with DSAA instructions.

b. Submit programming data to the DSAA 1000 system in accordance with guidance provided in Paragraph 150204 for defense articles and services (excluding training), and Section 1001 for training.

c. Report deliveries to DSAA in accordance with guidance provided in Section 1502. *The report must include whether savings were realized by using commercial transport services (see 110202.B above).*

d. Provide guidance to implementing activities as to organizational responsibilities in future drawdowns and regarding which DoD appropriations, funds, or accounts are to hold accounts receivable for drawdowns already complete or in progress.

Change 8

4. DSAA will issue an unfunded MAP order to the <sup>IA</sup> ~~MILDEP~~ citing .004 limitation. The MAP order provides a detailed accounting of articles, services, and training and is the basis for reimbursement to the <sup>IA</sup> ~~MILDEPs~~ if funded by Congress.

5. DSAA will monitor the dollar ceiling levels to insure that funding authorizations are not exceeded. There is no legal authority either to exceed the dollar value specified in the presidential determination or to reimburse IAs for any such excess.

### 110203 SECTION 506(B).

#### A. Law.

1. The authority contained in this section shall be effective for any such emergency only upon prior notification to the Committee on Foreign Affairs of the House of Representatives, the Committee on Foreign Relations of the Senate, and the Committee on Appropriations of each House of Congress.

2. The President shall keep the Congress fully and currently informed of all defense articles, defense services, and military education and training provided under this section.

### 110204 SECTION 506(C).

A. Law. There are authorized to be appropriated to the President sums as may be necessary to reimburse the applicable appropriation, fund, or account for defense services and military education and training provided under this section.

#### B. Implementation.

1. DSAA will request funds for reimbursement of FAA Sec 506 drawdowns via the MAP appropriation budget submission.

2. If MAP funds are appropriated by Congress and apportioned by OMB to reimburse 506(a) authorizations:

a. DSAA will determine share to be provided each IA. \*

b. DSAA will provide transfer authorization of funds via SF 1151.

c. IAs are responsible to reimburse the appropriate fund, account, or \*  
appropriation.

d. Reimbursable orders are not authorized in anticipation of Congressional approval. IAs will only maintain memo entries on accounting reports until the appropriation expires \*  
for obligation. FAA Sec 632(d) provides that the amount of reimbursement "shall" be credited to \*  
the "current" available appropriations, funds, or accounts of the agency that furnished the military  
assistance.

<sup>DWCF</sup>  
e. Industrial fund, ~~DBOF~~, or O&M accounts must absorb the costs until \*  
appropriation is enacted.

f. If any commercial transportation costs are involved, US dollars cannot be used. Use of DTS, MAC, or special airlift mission is authorized.

154b

(b) REQUIREMENTS RELATING TO THE REPUBLIC OF KOREA AND THAILAND.—Section 514(b)(2)(B) of such Act (22 U.S.C. 2321h(2)(B)) is amended by adding at the end the following: "Of the amount specified in subparagraph (A) for fiscal year 1998, not more than \$40,000,000 may be made available for stockpiles in the Republic of Korea and not more than \$20,000,000 may be made available for stockpiles in Thailand."

DELIVERY OF DRAWDOWN BY COMMERCIAL TRANSPORTATION SERVICES

SEC. 576. Section 506 of the Foreign Assistance Act of 1961 (22 U.S.C. 2318) is amended—

(1) in subsection (b)(2), by striking the period and inserting the following: ", including providing the Congress with a report detailing all defense articles, defense services, and military education and training delivered to the recipient country or international organization upon delivery of such articles or upon completion of such services or education and training. Such report shall also include whether any savings were realized by utilizing commercial transport services rather than acquiring those services from United States Government transport assets.";

(2) by redesignating subsection (c) as subsection (d); and

(3) by inserting after subsection (b) the following:

"(c) For the purposes of any provision of law that authorizes the drawdown of defense or other articles or commodities, or defense or other services from an agency of the United States Government, such drawdown may include the supply of commercial transportation and related services that are acquired by contract for the purposes of the drawdown in question if the cost to acquire such commercial transportation and related services is less than the cost to the United States Government of providing such services from existing agency assets."

TO PROHIBIT FOREIGN ASSISTANCE TO THE GOVERNMENT OF RUSSIA SHOULD IT IMPLEMENT LAWS WHICH WOULD DISCRIMINATE AGAINST MINORITY RELIGIOUS FAITHS IN THE RUSSIAN FEDERATION

SEC. 577. (a) None of the funds appropriated under this Act may be made available for the Government of the Russian Federation unless within 30 days of the date this section becomes effective the President determines and certifies in writing to the Committees on Appropriations and the Committee on Foreign Relations of the Senate and the Committee on International Relations of the House of Representatives that the Government of the Russian Federation has implemented no statute, executive order, regulation or similar government action that would discriminate, or would have as its principal effect discrimination, against religious groups or religious communities in the Russian Federation in violation of accepted international agreements on human rights and religious freedoms to which the Russian Federation is a party.

(b) This section shall become effective one hundred fifty days after the enactment of this Act.

Background

U.S. POLICY REGARDING SUPPORT FOR COUNTRIES OF THE SOUTH CAUCASUS AND CENTRAL ASIA

SEC. 578. (a) FINDINGS.—Congress makes the following findings:

(1) The ancient Silk Road, once the economic lifeline of Central Asia and the South Caucasus, traversed much of the territory now within the countries of Armenia, Azerbaijan, Georgia, Kazakstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan.

(2) Economic interdependence spurred mutual cooperation among the peoples along the Silk Road and restoration of the historic relationships and economic ties between those peoples is an important element of ensuring their sovereignty as well as the success of democratic and market reforms.

(3) The development of strong political and economic ties between countries of the South Caucasus and Central Asia and the West will foster stability in the region.

(4) The development of open market economies and open democratic systems in the countries of the South Caucasus and Central Asia will provide positive incentives for international private investment, increased trade, and other forms of commercial interactions with the rest of the world.

(5) The Caspian Sea Basin, overlapping the territory of the countries of the South Caucasus and Central Asia, contains proven oil and gas reserves that may exceed \$4,000,000,000,000 in value.

(6) The region of the South Caucasus and Central Asia will produce oil and gas in sufficient quantities to reduce the dependence of the United States on energy from the volatile Persian Gulf region.

(7) United States foreign policy and international assistance should be narrowly targeted to support the economic and political independence of the countries of the South Caucasus and Central Asia.

(b) GENERAL.—The policy of the United States in the countries of the South Caucasus and Central Asia should be—

(1) to promote sovereignty and independence with democratic government;

(2) to assist actively in the resolution of regional conflicts;

(3) to promote friendly relations and economic cooperation;

(4) to help promote market-oriented principles and practices;

(5) to assist in the development of infrastructure necessary for communications, transportation, and energy and trade on an East-West axis in order to build strong international relations and commerce between those countries and the stable, democratic, and market-oriented countries of the Euro-Atlantic Community; and

(6) to support United States business interests and investments in the region.

(c) DEFINITION.—In this section, the term "countries of the South Caucasus and Central Asia" means Armenia, Azerbaijan,

Report 105-40  
Foreign Policy  
Export Fund  
for F-land  
Sup 30, 98

157c

**From:** Moore, Helen, CIV, DSAA/FMD  
**Sent:** Tuesday, January 27, 1998 9:36 AM  
**To:** Wells, Wayne, CIV, DSAA/APD  
**Cc:** Hotop, Art, CIV, DSAA/FMD; Baker, Beth, CIV, DSAA/FMD  
**Subject:** Drawdown Transportation and Related Services

(1) This responds to your request for comments as to whether the law authorizing DoD to contract for "transportation and related services" applies to services related to the drawdown, or services related to the transportation portion of the drawdown. The consensus here is that it applies to services related to the transportation portion of the drawdown.

(2) An additional point which needs clarification (by Kay) is whether the legislation authorizes "new" contracts for commercial transportation and related services or must existing contracts be used.

Helen Moore

*DSAA GC,  
K. Cannon,  
argues legis  
does not dictate  
new or existing so  
either may be used.  
1/30/98*

*MS Cannon verbally  
concurred in 1/30/98 meeting -  
w.*

*Background*

**DEFENSE SECURITY ASSISTANCE AGENCY**  
**Middle East, Asia, North Africa Directorate**  
**Asia-Pacific Region**

20 January 1998

**MEMORANDUM FOR DSAA GC**  
**DSAA Compt (FM)**

**SUBJECT:** Additions to SAMM Based on Legislative Change

Last week, we sent SAMM change 8 to DISAM for publication. At the time of forwarding, I was asked by my leadership to provide the changes annotated on attachment 1 for incorporation into the change 8 package. Attachment 1 annotations are based on the legislative change to FAA Sec 506 at attachment 2.

The changes authorize DoD to contract for "transportation and related services". I used the words in the law, but doing that will likely raise the question: Services related to the drawdown; or, services just related to the transportation portion of the drawdown. \* Your thoughts about that would be appreciated. The change will also expand drawdown delivery reports.

Could I get your comments to the proposed attachment 1 change.

Thank you--

*Wayne W.*  
Wayne Wells, x315

Attachments:  
As stated

pscwd

*\* She thinks drawdown as a whole. Vandyke  
1/2/98  
1/2/98*

GENERAL SERVICES ADMINISTRATION		5099-101	NSN 7540-01-317-7368
From	W. Wells	Phone #	664-6609, x315
To	Mr. Don Long	Fax #	785 4319
		DISAM	
		Dept./Agency	
# of pages		5	
<b>FAX TRANSMITTAL</b>			
OPTIONAL FORM 99 (7-90)			

154e



**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/~~(DSAA/IGT)~~ for staffing and countersignature by DSAA prior to signature by the foreign country representative.

MEAN-AP

*director for security assistance, deputy or, in the absence of both the person designated*  
B. **Lease Identification.** The IA will assign a designator, unique to the country and IA, to act in 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.

*extend to the lease memorandum to Director, DSAA. The lease package will be*

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.

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

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DEFENSE SECURITY ASSISTANCE AGENCY

*Background*

WASHINGTON, DC 20301-2800

02 APR 1996

In reply refer to:  
I-002915/96

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: Required Authorization Level for MILDEP Lease Approval

Please be advised that as of the date of this memorandum, only persons holding the above titles, their deputies, or in the absence of both, the person designated to act in his/her stead are authorized to sign leases to be executed under Chapter 6 of the Arms Export Control Act (see SAMM Chapter 12). This authorization restriction extends to the lease memorandum to Director, DSAA (see SAMM Chapter 12, Table 1200-2).

The above will be included in the next SAMM change.

*Thomas G. Rhame*

Thomas G. Rhame  
Lieutenant General, USA  
Director

Prep'd by: Mrs. Halvorsen, 46635  
Distr: Orig Addressee & cc  
CMD(1)  
DSAA Chron  
OPS-MGT Subj  
OPS-MGT Chron  
OPS Chron

(196)

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.

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.

The Lessee Government also agrees to pay

, less any depreciation in the value during the term of the lease,

---

TABLE 1200-3. Sample Lease. (Continued)

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~~
- d. DSAA regional directorate

[Sample information which would be entered by IA is bracketed in bold type. This sample is unrelated to actual programs with any country.]

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TABLE 1200-3. Sample Lease. (Continued)

1566

Add to Table 1200-3  
(Imadventently deleted  
in change ?)

SCHEDULE A  
TO  
LEASE AGREEMENT  
BETWEEN

THE UNITED STATES GOVERNMENT, DEPARTMENT OF THE \_\_\_\_\_ (LESSOR)

AND

THE GOVERNMENT OF \_\_\_\_\_ (LESSEE)

I. This Lease Agreement authorizes the use of U.S. Government property identified herein:

QTY	NSN	DESCRIPTION	REPLACEMENT COSTS		RENTAL CHARGE
			UNIT VALUE	TOTAL VALUE	(INCLUDING DEPRECIATION) PER MONTH

- A.
- B.
- C.
- D.
- E.

TOTAL VALUE \$ \_\_\_\_\_

II. Rental Payment

- A. Initial Payment (with acceptance - as applicable);
- B. \_\_\_ Qtr FY\_\_\_: (Amount due) Date Due: (15th day of month preceding quarter)
- \_\_\_ Qtr FY\_\_\_: (Amount due) Date Due: (15th day of month preceding quarter)

Total Rental \$ \_\_\_\_\_

III. Related FMS Case Designator (if known) per paragraph 12:

TABLE 1200-3. (Continued)

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1200-1A

13a

~~Change No. 5, 2 November 1992~~

TABLE 1301-1  
 CONTRACT ADMINISTRATION RECIPROCAL AGREEMENTS

*Place all in w/ wire*

<u>COUNTRY</u>	<u>EFFECTIVE DATE</u>	<u>COST WAIVED</u>
② Canada (CN)	27 Jul 1956	Contract Audit Quality Assurance and Inspection
⑨ United Kingdom (UK)	30 Oct 1979 30 Dec 1985	Contract Audit Quality Assurance and Inspection
④ France (FR)	17 Jul 1981 23 Apr 1986 23 Apr 1986	Contract Audit Quality Assurance and Inspection Contract Administration Services
⑦ Netherlands (NE)	18 Apr 1985 9 Apr 1982	Contract Audit Quality Assurance and Inspection
⑧ Norway	23 Nov 1986	Quality Assurance and Inspection
⑥ Italy (IT)	7 Jan 1983	Quality Assurance and Inspection
① Belgium (BE)	26 Apr 1983	Quality Assurance and Inspection
* ⑤ Germany (GY)	6 Dec 1985 6 Dec 1983	Contract Audit Quality Assurance and Inspection
⑩ Denmark (DE)	3 Apr 1985	Quality Assurance and Inspection
⑩ European Participating Governments (EPG)	19 Dec 1980	Contract Audit Quality Assurance and Inspection (F-16 Follow-on Buy)
⑭ NATO Integrated Communication System Management Agency (NIC SMA) (N2), (K4)	30 Sep 1981 6 May 1980	Contract Audit Quality Assurance and Inspection
⑪ NATO (All infrastructure programs administered by a NATO Command or NATO Agency)	30 Sep 1981 28 Oct 1980	Contract Audit Quality Assurance and Inspection
⑫ NATO (All other infrastructure programs administered by a host country)	10 Feb 1981	Quality Assurance and Inspection
⑬ NATO E-3A (N1), (K7) (K8), (W1)	Program Conception	Full waiver of all contract administration

TABLE 1301-1. Contract Administration Reciprocal Agreements.

\* ⑤a Greece (GR) 23 Sep 1992 1301-9 Quality Assurance and Inspection  
 Change No. 2, 2 July 1990

Replace paragraph 130104.B. and 130104.B.1 with the following:

**B. Cost Recoupment Waivers and Exclusions** Some charges may be excluded or waived (including reductions) in certain circumstances. DoD 7000.14-R, Vol. 15, paragraph 070104.C. provides more detail on these charges.

1. **Nonrecurring Cost Charges**

a. Exclusions. NC charges are exempted by the AECA and the FAA for those countries and organizations whose LOAs are fully financed with MAP grant or other funds made available on a nonrepayable basis. NC charges apply only to government-to-government sales of MDE. New sales of non-MDE are not eligible for the charge. This policy does not nullify or modify government-to-government agreements for waivers of NC on LOAs that were signed prior to 1 January 1982.

b. Waivers. Authority to approve NC waivers is vested in the SecDef and delegated to the Director, DSAA. Waiver requests are Purchaser-initiated and sent to the responsible MILDEP for submittal to DSAA. Advance copies are encouraged to be sent to DSAA. Requests for waiver must be submitted to the USG prior to acceptance of the LOA (or Amendment for increased quantities). All waivers are on a case-by-case basis—blanket waivers will not be considered. NC charges may be waived or reduced as follows:

(1) For particular sales that would significantly advance US interests in NATO standardization, standardization with the armed forces of Japan, Australia, or New Zealand, or foreign procurement in the US under coproduction arrangements.

(2) For the sale of MDE that is also being procured for the use of US Armed Forces and the sale results in a savings to the US. Waiver requests using this justification must be validated by the applicable MILDEP to determine if US cost savings would be realized. The savings must substantially offset the revenue foregone by the potential waiver. The MILDEP determination will be coordinated with the MILDEP's comptroller organization and should be provided to DSAA prior to the LOA or Amendment being submitted for countersignature. This waiver authority does not apply to a sale from stock unless the equipment is being replaced by procurement of additional equipment which DoD is currently procuring for use by US Armed Forces.

(3) For sales when imposition of the charge would likely result in the loss of the sale. Waiver requests using this justification should indicate that denial of the waiver request will result in the loss of the sale. The competing item and its cost, if known, should be identified. The request should be signed by a country representative authorized to accept (sign) LOAs. Acceptance by the Purchaser of the LOA or amendment will negate this basis for a waiver request. In order to expedite processing, the request should be submitted with the LoR. The MILDEP should forward the request to DSAA immediately upon receipt.

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(4) For sales when an increase in NC charges results from the correction of an estimate of the production quantity base that was used for calculating the charge. Requests for waiver using this justification are not necessary. DoD Directive 2140.2 provides that "approved revised NC recoupment charges shall not be applied retroactively to accepted FMS agreements."

130104.b

1586



Background

Gail, could you look at this, and let me know if it is correct, this morning? Thanks, [unclear]

Replace paragraph 130104.B. and 130104.B.1 with the following:

**B. Cost Recoupment Waivers and Exclusions** Some charges may be excluded or waived (including reductions) in certain circumstances. DoD 7000.14-R, Vol. 15, paragraph 070104.C. provides more detail on these charges.

1. Nonrecurring Cost (NC) Charges

a. Exclusions. NC charges are exempted by the AECA and the FAA for those countries and organizations whose LOAs are fully financed with MAP grant or other funds made available on a nonrepayable basis. NC charges apply only to government-to-government sales of MDE. New sales of non-MDE are not eligible for the charge. This policy does not nullify or modify government-to-government agreements for waivers of NC that were signed prior to 1 January 1982.

new

b. Waivers. Authority to approve NC waivers is vested in the SecDef and delegated to the Director, DSAA. Waiver requests are Purchaser-initiated and sent to the responsible MILDEP for submittal to DSAA. Requests for waiver must be submitted to DSAA prior to acceptance of the LOA (or Amendment for increased quantities). All waivers are on a case-by-case basis—blanket waivers will not be considered. NC charges may be waived or reduced as follows:

Advance copies are encouraged to be sent to DSAA.

the US Gov't

(1) For particular sales that would significantly advance US interests in NATO standardization, standardization with the armed forces of Japan, Australia, or New Zealand, or foreign procurement in the US under coproduction arrangements. Waivers, including reductions, must be specified by law and are not provided by general agreements.

??

(2) For the sale of MDE that is also being procured for the use of US Armed Forces and the sale results in a savings to the US. Waiver requests using this justification must be validated by the applicable MILDEP to determine if US cost savings would be realized. The savings must substantially offset the revenue foregone by the potential waiver. The determination will be coordinated with the MILDEP's comptroller organization and should be provided to DSAA prior to the LOA or Amendment being submitted for countersignature. This waiver authority does not apply to a sale from stock unless the equipment is being replaced by procurement of additional equipment which DoD is currently procuring for use by US Armed Forces.

but not totally

MILDEP's

(3) For sales when imposition of the charge would likely result in the loss of the sale. Waiver requests using this justification should indicate that denial of the waiver request would result in the loss of the sale. The competing item and its cost, if known, should be identified. The request should be signed by a country representative authorized to accept (sign) LOAs. Acceptance by the Purchaser of the LOA or amendment will negate this basis for a waiver request. In order to expedite processing,

the this

see 10-17-98

(no changes to second page -)

158C



## DEFENSE SECURITY ASSISTANCE AGENCY

WASHINGTON, DC 20301-2900

*M/W*  
*Background*  
*3F.93*

05 MAR 1993

In reply refer to:  
 I-01096/93

MEMORANDUM FOR DIRECTOR OF SECURITY ASSISTANCE, ODCSLOG  
 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 INFORMATION SYSTEMS AGENCY

DIRECTOR, DEFENSE LOGISTICS AGENCY

DIRECTOR, DEFENSE MAPPING AGENCY

DIRECTOR, DEFENSE NUCLEAR AGENCY

DIRECTOR, NATIONAL SECURITY AGENCY

SUBJECT: Quality Assurance on Defense Contracts and Subcontracts  
 Placed by the Government of Greece

Reference: Annex "C" to the Defense Industrial Cooperation  
 Agreement (DICA) between the Government of the United  
 States of America and the Government of the Hellenic  
 Republic Regarding Reciprocal Quality Assurance  
 Services

Please be advised that under the terms of referenced Annex,  
 quality assurance services in connection with contracts and  
 subcontracts placed on or after 23 September 1992 in the United  
 States by (or under the Arms Export Control Act on behalf of) the  
 Government of the Hellenic Republic, or in Greece by (or on  
 behalf of) the Government of the United States, will be provided  
 by each Government to the other on a no-charge basis.

If the quality assurance <sup>(and inspection)</sup> services are to be performed with  
 regard to a procurement contract pursuant to a Letter of Offer  
 and Acceptance (LOA) with the Government of the Hellenic  
 Republic, such services shall not be charged (i.e., 0.5%) to the  
 Government of the Hellenic Republic, if the LOA was implemented,  
 as recorded in DIPS, on or after 23 September 1992.

*Background*

This action is pursuant to the authority of section 21(h)(1) of the Arms Export Control Act, as delegated in Executive Order 11958, as amended. Contract audit and other contract administrative functions will continue to be provided on a fully reimbursable basis.

*Glenn A. Rudd*

GLENN A. RUDD  
DEPUTY DIRECTOR

**Copy furnished:**

Deputy for Security Assistance, DFAS-DE Center  
Director, Foreign Contracting (OUSD(A)DDP)  
Commandant, DISAM

## DEFENSE INDUSTRIAL COOPERATION AGREEMENT (DICA)

*Background*

BETWEEN

THE GOVERNMENT OF THE UNITED STATES OF AMERICA

AND

THE GOVERNMENT OF THE HELLENIC REPUBLIC

## REGARDING RECIPROCAL QUALITY ASSURANCE SERVICES

In implementation of Articles IV and VI of the DICA, the governments of the United States of America and the Hellenic Republic have agreed as follows:

This agreement sets the following terms, conditions, and procedures with regard to quality assurance services in support of defense contracts and subcontracts contemplated or executed under the DICA.

The procedures of NATO Standardization Agreement Number 4107 (STANAG 4107) and Allied Quality Assurance Publication Number 10 (AQAP-10) shall apply as supplemented by this agreement to the extent consistent with the laws of both governments.

If special quality assurance arrangements are made for international cooperative projects in which the United States and the Hellenic Republic participate, those special arrangements shall have precedence over this agreement. Purchases by the Hellenic Republic under the Foreign Military Sales (FMS) Program will be handled under United States FMS procedures. Normally, FMS purchases will be afforded the same quality assurance services that are provided for similar Department of Defense procurements.

The objective of this agreement is to ensure each participating government is able to employ the most effective and efficient quality assurance support possible when acting under the DICA. Nothing in this agreement is to be construed as impairing a purchasing government's access to its contractors and their records as may be contractually authorized.

*Background***I. General**

A flexible arrangement is envisioned under which a purchasing government may, on a case-by-case basis, request full quality assurance support as described in AQAP-10 or, alternatively, request specific services listed in AQAP-10 as it considers appropriate to the circumstances. The purchasing government may elect to perform other necessary services through its own on-site representative and will inform the host government in such cases, in order to avoid duplication of the work performed by the host government. The purchasing government may modify a request for support during contract performance after consultation with the host government.

The participating governments shall accept all reasonable requests for quality assurance services and shall increase resources, to the extent necessary, to perform the services requested. Quality assurance services shall be carried out according to the procedures in STANAG 4107 and AQAP-10, or the equivalent procedures each government uses for its own contracts.

Contracts shall contain suitable provisions for the host government to act for, and on behalf of, the purchasing government; shall authorize access to contractor facilities and records and use of contractor assets as necessary for the performance of quality assurance service; and shall include the appropriate contractual quality requirement imposed on the contractor, if applicable.

Where representatives of both participating governments deal with a contractor at the same location in support of the same or separate contracts, they shall operate in full concert according to agreed upon terms of reference.

The participating governments shall designate a single office to receive requests for quality assurance services. This office shall arrange for the required services to be performed by the appropriate national organization. In addition, each participating government may elect to designate an office in or near the other participating country to act as focal point through which requests for quality assurance will be forwarded. The host government will endeavor to keep the purchasing government's focal point apprised of current quality assurance practices and resources to help ensure that requests for services are reasonable and prudent. The focal point shall advise the host government concerning contract requirements and clarify requests for services as necessary.

## II. Procedures

*Background*

Requests for government quality assurance in the Hellenic Republic shall be directed to:

Ministry of National Defence  
Defence Industry Directorate  
Quality Assurance Branch  
Holargos  
Athens, Greece

Requests for government quality assurance in the United States shall be directed to:

Defense Logistics Agency  
Defense Contract Management Command - International  
International Logistics Office  
201 Varick Street  
New York, NY 10014-4811

The format for requests for quality assurance shall be as described in Annex A to STANAG 4107, with the following additional information:

In block 7, include the type of equipment to which the material or spare parts pertain, and the Armed Forces (Army, Navy, and Air Force) that employ the equipment;

In block 10, state the desired services, if less than comprehensive support is needed.

The requests shall reference STANAG 4107 and this agreement to the DICA, and shall be processed according to the procedures in the STANAG. Acceptance or rejection shall be made within 45 calendar days of receipt by the performing government. The STANAG procedures shall be followed in regard to notifying the purchasing office of unsatisfactory conditions, processing deviations and waivers, and issuing certificates of conformity.

Direct communication between the purchasing office and the assigned quality assurance office is authorized and encouraged in resolving contract problems. The purchasing government shall retain final authority over contract interpretations and enforcement actions, and shall advise the quality assurance office in a timely fashion on such matters as needed.

In the event the purchasing government envisions the assignment of on-site representatives, proposed terms of reference describing an

appropriate working relationship with host government representatives will be suggested to the host government as early as possible.

### III. Responsibility and Liability

*Background*

Nothing in this agreement shall relieve the contractor of any responsibilities under the contract. No liability will attach to the government, its officers or agents, acting under this agreement on behalf of the other government.

### IV. Protection of Information

Classified information obtained through implementation of this agreement shall be protected according to the provisions of the United States-Greece General Security of Military Information Agreement (GSOMIA) of January 7, 1986, with annex on Industrial Procurement Procedures.

Controlled unclassified information shall be protected in accordance with Document Number 8, as approved June 15, 1989, by the senior security officials of NATO member nations for application to multi-national armaments cooperation programs.

### V. Charges

Services shall be provided under this agreement free of charge for all contracts, subcontracts, and FMS Letters of Offer and Acceptance entered into on or after the effectivity date of this agreement. If either government determines that charges will be necessary, they may be imposed for future services following three months advance notice. Should charges by the United States become necessary, FMS procedures shall apply.

### VI. Duration and Interpretation

This agreement shall remain in effect for a period as set forth in Article XI of the DICA, and may be terminated under the conditions as set forth in that Article and paragraph VII, below. In the case of conflict between provisions of this agreement and the DICA, the latter shall control.

### VII. Review Of Agreement

This agreement shall be reviewed every two years to determine if implementation has been as intended and to modify the agreement as necessary. Either government may terminate this agreement in accordance with Article XI of the DICA, if as a result of these

reviews, that government believes that the terms of this agreement have not been, or cannot be, fulfilled.

*Background*

VIII. Effective Date

This agreement shall come into effect on the date of the last signature.

Done at Athens this 23<sup>rd</sup> day of September <sup>1992</sup> in duplicate in English.

FOR THE GOVERNMENT OF THE UNITED STATES OF AMERICA:

FOR THE GOVERNMENT OF THE HELLENIC REPUBLIC:

*Don [Signature]*

*[Signature]*

*MAR 1 7/1  
DA AGREEMENT  
W/ GREEK*

*Mar 1,  
1993*

*FD KINK*



**Wells, Wayne, CIV, DSAA/OPS**

---

**To:** Spradley, Bill, , DSAA/COMPT  
**Cc:** Johnston, Bill, , DSAA/COMPT; O'Brien, Kay, CIV, DSAA/FPD  
**Subject:** RE: Table 1301-1 of SAMM (Contract Admin Reciprocal Agreements)

4/28/97 @ 0900

Bill,

Apparently, OPS-MGT first received a copy of DSAA's Mar 93 memo regarding Greece from Dee Burgess (USASAC) in May 1996, too late for SAMM change 7. As now configured, the next change will include for Table 1301-1: Add Greece (effective 23 Sep 92) for Quality Assurance and Inspection; and, place countries and organizations in alphabetical order. This could change if Chap 13 is revised entirely.

Am hoping to include revised Chap 13 in the next change (being rewritten by Ms. O'Brien and DISAM), so have no good estimate of publication date (likely before the end of the year in any case). If omission of Greece is causing problems now, might consider a memo to MILDEPs saying the '93 memo remains effective pending inclusion of Greece in the SAMM.

Please call (x367) if we should be doing something differently--

-----  
From: Spradley, Bill, , DSAA/COMPT  
To: Wells, Wayne, CIV, DSAA/OPS  
Cc: Johnston, Bill, , DSAA/COMPT; O'Brien, Kay, CIV, DSAA/FPD  
Subject: Table 1301-1 of SAMM (Contract Admin Reciprocal Agreements)  
Date: Thursday, April 24, 1997 2:12PM

Wayne, need your help on getting the subject table updated.

During our joint review of FY 1993 FMS CAS billings in February 1993, it was noted that there were a number of country codes left off of Table 1301-1. It was also noted that Greece had not been added to Table 1301-1, even though a memo was put out by our Deputy Director (reference DSAA memo I-01096/93, dated 5 March 1993, Subject: Quality Assurance of Defense Contracts and Subcontracts Placed by the Government of Greece) adding Greece to this table. Based on this, an updated "Table 1301-1" was forwarded to FMD-FPPB (reference COMPT-PBD Whitey dated 25 Mar 94, same subject) for their blessing and onward processing to you. Answers to my follow ups with FMD-FPPB and FPD (Dick Miles, Carl Miller) since that time were that my changes had been forwarded for inclusion into the SAMM and the release was "imminent".

Could you please research and let me know if you have these changes? If you do, please let me know when you expect these changes to be released and printed as a change to the SAMM? If you don't have these changes, I will ask FPD to send my package up to you.

As you know, this table is used by Army, Navy, DLA and DCAA when computing their monthly FMS CAS bills. As such, if this table don't include all the current reciprocal agreements and isn't current and up-to-date, overbillings will occur and FMS CAS funds will be erroneously paid to these MILDEPS and DoD Agencies. FYI, we expect to collect approximately \$144 million in FY 1997 and our FY 1997 FMS CAS bills will be approximately \$160/165 million. So I'm trying to close the door on all overbillings. Getting this printed in the SAMM will help reduce overbillings.

Please let me know if you need something again on this. Thanks.

TABLE 1301-2. (Continued)

TYPE OF SALE	TYPE OF ASSISTANCE CODE	SOURCE OF SUPPLY CODE	AVAILABILITY	TERM(s) OF SALE	INITIAL DEPOSIT
15. Any, Section 23 or 24	Z	As Required	N/A	FMS Credit	As shown in the Financial Annex
16. Sec. 503(A)(3), FAA	M	As Required	Anytime	MAP Merger	As shown in the Financial Annex
17. Combination of above resulting in more than one term of sale				(Show two or more terms, as appropriate)	As shown in the Financial Annex
<del>18. Federal Republic of Germany</del>				<div style="border: 1px solid black; padding: 5px; width: fit-content;">The DOD will draw required payments from the FRG's U.S. Treasury Deposit Account as specified in the monthly statement of fund requirements in accordance with DODI 2110.32</div>	
19. Any, Section 23 or 24	N	As Required	N/A	FMS Credit (Non-Repayable)	As shown in the Financial Annex

- \* Contractor rebuild/repair modifications must be coded "P."
- \*\* Requires approval of Director, DSAA.
- \*\*\* Requires approval of the President.

1301-12

Change No. 5, 2 November 1992

(167)



DEFENSE SECURITY ASSISTANCE AGENCY

WASHINGTON, DC 20301-2800

*Background*

26 JUL 1996

In reply refer to:  
I-04345/96

MEMORANDUM FOR ASSISTANT DEPUTY UNDER SECRETARY  
(INTERNATIONAL AFFAIRS) (IAE/IA)  
DEPARTMENT OF THE AIR FORCE

DIRECTOR FOR INTERNATIONAL DEVELOPMENT AND  
SECURITY ASSISTANCE (SAUS-IA-SA)  
DEPARTMENT OF THE ARMY

DIRECTOR, NAVY INTERNATIONAL PROGRAMS (60/04A)  
DEPARTMENT OF THE NAVY

DIRECTOR, DEFENSE MAPPING AGENCY  
DIRECTORATE OF INTERNATIONAL PROGRAMS AND  
OPERATIONS (IO)

DIRECTOR, DEFENSE SPECIAL WEAPONS AGENCY (FMA)

DIRECTOR, DEFENSE LOGISTICS AGENCY  
INTERNATIONAL PROGRAMS OFFICE (MMBN)

OFFICE OF MILITARY PROGRAMS  
ARMY CORPS OF ENGINEERS (MP-MD)

SUBJECT: German FMS Cases - Term(s) of Sale


Reference: DOD 5105.38-M, Table 1301-2, Number 18

The Terms of Sale to be included in Letters of Offer and Acceptance (LOAs), amendments and modifications for the Federal Republic of Germany (FRG) as indicated in reference Table are no longer applicable. Please delete this as a Term(s) of Sale in all future LOAs, amendments and modifications for the FRG. This change will be included in the next Security Assistance Management Manual (DOD 5105.38-M) update.

(168)

*Background*

The DSAA point of contact for this matter is Ms. Helen McFarlane, DSAA/COMPT-CPD, at (703) 604-6565, extension 229.

  
James A. McQuality  
Comptroller

Copy to: DSAA/OPS-MGMT  
DSAA/OPS-ERP  
DSAA/COMPT-FPD  
DFAS-DE/I  
CDRUSASAC, Alexandria, VA (AMSAC-MP)  
Liaison Office for Defense Materiel USA/Canada  
11150 Sunrise Valley Drive  
Reston, VA 22091

(169)

*Background  
and action*

**DEFENSE SECURITY ASSISTANCE AGENCY**  
**PLANS DIRECTORATE**  
*Programs Division*

**DATE:** 22 JAN 1997

**MEMORANDUM FOR:** MR. WILLY BRANDT

**SUBJECT:** Update to Section 1400 of the SMM

Please replace the current Section 1400 - Special Defense Acquisition Fund, of the SMM with the attached update the next time changes to the SMM are made. In addition please delete Table 1400-1 and 1400-5.

*Action*  
←

*Beverly Rexrode*  
Beverly Rexrode  
Chief, PGM Division

## SECTION 1400 - SPECIAL DEFENSE ACQUISITION FUND

### 140001 AUTHORITY AND PURPOSE

**A. Authority** SDAF was authorized in 1981 by enactment of Chapter 5 of the AECA. The SDAF Charter and Operation Instructions were approved by the Principal Deputy Assistant Secretary of Defense (Comptroller) on 30 December 1982. Sec 51(a) of the AECA (22 U.S.C. 2795(a)) was amended in 1989 and provided that SDAF may be used for narcotics control purposes. Decapitalization of SDAF was initiated in 1993 with no new procurements authorized after 30 September 1995.

**B. Purpose** SDAF funds the procurement of defense articles in anticipation of sale to foreign governments. The basic objective of the fund is to facilitate delivery of material in advance of normal PLT for selected items of materiel. Such source enhances the USG capability to satisfy urgent military requirements of allied and friendly nations while avoiding diversions from US forces.

**C. Policy Guidance** This chapter is the principal source of policy necessary for implementation of SDAF. In addition, other guidance facilitating program execution includes DoD 7000.14-R; the SDAF Charter; standard operating procedures (SOPs) previously distributed to DoD components; and IA implementing instructions.

**140002 MANAGEMENT** SDAF is implemented through the following components of the DoD organizational structure:

**A. DSAA** DSAA has overall management responsibility for SDAF. Specific DSAA responsibilities include, but are not limited to, the following:

1. Issuance of SDAF funding documents to maintain articles and services procured by the Fund;
2. Allocation of SDAF assets for the USN and the USAF;
3. Assessment of fund status to include profit and loss analysis.

**B. IAs** The IAs have overall responsibility for program implementation. Tasks performed by IAs include, but are not limited to, those cited below:

1. Program management of SDAF assets

2. Contract management
3. Allocation of selected assets for NSA and the USA
4. FMS LOA management for sell-out of SDAF equities from LOA preparation through delivery reporting.

C. **DFAS-DENVER** DFAS-Denver performs centralized accounting and no other activity is authorized to disburse, or collect, SDAF funds. In addition to duties common to all FMS programs, DFAS-DE assures the adequacy of FMS Trust Fund deposits to meet case requirements of SDAF sell-out and transfers such amounts to the SDAF account as required.

### **140003 OVERVIEW OF OPERATIONS**

The operation of SDAF primarily encompasses buy-in and sale (or sell-out). Buy-in is generally complete. Sales through the established FMS process are expected to continue until SDAF closeout. Following the decision to provide funding, DSAA issues a MIPR, DD Form 448, to the appropriate IA. When a sale is pending, SDAF assets are allocated by DSAA or the IA as applicable. At the time of LOA acceptance, the asset moves from an allocated to a sold status. In general, LOA standard procedures apply (see Chap 7).

### **140004 PROGRAM IMPLEMENTATION**

A. **MIPR Issuance** DSAA issues MIPRs to the appropriate IA for the maintenance of SDAF procured items. MIPRs are processed generally in accordance with DFARS 208.70, Coordinated Acquisition. A Category II method of funding (Direct Citation) is normally utilized. DFAS-Denver will be identified in each contract as the paying station. Each SDAF MIPR is restricted to one major end item and associated spare parts, ground support equipment, or other related items.

1. Upon receipt of the MIPR, the IA processes "Acceptance of MIPR", DD Form 448-2. Affixing a stamp to the DD Form 448-2 as acceptance of the MIPR is not acceptable. Use of a Category I Method of Funding (Reimbursable) is prohibited unless agreed to in advance by DSAA. Acceptance of MIPR requires the identification of costs in the categories shown in Table 1400-2 "MIPR Cost Checklist", to assure SDAF full cost recovery. A completed copy of Table 1400-2 must accompany the basic MIPR acceptance and balance to the MIPR value. See DoD 7000.14-R for clarification on how to accumulate the costs for Table 1400.2. MIPR adjustments (i.e., requests for additional funds, withdrawing funds, change of quantity) are the responsibility of the procuring IAs to initiate. Any later requests to amend existing MIPRs will be justified in Blocks 12 and 13 on DD form 448-2. Upward adjustments in funding requirements can only be requested via the IA, and require a MIPR amendment processed by DSAA. Adjustments changing MIPR quantity require DSAA approval. MIPR acceptances must be accompanied by a forecast of disbursements for the procurements covered by the MIPR. The

disbursement forecast requires updating based on the cumulative disbursements for all contracts and in-house efforts. MIPR acceptances must also include estimated delivery dates and subsequently provide contract delivery dates, including adjustments, when known.

2. If it is determined to be necessary, due to the urgency of the requirement, and modification of an LOA is not possible, a reverse MIPR may be used for the sale of an asset. A reverse MIPR is also required when SDAF owned assets are used to pay back the IA for assets diverted from the IA's inventory to satisfy urgent FMS requirements. Acceptance of a reverse MIPR by DSAA authorizes IAs to purchase defense equipment from the SDAF account. The procuring activity prepares and sends a MIPR to DSAA providing funds and requesting the purchase of assets previously identified by mutual agreement between the IA and DSAA. DSAA accepts the IA's MIPR and forwards the MIPR and Acceptance to DFAS-Denver for billing.

**B. Allocation Process** The SDAF allocation process is as follows:

1. The applicable IA verifies the availability of SDAF assets to meet a foreign purchaser's request;

2. IA notifies DSAA <sup>Compt/RMD</sup> ~~[Plans/PGM]~~ immediately upon receipt of an LOR when SDAF assets are involved.

3. <sup>Compt/RMD</sup> ~~Plans/PGM~~ initiates the decision process for allocating assets.

4. Generally, SDAF assets are allocated by DSAA. In some instances, NSA issues priority allocations for COMSEC. The USA has allocation authority for the SDAF assets it manages upon approval by DSAA.

5. DSAA or USA issues an allocation message or fax, directing LOA preparation and specifying the item, quantity, and other pertinent information.

6. Asset allocations are reviewed periodically by DSAA and the IAs to assure transactions are completed or to initiate proper follow-up.

**140005 SALES TO THE SDAF (BUY-IN)**

**A. General** Materiel and recurring services in support of purchases by SDAF will be priced according to the requirements in DoD 7000.14-R.

**B. Pricing of SDAF Items Purchased From Stock** <sup>DWCF</sup> ~~DDCF~~-funded items sold to SDAF will be priced at standard price plus the current replacement surcharge rate for non-CLSSA customers.

**C. Interdepartmental Orders** Sub-MIPRs issued by one IA to another may not cite SDAF funds. Sub-MIPRs must cite the issuing IA's funds.



**D. Payments for CAS** IAs bill CAS to DFAS-DE simultaneous with other CAS billings for FMS and DFAS-DE makes payments to the IAs from the CAS account. The CAS account will be replenished at a 1.5% rate applied to contract disbursements on SDAF purchases. In the event SDAF assets or equities are sold to an FMS customer for which a reciprocal waiver of CAS is in effect, the amount for CAS paid to the IA will be refunded to the SDAF account. Payment of CAS is also required on ammunition purchases.

### **140006 INVENTORY CONTROL AND REPORTING**

**A. Custodial responsibility** SDAF inventory is the responsibility of the IAs. The procedures for proper inventory management followed for other DoD inventory should be followed for SDAF. SDAF items, as defined in the MIPR, are accounted for and traceable by established mechanisms such as serial numbers. Additionally, quarterly inventory reporting to DSAA in the format shown in Table 1400-3 as well as a year end inventory of assets on hand, not on an implemented case, are the responsibility of the IAs.

**B. Reporting Deliveries to the SDAF Account** Delivery of items to the SDAF account will be reported to DSAA as part of the quarterly inventory report (Table 1400-3). Delivery of items should correlate to the same end items for which MIPRs were provided. For items provided from DoD sources, SF 1080 billings, with accompanying back-up detail, will serve as the source documents. For items provided from new procurement, DD 250s, with accompanying back-up detail, will serve as the source documents.

**C. Storage of SDAF Inventories** Major SDAF equipment held in DoD inventories will normally be segregated from other DoD items. However, as an exception to this general policy, SDAF items may be co-mingled with Service inventories for specific purposes such as reduction of loss for shelf life items. IAs will forward bills for SDAF storage to DFAS-DE. Bills will be for direct out-of-pocket costs incurred on major equipment.

**D. Inventory Losses** If SDAF items are lost while held in inventory, the responsible IA will conduct an investigation in accordance with the requirements of DOD 7200.10-M. Results of this investigation will be forwarded to the Director, DSAA for disposition, to include the possible billing of the IA for the loss.

**140007 PRICING SALES FROM THE SDAF (SELL-OUT)** Sales from SDAF will be priced according to DoD 7000.14-R. Sales from SDAF are distinguished from sales of DoD stocks and sales from new procurement.

**A. Stabilized Pricing** Stabilized pricing insures that the price of major items remains the same from initial appearance on the LOA to delivery reporting and LOA closure. SDAF items will be quoted as firm prices and the LOA will be annotated accordingly. Amendments or modifications are generally not processed for SDAF LOAs in order to accommodate normal changes in buy-in costs. For ~~EBOP~~ items, the reported price at the time of delivery may not agree with the LOA price due to catalog pricing. The pricing elements outlined in Table 1400-4

and DOD 7000.14-R comprise the selling price of items sold from SDAF.

**B. Sales to FMS Countries** The price for SDAF assets sold to FMS countries will be computed by establishing a base acquisition price as described below. Applicable NC charges will be added to the base price to arrive at the SDAF selling price. Charges for PC&H, transportation, and FMS administrative surcharges are additives to (and not a component of) the item selling price.

1. The SDAF full value base price will be the higher of the SDAF procurement price or the current DoD contract price.

a. The SDAF procurement price is the total estimated unit price as reflected on SDAF procurement requests for the item being priced, and includes appropriate add on charges.

b. The current DoD contract price, identifying add-on charges, will be estimated by IA.

2. In accordance with DoD 7000.14-R, if DSAA determines an SDAF item is of reduced utility, an appropriate reduction to the price may be made. Such a reduction could conceivably lower the selling price to below the SDAF cost.

### **140008 FMS SALES OF SDAF ITEMS**

**A. P&A Data** Requests for P&A for items that are on contract for SDAF procurement are coordinated with DSAA prior to responding to the LØR. DSAA, in conjunction with the IAs, will decide whether to fill the request from SDAF contracts, DØD inventories, or new procurements. The IA responds with P&A data. Pricing information will be coordinated with DSAA prior to release.

**B. LOA Management** Except as shown in this chapter, LOAs for SDAF items will be prepared in accordance with guidance provided in Chapter 7:

1. Originally, all SDAF LOA designators were assigned by DSAA and used an IA code of "Q". Currently, the USA is utilizing a "B" IA Code, "J" designator, and "F" Source of Supply Code to indicate SDAF.

2. SDAF and non-SDAF items are normally not included on the same LOA. Army "J" cases include both SDAF and non-SDAF lines. SDAF and non-SDAF items will not be commingled on the same LOA line.

3. The SDAF Financial Analysis Worksheet (FAW) (Table 1400-4) must be provided for each line and is to be used in lieu of the regular FMS FAW when source of supply is SDAF. The SDAF FAW must include the SDAF MIPR line and support line numbers. DSAA ~~Plans/PGM~~ requires an extra LOA accompanied by three sets of SDAF FAWs (one copy for *Compt-RMD*)

<sup>Compt-RMD</sup>  
 DSAA/~~Plans/PGM~~, one copy for DFAS-DE SDAF, and one for DFAS-DE country manager).  
 When a variation in price occurs on the LOA, a new SDAF FAW must be submitted for each line affected on the basic LOA.

4. For "J" cases, payment schedules must distinguish payments required for SDAF lines. Payment schedules must reflect disbursement profiles for applicable SDAF contracts. Payment schedule changes on SDAF LOAs must be approved by DSAA/~~Plans/PGM~~.

<sup>Compt-RMD</sup>

5. Initial deposits as normally computed for FMS LOAs will be increased by the value of disbursements already made for SDAF items being sold. DFAS-DE will provide disbursement information on SDAF items upon request to activities preparing SDAF LOAs.

6. Amendments or Modifications to SDAF LOAs are generally not processed for normal changes to SDAF buy-in costs. However, country-specific changes which affect SDAF buy-in costs should be reflected by an Amendment or Modification. Other changes such as those relating to quantities, delivery schedules, and policy changes should also utilize an Amendment or Modification as appropriate (see Chap 8).

7. Signed copies of LOAs, Amendments, and Modifications, involving SDAF items, should be forwarded to DSAA/~~Plans/PGM~~.

<sup>Compt-RMD</sup>

**C. Requisitioning and Billing Procedures for Items Purchased from DoD Stocks (MILSTRIP)** For ~~DBCF~~ items, the requisitioning activity uses its own fund code, Signal Code L, and the activity's DODAAC. DFAS-DE is billed by SF 1080 for all reimbursable costs.

<sup>DWCF</sup>

**D. Payment for Transportation of SDAF Items** Costs not included in the item price, incurred to transport materiel to assembly or holding points, are funded on the original MIPR issued for such materiel. When a GBL is processed by a transportation officer, a copy of the GBL will be forwarded to DFAS-DE. This will alert DFAS-DE that transportation costs will be incurred against the original MIPR. DFAS-DE is the paying office for all FMS GBLs. Attach copies of the GBLs to the copy of the Daily Register of Meal Tickets and Transportation Transactions provided to DFAS-DE. Recoupment of transportation expenses for FMS sell-out will follow existing FMS guidance in DoD 7000.14.R.

**E. Supply Discrepancy Reports (SDRs)** This supplements guidance contained in Section 80207 and DoD 7000.14-R. It is DoD policy that the appropriation that is credited with proceeds of a sale will pay SDR costs or replace the material when the USG is deemed to be liable to the FMS customer. Hence, it is DoD policy that SDAF should finance SDRs on SDAF cases, when applicable. When SDAF is considered responsible for a SDR, the SDRs must be submitted to DSAA, along with a legal opinion when required, for concurrence.

**F. LOA Closure** See Section 130503. SDAF LOA closure involves additional reviews as follows:

1. **SDAF LOA Closure - "Q" Cases** DFAS-DE informs DSAA/~~Plans/PGM~~ <sup>Compt RMD</sup> monthly of those LOAs for which all collections have been made, accounts are balanced, and which are ready for closure.

2. **Combined SDAF/IA LOA Closure - "B, D, P, M" LOAs - DFAS-DE as Financial Manager** DFAS-DE is the financial manager for any FMS LOA line on IA LOAs that sell SDAF assets. Closure responsibilities are accomplished as agreed between DFAS-DE and the appropriate IA for each SDAF LOA line. Once an LOA line is balanced, DFAS-DE informs DSAA/~~Plans/PGM~~ that the line is ready for closure and requests approval. Final closure of an LOA line will not be accomplished until the amount of SDAF reimbursement is approved by DSAA/~~Plans/PGM~~.

Comput-RMD

3. **SDAF LOA Closure - DFAS-DE is not Financial Manager** LOA closure responsibilities for the sale of SDAF assets transferred to a Purchaser, wherein DFAS-DE is not the LOA line manager, resides with the appropriate IA responsible for the FMS LOA or LOA line. DSAA/~~Plans/PGM~~ assures recoupment of the appropriate amount to the SDAF account.

Comput RMD

### **140009 SDAF DELIVERY REPORTING**

A. **Delivery Reporting** Assets sold to an FMS customer will be reported to DFAS-DE by the IAs on DD 1517 (See DoD 7000.14-R). LSC must be excluded from the reported delivered price. Two categories of items will be reported to DFAS-DE.

1. **Major Equipment** Major SDAF equipment items shipped to FMS customers will be reported to DFAS-DE by the IAs on DD 1517 within ten days of shipment

2. **Support Items** Support items owned by SDAF and sold to an FMS customer will be reported to DFAS-DE by the IAs on DD 1517. Reports will be submitted to DFAS-DE within seven days of the date of the drop from inventory and contain the latest FMS price for the items being sold.

B. **Delivery Codes** SDAF shall use three delivery source codes.

1. SA - Sale of items originally purchased from DoD inventories.

2. SD - Sale of items procured from contractors by the Fund. This delivery source code will compute PC&H.

3. SE - Sale of items procured from contractors and shipped directly from the contractor to the FMS customer, providing there is no requirement for any special packing, crating, or handling. This delivery source code will not compute PC&H.

**140010 REPORTING** Input for the report requirements (A through C) will be provided by DFAS-DE.

A. **Reporting** DFAS-DE prepares a number of reports in accordance with applicable sections of DoD accounting manuals.

**B. Collection Reporting** If SDAF were to be recapitalized, DoD components would be responsible for identifying SDAF collections from authorized sources and for depositing these collections to account 11X4116. Monthly reporting of SDAF deposits to DSAA/COMPT is required by the 25th day of each month. As a minimum, a segregation of the SDAF deposits into the following subheads (limits) that show the source of collections is required.

<u>Accounting Subhead</u>	<u>Source</u>
.1	Non-excess principal/major end items which will not be replaced within the obligation availability of current procurement appropriations.
.2	Excess stock fund and procurement secondary items.
.3	NC charges.
.6	Contractor rental payments for USG plant and production equipment.
.7	Payments from FMS Trust Fund or Military Assistance Appropriations for sale of SDAF equity in contracts and inventories.
.8	Payments from IA Appropriations for SDAF items transferred to the IA for temporary use and which are not returned.

**C. DOD Internal Reporting** Defense items received from SDAF and taken into property accountability by the IAs require quarterly reporting to DSAA as described in Table 1400-3.

Change 8

Table 1400-1

SDAF Schedule for Procurement Plan Development

<u>Planning Date*</u>	<u>Activity</u>
15 Jan	DSAA memos (IAs and DSAA Operations and message (CINC/SAOs) Sent, requesting nominations.
31 Mar	Nomination replies to DSAA Plans.
Apr - May	DSAA Plans prepares FY Plan (Draft).
25 May	DSAA distributes FY Plan (Draft) for review.
5 Aug	Replies to DSAA Plans
Aug - Sep	DSAA Plans prepares FY Plan (Final).
25 Sep	DSAA FY Plan (Final) to OMB.
1 Oct	DSAA FY Plan (Final) to Congress
Oct - Dec	DSAA Comptroller signs and issues MIPRs to implement Plan. (Note: Depends upon when Congress passes Appropriation.

*Delete*  
*Table 1400-1*  
*Table 1400-1 deleted*  
*(show page intentionally left blank*  
*word in Tol)*

\* The exact calendar date will vary slightly from year to year, based on weekends, holidays, or similar adjustments.

Table 1400-1. SDAF Schedule for Procurement Plan Development

178a

change 8

Table 1400-5

Defense Security Assistance Agency  
Special Defense Acquisition Fund  
Loan Agreement

~~show FIDE~~

~~#005~~ date form

TOL also

Under the authority of Chapter 5 of the Arms Export Control Act (AECA) and enacted by the International Security and Development Cooperation Act of 1981, the defense items listed on the attached listing are loaned to the (Implementing Agency). The (Implementing Agency) will bear the cost of operation and maintenance of the loaned items, the cost of restoration, or the cost of replacement with a new items upon the termination of the loan period. If the items are to be replaced at the end of the loan period, the replacement items will be of like kind and quantity and will be new and of equal or greater utility. The loan period begins (Date).

At the end of the loan period (Date), the (Implementing Agency) will have completed the restoration, replacement, or purchase of the loaned items and will have reported the status and disposition of the loaned items to the Director, DSAA. If, at the end of the loan period, the (Implementing Agency) has not restored, replaced, or purchased the items, the (Implementing Agency) will not use the items any further without first executing a new SDAF loan agreement.

\_\_\_\_\_  
Director, DSAA  
(Signature)

\_\_\_\_\_  
Implementing Agency  
(Signature)

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
(Date)

1786

## TABLE 1401-1

## DATA SHEET FOR TDP TRANSFERRED FOR OPERATION AND MAINTENANCE

1. Nomenclature of hardware, major end item or component part, as applicable: \_\_\_\_\_  
\_\_\_\_\_
  2. Major assemblies or components in TDP having USG patent or other proprietary rights not releasable without prior approval: \_\_\_\_\_  
\_\_\_\_\_
  3. Copy of all pertinent correspondence with the purchaser concerning the TDP is attached.
  4. Statement as to whether the TDP requirement would be met by means of pertinent DØD instructions, maintenance manuals or other similar publications: \_\_\_\_\_  
\_\_\_\_\_
  5. In-country inventory of major end items requiring maintenance support from the requested TDP: \_\_\_\_\_  
\_\_\_\_\_
  6. Current status of DØD maintenance capability; e.g., is there an excess depot level capability at the DØD facility: \_\_\_\_\_  
\_\_\_\_\_
  - 8.7. Security classification of the TDP: \_\_\_\_\_
  - 9.8. DØD component recommendation on releasing the TDP: \_\_\_\_\_  
\_\_\_\_\_
7. Estimated date by which USG repair parts support will terminate: \_\_\_\_\_

---

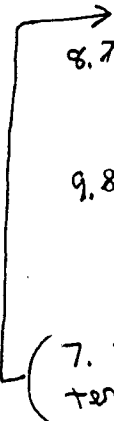
TABLE 1401-1. Data Sheet for TDP Transferred for Operation and Maintenance.



TABLE 1401-2

DATA SHEET FOR TDP TRANSFERRED FOR STUDY OR PRODUCTION

1. Nomenclature of hardware, major end item or component, as applicable:  
\_\_\_\_\_
2. Quantity to be produced by, and production schedule of, the requesting government:  
\_\_\_\_\_  
\_\_\_\_\_
3. Intended use or end disposition of item to be produced, to include names of third country purchasers, if item is for third country sale: \_\_\_\_\_  
\_\_\_\_\_
4. Current status of U<sub>X</sub>S<sub>X</sub> production and stock on hand of item(s) involved:
  - a. U<sub>X</sub>S<sub>X</sub> production: \_\_\_\_\_
  - b. Stock on hand: \_\_\_\_\_
  - c. Excess or about to be excess: \_\_\_\_\_
5. U<sub>X</sub>S<sub>X</sub> and foreign production history for last five years:
  - a. U<sub>X</sub>S<sub>X</sub>: \_\_\_\_\_
  - b. Foreign: \_\_\_\_\_
6. Future U<sub>X</sub>S<sub>X</sub> production plans (define planned quantity in two categories, i.e., approved or proposed);
  - a. Approved: \_\_\_\_\_
  - b. Proposed: \_\_\_\_\_
7. Current U<sub>X</sub>S<sub>X</sub> source(s) of supply for item: \_\_\_\_\_  
\_\_\_\_\_
8. Current cost to U<sub>X</sub>S<sub>X</sub> Government of the item, and whether it is produced in-house or under government contract: \_\_\_\_\_  
\_\_\_\_\_



7. Estimated date by which USG repair parts support will terminate: \_\_\_\_\_

TABLE 1401-2. Data Sheet for TDP Transferred for Study or Production.

- 10 9. Security classification of the TDP and of the item to be produced:
  - a. TDP: \_\_\_\_\_
  - b. Item: \_\_\_\_\_
- 11 10. Other countries authorized to produce the item: \_\_\_\_\_
- 12 11. Impact sale may have on U.S., FMS and/or other programs: \_\_\_\_\_
- 13 12. Whether intended recipients of production have previously obtained the item to be produced and quantities obtained, actual or estimated: \_\_\_\_\_
- 14 13. Major assemblies or components in TDP having patent or other proprietary rights not releasable without prior approval: \_\_\_\_\_
- 15 14. Copy of all pertinent correspondence with the purchaser concerning the TDP is attached.
- 16 15. Statement as to whether the TDP requirement would be met by means of pertinent DOD instructions, maintenance manuals or other similar publications: \_\_\_\_\_
- 17 16. DOD component recommendation releasing the TDP: \_\_\_\_\_

TABLE 1401-2. (Continued)



DEFENSE SECURITY ASSISTANCE AGENCY

WASHINGTON, DC 20301-2800

*Background*

*5 mar 97*

In reply refer to:  
I-02224/97

MEMORANDUM FOR ARMY IDEAS FOR EXCELLENCE PROGRAM (AIEP)  
(DACS-DMC-P)  
ATTN: SPC McFarland/Ms. Richardson

SUBJECT: Request for Evaluation of Army Ideas for Excellence

Reference your memorandum dated 12 February requesting evaluation of a suggestion to change the Security Assistance Management Manual (SAMM), Chapter 14, section 1401, related to the requirements for transferring Technical Data Packages (TDPs) to Security Assistance customers.

The suggestion is to add a line to the data sheets that are required to accompany TDP transfers. This addition would be a statement indicating the length of time the DoD component can logistically support (and use) the related asset. The purpose behind this action is to provide reviewers with additional information so they may decide whether or not the TDP should be transferred for the purposes stated in the request.

We agree with the Army's proposal. The suggested statement, or something similar, will be incorporated into the pertinent TDP data sheet examples in the next SAMM change. We appreciate your recommendation.

*Signed*  
Henry W. Stratman, COL, USA  
Acting Director  
Security Assistance Operations

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Background

1.	AMCRM-P ATTN: Mary Ford		
2.			
3.			
4.			
5.			

<input checked="" type="checkbox"/>	Action	<input type="checkbox"/>	File	<input type="checkbox"/>	Note and Return
	Approval	<input type="checkbox"/>	For Clearance	<input type="checkbox"/>	Per Conversation
<input checked="" type="checkbox"/>	As Requested	<input type="checkbox"/>	For Correction	<input type="checkbox"/>	Prepare Reply
	Circulate	<input type="checkbox"/>	For Your Information	<input type="checkbox"/>	See Me
	Comment	<input type="checkbox"/>	Investigate	<input type="checkbox"/>	Signature
	Coordination	<input type="checkbox"/>	Justify	<input type="checkbox"/>	

REMARKS

Subj: Idea Number AMSS960233

As requested, subject suggestion is being returned to your office along with USASAC's evaluation (DA Form 2440). Request this suggestion be forwarded to Defense Security Assistance Agency (DSAA) as requested by TACOM; USASAC concurs.

24

DO NOT use this form as a RECORD of approvals, concurrences, disposals, clearances, and similar actions

183

FROM: (Name, org. symbol, Agency/Post)

*Joyce R Casner*  
JOYCE R CASNER  
MSAC-RE  
AIEP COORDINATOR

Room No.-Bldg.  
New Cumberland  
BLDG 54 Bay 5

Phone No.

DSN 977-8489

From: AIEP\_ADMIN at SUPPORTPOST  
Date: 8/5/96 3:16 PM  
Priority: Normal  
To: AIEP\_ADMIN  
Subject: AMSS960233

*Background*

----- Message Contents -----

ESTION NO.: AMSS960233                    S: 17 JUL 96  
TITLED: CHANGE DATA SHEET\TDP TRANSF TO SECURITY

Name (Last, First, MI): Reardon, Barbara K.  
Office Telephone Number: DSN 786-8434; comm'l (810) 574-8434  
Office Symbol: AMSTA-IM-BR

Recommended Evaluating Organization: Defense Security Assistance Agency (DSAA), ATTN: DSAA/OPS MGT), Washington DC 20301-2800; telephone (703) 604-6635; DSN 664-6635; fax (703) 604-6541.

Name to be released to the Evaluator?            YES or NO YES

Current Procedure:

DoD 5105.38-M, Security Assistance Management Manual, Chapter 14, section 1401, contains the regulatory guidance pertaining to the transfer of Technical Data Packages to Security Assistance customers (FMS). Tables 1401-1 and 1401-2 are the required "Data Sheet for TDP Transferred for Operation and Maintenance" and "Data Sheet for TDP Transferred for Study or Production". These data sheets contain pertinent information used by DoD component/DSAA to make the final decision as to whether or not the USG should approve or disapprove the transfer/sale of technical data to a Security Assistance customer, for the purpose they state (Operation and Maintenance or Study or Production).

There are several questions on each of these data sheets that are to be answered by the lead MSC, which are particularly pertinent to the vehicle system.

Proposed Procedure:

I recommend that both these Data Sheets for TDP Transfers (DoD 5105.38-M, Tables 1401-1 and 1401-2) be revised to add the following information:

"Supportability Date for the End Item or Component" \_\_\_\_\_

and that the lead Command indicate the final (estimated) date through which the DoD Service intends to logistically support (and use) this vehicle/system. The PEOs/PMS/WSMs/Inventory Managers will have this information.

There is no additional regulatory guidance in Section 1401 that require revision, as the guidance does not further define the information requested on the Data Sheets.

This information could be helpful to DSAA/DoD component/Lead MSC in making their overall decision on whether or not to approve/disapprove the transfer of the TDP to a Security Assistance customer.

If the DoD no longer supports the vehicle/system, or will cease supporting the vehicle/system within the next few years, then it further supports the customer's request to obtain the TDP, as they will be unable to obtain logistical support from the USG/DoD.

(184)

Background

- DoD find support data often imprecise.  
- may need TDP of local fabrication items  
< on > AS products  
(real value of info versus support included), don't know if entered into TDP release division @ DA - SAMM chg.

**DEFENSE SECURITY OPERATIONS D** Management **NCY**

March 3, 1997

**MEMORANDUM FOR COL STRATMAN**

**THROUGH: MR. BRANDT** *W Brandt*

**SUBJECT: Request for Evaluation of Army Ideas for Excellence**

The Army submitted a suggested change for the SAMM that involves adding a criterion to Technical Data Package (TDP) data sheets. The recommended change would allow reviewers of potential TDP transfers to know how long the associated item will be supported by the DoD component. This would assist with determining whether or not the TDP should be transferred for O&M, production, etc.

Recommend signature.

*Diane Halvorsen*  
Diane Halvorsen  
Security Assistance Analyst

cc: Mr. Wells

## APPENDIX A ABBREVIATIONS AND ACRONYMS

\*\*

## A

<del>AAA</del> AAO ACDA ACOCS-FMS ACOM ADP AECA AECB AFAO AFMC AFR AIASA AID AMC AOR AR ASD ASD(C) ASD(P&L) ASD(ISA)	<del>Army Audit Agency</del> Authorized Acquisition Objective Arms Control and Disarmament Agency Army Customer Order Control System for FMS Atlantic Command (formerly LANTCOM) Automatic Data Processing Arms Export Control Act, as amended Arms Export Control Board Approved Force Acquisition Objective Air Force Materiel Command Air Force Regulation Annual Integrated Assessment of Security Assistance (all FYPA) Agency for International Development Area of Responsibility <i>Army Materiel Command on Air Mobility Command (in context)</i> Army Regulation Assistant Secretary of Defense <i>(in context)</i> Assistant Secretary of Defense (Comptroller) Assistant Secretary of Defense (Production and Logistics) Assistant Secretary of Defense (International Security Affairs)
--	--

## B

BO Back Order (Supply), Blanket Order (FMS Case)

## C

CAD/PAD CAS CBL CC CCBL CENTCOM CETS CFS CIA CICA CISIL CLSSA CMS CNAD CNO CO COCOM COCP COE COMSEC CONUS <del>COPAD</del> CPD CRA CSP	Cartridge Actuated Devices/Propellant Actuated Devices Contract Administrative Services, or Cost Accounting Standard (in context) Commercial Bill of Lading Customer-Within-Country (Transportation Code) Collect Commercial Bill of Lading US Central Command (MacDill AFB FL) Contractor Engineering Technical Services Contract Field Services Central Intelligence Agency Competition in Contracting Act Centralized Integrated System International Logistics (US Army) Cooperative Logistics Supply Support Arrangements Contractor Maintenance Services Conference of National Armament Directors Chief of Naval Operations Contracting Officer Coordinating Committee of the Consultative Group Customer Order Control Point (US Army) Corps of Engineers (US Army) Communications Security Equipment Continental United States <del>Contractor Operated Parts Depot (DLA nonstandard items)</del> Congressional Presentation Document Continuing Resolution Authority Concurrent (initial) Spare Parts
--	---

D

DAAS	Defense Automatic Addressing System
DAASO	Defense Automatic Addressing System Office
DAO	Defense Attache Office
DATT	Defense Attache
DBOF	Defense Business Operations Fund (see <sup>P</sup> WCF)
DCA	Defense Cooperation in Armaments <del>or Defense Communications Agency (in context)</del>
DCAA	Defense Contract Audit Agency
DCASR	Defense Contract Administration Services Region
DCM	Deputy Chief of Mission (US Embassy)
DCS	Deputy Chief of Staff
DDN	Defense Data Network
DEA	Data Exchange Agreement on Drug Enforcement Agency (in context)
DepSecDef	Deputy Secretary of Defense
DFAS	Defense Finance and Accounting Service
DFAS-DE/I	Defense Finance and Accounting Service-Denver Center/SAAC
DFARS	Defense Federal Acquisition Regulation Supplement
DIA	Defense Intelligence Agency
DICA	Defense Industrial Cooperation Agreement
DIC	Document Identifier Code or Defense Industrial Cooperation (in context)
DIFS	Defense Integrated Financial System
DIS	Defense Investigative Services
DISAM	Defense Institute of Security Assistance Management <del>Management</del> <sup>Defense Information Systems Agency</sup>
DLA	Defense Logistics Agency
DLIELC	Defense Language Institute English Language Center
DLSC	Defense Logistics Services Center
DLSSO	Defense Logistics Standards Systems Office
<del>DMA</del>	<del>Defense Mapping Agency</del>
DO	Defined Order (FMS Case)
DoD	Department of Defense
DoDAADS	Department of Defense Activity Address Directory System
DoDAC	Department of Defense Address Code
DoDD	DOD Directive
DoDI	DOD Instruction
DoDIG	DOD Inspector General
DoDISS	Department of Defense Index of Specifications and Standards
DoE	Department of Energy
DoS	Department of State
DRMO	Defense Reutilization Marketing Office
DRMS	Defense Reutilization Marketing Service
DSAA	Defense Security Assistance Agency
DSARC	Defense Systems Acquisition Review Council
DSB	Defense Science Board <sup>at</sup>
DSC	Defense Supply Center, Delivery Source Code (in context)
DSN	Defense Switched Network
DT&E	Development, Test, and Evaluation <sup>Defense Special Weapons Agency (DSWA) formerly DWA</sup>
DTC	Delivery Term Code
DTS	Defense Transportation System
DTSA	Defense Technology Security Administration
DU	Dependable Undertaking
DUSD(IP)	Deputy Under Secretary of Defense (Industrial and International Programs)
<del>DWCF</del>	<del>Defense Weapons Control Fund</del>

EA	Expenditure Authority
EAA	Export Administration Act
ECL	English Comprehension Level



ECP	Engineering Change Proposal
EDA	Excess Defense Articles
EDD	Estimated Delivery Date
ELT	English Language Training
EOQ	Economic Order Quantity
ESF	Economic Support Fund
ETSS	Extended Training Service Specialist
EUCOM	US European Command
EXA	Execution or Implementing Agency

F
---

FAA	Foreign Assistance Act of 1961, as amended or Federal Aviation Administration, (in context)
FAD	Force Activity Designator
FAO	Foreign Area Officer (US Army) or Finance and Accounting Officer
FAR	Federal Acquisition Regulation
FAS	Free Alongside Ship
FAST LINE	FMS Acquisition Services Team Line (USN nonstandard item support process)
FAW	Financial Analysis Worksheet (SDAF)
FFB	Federal Financing Bank
FLO	Foreign Liaison Office (located within CONUS)
FMF/FMFP	Foreign Military Financing/FMF Program
FMCS	Foreign Military Construction Sales
FMR	Financial Management Regulation (DoD 7000.14-R, Volume 15)
FMS	Foreign Military Sales
<del>FMSMP</del>	<del>FMS Management Plan</del>
FMSO	Fleet Material Support Office or Foreign Military Sales Order (in context)
FMSO I	Foreign Military Sales Order Stock Level Sales Case
FMSO II	Foreign Military Sales Order Requisition/Consumption Sales Case
FMT	Foreign Military Trainee
FMTMIS	Foreign Military Training Management Information System (US Navy)
FOB	Free On Board
FOIA	Freedom of Information Act
FORDTIS	Foreign Disclosure and Technical Information System
FRB	Federal Reserve Bank
FSC	Federal Supply Classification
FSG	Federal Supply Group
FSL	Foreign Service Local (embassy employee)
FSO	Foreign Service Officer (Department of State)
FST	Field Service Team
FTO	Foreign Training Officer (US)
FTS	Field Training Service
FY	Fiscal Year
FYDP	Five Year Defense Program or Fiscal Year Defense Program
FYPA	<i>Fiscal Year Planning Agreement (formerly AIBSA)</i>

G
---

G&A	General and Administrative (costs)
GA	Grant Aid
GAO	General Accounting Office
GATT	General Agreement of Tariffs and Trade
GBL	Government Bill of Lading
GFE	Government Furnished Equipment
GFM	Government Furnished Materiel
GRL	Gross Requirement List

GSA General Services Administration  
 GSE Ground Support Equipment  
 GSOIA General Security of Information Agreement

H

HNS Host Nation Support  
 HPA Head of Procuring Activity

I

IA Implementing Agency  
 IAAFA Inter-American Air Forces Academy  
 IAGS Inter-American Geodetic School  
 ICP Inventory Control Point  
 IFB Invitation For Bid  
 IG Inspector General  
 IL International Logistics  
 ILCS International Logistics Communication System  
 ILS Integrated Logistics Support or Instrument Landing System (in context)  
 IM Item/Inventory Manager  
 IMET International Military Education and Training  
 IMS International Military Student  
 IMSO International Military Student Office(r)/Noncommissioned Officer  
 IMT International Military Trainee or International Military Training  
 INC International Narcotics Control  
 IP Informational Program or Intellectual Property (in context)  
 IPD Issue Priority Designator  
 IPO (Navy) International Programs Office  
 ISSL Initial Spares Support List (see CSP)  
 ITAR International Traffic in Arms Regulations  
 ITO Invitational Travel Order

J

JCS Joint Chiefs of Staff  
 JLC Joint Logistics Commanders  
 JMP Joint Manpower Program  
 JSAT Joint Security Assistance Training  
 JTD Joint Table of Distribution  
 JTR Joint Travel Regulation

K

[None at this time.]

L

LANTCOM US Atlantic Command (see ACOM) *replaced LOA,*  
 LOA Letter of Offer and Acceptance (*synonymous with* DD Form 1513)  
 LOI Letter of Intent  
 LOR Letter of Request  
 LSC Logistics Support Charge  
 LTD Language Training Detachment

## M

MAAG	Military Assistance Advisory Group
<del>MAC</del>	<del>Military Airlift Command (US Air Force)</del>
MAG	Military Assistance Group
MAJCOM	Major Command (US Air Force)
MANPADS	Man-Portable Air Defense System
MAP	Military Assistance Program
MAPAC	Military Assistance Program Address Code
MAPAD	Military Assistance Program Address Directory
MASF	Military Assistance Services Funded
MASL	Military Articles and Services List(s) (for Material; and Training; IMET, FMS and NATO)
MCTL	Military Critical Technologies List
MDE	Major Defense Equipment
MFP	Major Force Program
MFO	Multinational Force and Observers
MILDEPs	US Military Departments
MILSBILLS	Military Standard Billing System
MILSCAP	Military Standard Contract Administration Procedures
MIL-SPEC	Military Specification
MILSTAMP	Military Standard Transportation and Movement Procedures
MIL-STD	Military Standard
MILSTEP	Military Supply and Transportation Evaluation Procedures
MILSTRAP	Military Standard Transaction Reporting and Accounting Procedures
MILSTRIP	Military Standard Requisitioning and Issue Procedures
MIPR	Military Interdepartmental Purchase Request
MIRR	Material Inspection and Receiving Report (DD Form 250)
MIS	Management Information System
MISIL	Management Information System International Logistics (US Navy)
MOA	Memorandum of Agreement
MOD	Ministry of Defense (International equivalent of US DoD)
MOU	Memorandum of Understanding
MPS	Military Postal Service
MRI	MILSTRIP Routing Identifier
MSC	Military Sealift Command (US Navy)
MTBF	Mean Time Between Failure
MTMC	Military Traffic Management Command (US Army)
MTT	Mobile Training Team
MTTR	Mean Time to Repair or Return
MWO	Modification Work Order

## N

NAD(S)	National Armaments Director(s) or Naval Aviation Depot (in context)
NAMSA	NATO Maintenance and Supply Agency
NAMSO	NATO Maintenance and Supply Organization
NATO	North Atlantic Treaty Organization
NAVCOCS	Navy Case Obligation Control System
NAVFAC	Naval Facilities Engineering Command
NAVILCO	Navy International Logistics Control Office (Philadelphia, Pennsylvania)
NC	Nonrecurring Cost
NCB	National Codification Bureau
NDP-1	National Disclosure Policy
NGO → NDP	National Disclosure Policy Committee <i>Non-Governmental Organization</i>
NICP	National Inventory Control Point (US Army)
NIN	National Item Identification Number
NIMA → NIPARS	National Imaging and Mapping Agency <i>National Imaging and Mapping Agency</i>
NMDL	Nonstandard Item Repair Parts and Support (US Air Force) <del>(see PARS)</del> Navy Management Data List

NSA	National Security Agency
NSC	Naval Supply Center or National Security Council (in context)
NSN	National Stock Number

\*

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
<del>OMA</del>	<del>Operations and Maintenance, Army</del>
OMB	Office of Management and Budget
OSD	Office of the Secretary of Defense
OSP	Offshore Procurement
OT	Orientation Tour
OPR	Office of Primary Responsibility

P

PA	<i>Procurement Appropriation on Pacific Command (in context)</i>
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)
PKO	Peacekeeping Operations
PL	Public Law
PLOA	Pseudo Letter of Offer and Acceptance (FAA sales)
PLT	Procurement Lead Time
PM	Bureau of Politico-Military Affairs (Department of State) or Program/Project Manager
PME	Professional Military Education
POC	Point of Contact
POD	Port of Debarkation
POE	Port of Embarkation
POM	Program Objective Memorandum
PPBS	Planning, Programming, and Budgeting System
<del>PROS</del>	<del>Parts and Repair Ordering System (USAF nonstandard item support process)</del>

\*

QA	Quality Assurance
QAT	Quality Assurance Team
QTY	Quantity
QRR	Quarterly Requisition Report

R

RAD	Required Availability Date
R&D	Research & Development
RCN	Record Control Number
RCS	Report Control Symbol
RDD	Required Delivery Date
RDT&E	Research, Development, Test, and Evaluation (Engineering)
RFP	Request for Proposals
RMS	Resource Management Systems

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ROD Report of Discrepancy (*see SDR*)  
 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
SDR - SecDef	Secretary of Defense <i>Supply Discrepancy Report (replacing ROD)</i>
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
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 <del>MAE</del> MSC, MTMC) <i>Air Mobility Command</i>

## U

UCOM	US Unified Command
U/I	Unit of Issue
U/P	Unit Price
UMMIPS	Uniform Materiel Movement and Issue Priority System
UN	United Nations
UND	Urgency of Need Designator
UNLOA	United Nations Letter of Assistance
USA	US Army
USAF	US Air Force

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- USAMC *See AMC*
- USARSA ~~(US Army Materiel Command/US Air Mobility Command)~~
- USASAALA US Army School of the Americas
- USASAC US Army Security Assistance Agency - Latin America
- USC US Army Security Affairs Command
- USC US Code (as in law)
- USCENTCOM US Central Command
- USDP 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

~~Working Capital Funds (replaced DBDF)~~  
Worksheet Control Number

X Y Z

[None at this time.]

WCF

Working Capital Funds (replaced DBDF, consists of Army, Navy  
and Air Force, and DOD WCF)

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Background

**Wells, Wayne, CIV, DSAA/OPS**

---

**From:** O'Brien, Kay, CIV, DSAA/FPD  
**To:** Wells, Wayne, CIV, DSAA/OPS  
**Subject:** RE: DBOF or WCF  
**Date:** Tuesday, May 06, 1997 8:29AM

its is DWCF = but i can't recall if it is Defense or DoD working capital fund - I have paper will get back to you.  
-----

**From:** Wells, Wayne, CIV, DSAA/OPS  
**To:** O'Brien, Kay, CIV, DSAA/FPD  
**Subject:** DBOF or WCF  
**Date:** Friday, May 02, 1997 3:56PM

Kay, Understand we have been looking at replacing "DBOF" term with "WCF" for a couple years or more. I am changing any reference to DBOF to WCF if it appears in SAMM pages in process of change, do you see any problem with that (i.e., it is/soon will be effective won't it)? Thanks

**Credit Arrangement** - An arrangement with a foreign government under which the US will advance a stipulated amount of credit for financing an FMS or commercial sale to that government. [Sections 23 and 24, AECA]

**Credit Guaranty** - A guaranty to any individual corporation, partnership, or other judicial entity doing business in the US (excluding USG agencies other than the Federal Financing Bank) against risks of nonpayment arising out of their financing of credit sales of defense articles and defense services to eligible countries and international organizations. [Section 24, AECA]

**Current Fiscal Year** - The fiscal year (1 October - 30 September) in progress.

<b>D</b>
----------

**Defense Article** - Weapon, weapon system, munition, aircraft, vessel, boat, or other implement of war; any property, installation, commodity, material, equipment, supply, or goods used for the purposes of furnishing military assistance or making military sales; any machinery, facility, tool, material, supply, or other item necessary for the manufacture, production, processing, repair, servicing, storage, construction, transportation, operation, or use of any other defense article or any component or part of any article listed above, but shall not include merchant vessels, major combatant vessels (10 USC 7307), or as defined by the Atomic Energy Act of 1954, as amended (42 USC 2011), source material, by-product material, special nuclear material, production facilities, utilization facilities, or atomic weapons or articles involving Restricted Data. [Section 644(d), FAA and Section 47(3), AECA]

**Defense Attache Office** - A DoD organization assigned to a US diplomatic mission overseas for the purposes of overt gathering of military information, representing DoD in the conduct of military liaison activities, and performing as a member of the US country team. Some DAOs have been designated by the President as responsible for security assistance functions in the host country.

**Defense Automatic Addressing System (DAAS)** - DAAS functions as an automated system for routing logistics data traffic and provides document processing and data information services. [DoDD 4000.25]

~~**Defense Business Operations Fund (DBOF)** - A working capital fund. (See the FMR) \*~~

**Defense Industrial Cooperation** - US activities performed in conjunction with selected foreign countries, which are intended to stimulate the development of foreign defense industrial capabilities, particularly in emerging technologies, for the mutual benefit of all participants.

**Defense Information** - Any document, writing, sketch, photograph, plan, model, specification, design, prototype, or other recorded or oral information relating to any defense article, defense service, or major combatant vessel (e.g., DE, SS and above), but shall not include Restricted Data as defined by the Atomic Energy Act of 1954, as amended, and data removed from the Restricted Data category under Section 142d of that Act. [Section 644(e) FAA 61]

**Defense Service** - Includes any service, test, inspection, repair, training, publication, or technical or other assistance, or defense information used for the purpose of furnishing military assistance but does not include military education and training activities. [Section 644(f), FAA] For FMS, defense services also include training (AECA Section 47(4)). For purposes of guidance within this manual, includes military education and training activities and military design and construction services.



**Defined Order LOA** - These LOAs are characterized by separately identified line items, which may include individually listed items or dollar value lines for which requisitions (for hardware lines) are initiated by the IA following LOA acceptance.

**Delivered Case** - [See Completed Case]

**Delivery, Constructive** - Constructive: Delivery of materiel to a carrier for transportation to the consignee, or delivery to a US post office for shipment to the consignee. Actual: Delivery is evidenced by completed shipping documents or listings of delivery at the US post office. The delivery of materiel to the customer or the customer's designated freight forwarder at point of production, testing, or storage at dockside, at staging areas, or at airports. The performance of services for the Purchaser.

**Dependable Undertaking** - A firm commitment by the Purchaser to pay the full amount of a contract for new production or for the performance of defense services which will assure the US against any loss on such contract and to make funds available in such amounts and at such times as may be required by the contract, or for any damages and costs that may accrue from the cancellation of such contract, provided that in the judgment of DoD there is sufficient likelihood that the Purchaser will have the economic resources to fulfill the commitment. [Section 22, AECA]

**Designated Country Representative** - Person(s) duly authorized by a foreign government to act on behalf of that government to negotiate, commit, sign contractual agreements, or accept delivery of materiel.

**Designator, LOA** - A unique three-letter designator assigned by the <sup>IA</sup> ~~(implementing agency)~~ to each LOA.

**Disclosure Authorization** - Authorization by appropriate DoD authority which is required prior to disclosure of classified information to foreign nationals who are cleared by their government to have access to classified information.

**Disposable MAP Property** - MAP property for which no further SA requirement exists, including MAP property which does not meet the criteria for utilization screening.

**DoD Activity Address Directory System (DoDAADS)** - Provides data elements, identification codes, and clear text addresses needed for materiel requisitioning, marking, shipping document preparation, billing, and similar applications. [DoDD 4000.25]

**DoD Direct Credit** - Long-term credit which is directly financed from the appropriation or account available for that purpose. Authority is Section 23 of the Arms Export Control Act, as amended, or pertinent earlier legislation.

**Down Payment** - [See Initial Deposit]

**Dual Production** - The joint production of defense articles in both the US and other countries. Includes independent production lines for entire weapon systems, and interdependent production whereby participants produce components for one another.

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**Lease** - An agreement for temporary transfer, with or without a rental charge, of the right of possession and use of a defense article to an FMS eligible foreign government or international organization, with the transferee agreeing to maintain, protect, repair, or restore the article, under authority of Chap 6, AECA.

**Letter of Offer and Acceptance or LOA** - See Acceptance, Letter of Offer and.

**Letter of Request or LOR** - A written message or letter request from eligible FMS participants for the purchase of defense articles or services.

**License, Exclusive; Non-Exclusive** - A license covering a patent, technical or proprietary data, technical assistance, know-how, or any combination of these, granted by a US firm to a foreign firm or government to produce, co-produce, or sell a defense article or service within a given sales territory without competition from any other licenses or from the licensor. A non-exclusive license is a license as described above, except that competition may be permitted with other licensees or the licensor.

**Licensed Production** - Production based on agreements by US commercial firms with international organizations, foreign governments, or foreign commercial firms. Sale, under FMS, of a TDP for production purposes also results in licensed production.

**Living Allowance** - Authorized allowance paid to a foreign student while in IMET training.

**Loan** - An agreement for temporary transfer of the right of possession and use of a defense article not acquired with military assistance funds to a foreign government or international organization, at no rental charge to the transferee, with the transferor US Military Department being reimbursed from MAP funds, under authority of FAA Section 503.

**Logistics Support Charge or LSC** - A charge based on the AECA requirement for full cost recovery. The LSC is intended to recover the cost of support involved in providing the spares and other items required to maintain a weapon system,. It is applied by DFAS-DE to delivery costs for those lines in FMS cases which have been identified as support lines based on the generic code.

**M**

**Major Defense Equipment** - Any item of significant military equipment on the USML having a nonrecurring research and development cost of more than \$50 million or a total production cost of more than \$200 million.

**Major Item Line** - A program line for which the requirement is expressed in quantity and in dollars. These lines are identified in the MASL by a unit of issue other than dollars (XX).

\*

**MAP Order** - Document formerly issued by DSAA to authorize and direct the delivery of defense articles or services to designated recipients. MAP orders were issued for approved and funded MAP and IMET articles and services (e.g., materiel, training, construction, supply operations, administrative expenses).

\* ←

**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.

\* Major Non-NATO Ally - A country designated in accordance with FAA Sec 517 as a major non-NATO ally for the purposes of the FAA and AECA. Initial designations are Australia, B-11, Egypt, Israel, Japan, the Republic of Korea, and New Zealand.

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1 lowing: "and, if the articles are lost or destroyed while  
2 leased—

3           “(A) in the event the United States in-  
4 tends to replace the articles lost or destroyed,  
5 the replacement cost (less any depreciation in  
6 the value) of the articles; or

7           “(B) in the event the United States does  
8 not intend to replace the articles lost or de-  
9 stroyed, an amount not less than the actual  
10 value (less any depreciation in the value) speci-  
11 fied in the lease agreement.”.

12 **SEC. 147. DESIGNATION OF MAJOR NON-NATO ALLIES.**

13 (a) DESIGNATION.—

14           (1) NOTICE TO CONGRESS.—Chapter 2 of part  
15 II of the Foreign Assistance Act of 1961 (22 U.S.C.  
16 2311 et seq.), as amended by this Act, is further  
17 amended by adding at the end the following new sec-  
18 tion:

19 **“SEC. 517. DESIGNATION OF MAJOR NON-NATO ALLIES.**

20           “(a) NOTICE TO CONGRESS.—The President shall no-  
21 tify the Congress in writing at least 30 days before—

22           “(1) designating a country as a major non-  
23 NATO ally for purposes of this Act and the Arms  
24 Export Control Act (22 U.S.C. 2751 et seq.); or

25           “(2) terminating such a designation.

1       “(b) INITIAL DESIGNATIONS.—Australia, Egypt, Is-  
2 rael, Japan, the Republic of Korea, and New Zealand shall  
3 be deemed to have been so designated by the President  
4 as of the effective date of this section, and the President  
5 is not required to notify the Congress of such designation  
6 of those countries.”.

7       (2) DEFINITION.—Section 644 of such Act (22  
8 U.S.C. 2403) is amended by adding at the end the  
9 following:

10       “(q) ‘Major non-NATO ally’ means a country which  
11 is designated in accordance with section 517 as a major  
12 non-NATO ally for purposes of this Act and the Arms Ex-  
13 port Control Act (22 U.S.C. 2751 et seq.).”.

14       (3) EXISTING DEFINITIONS.—(A) The last sen-  
15 tence of section 21(g) of the Arms Export Control  
16 Act (22 U.S.C. 2761(g)) is repealed.

17       (B) Section 65(d) of such Act (22 U.S.C.  
18 2796d(d)) is amended—

19               (i) by striking “or major non-NATO”; and

20               (ii) by striking out “or a” and all that fol-  
21 lows through “Code”.

22       (b) COOPERATIVE TRAINING AGREEMENTS.—Section  
23 21(g) of the Arms Export Control Act (22 U.S.C.  
24 2761(g)) is amended in the first sentence by striking  
25 “similar agreements” and all that follows through “other

change B

## APPENDIX C

## DoD DIRECTIVES, INSTRUCTIONS, AND MANUALS

The following is a list of DoD directives, instructions, and manuals pertaining to the security assistance program.

DoD Federal Acquisition Regulation Supplement

DoD Directive 1130.2 - *Management and Control of Engineering and Technical Services*

DoD Directive 1315.7 - *Military Personnel Assignments*

DoD Directive 1400.6 - *Civilian Employees in Overseas Areas*

DoD Instruction 1400.10 - *Employment of Foreign Nationals in Foreign Areas*

DoD Instruction 1400.11 - *Payments to Civilian Employees and Their Dependents During an Evacuation*

~~DoD Instruction 2000.8 - *Cooperative Logistics Supply Support Arrangements*~~

DoD Directive 2000.9 - *International Co-Production Projects and Agreements Between the US and Other Countries or International Organizations*

DoD Directive 2010.1 - *Support of International Military Activities*

DoD Directive 2010.5 - *DoD Participation in the NATO Infrastructure Program*

DoD Directive 2010.6 - *Standardization and Interoperability of Weapon Systems and Equipment Within the North Atlantic Treaty Organization*

DoD Directive 2010.8 - *Department of Defense Policy for NATO Logistics*

DoD Directive 2010.9 - *Mutual Logistics Support Between the United States and Other NATO Forces*

DoD Instruction 2010.10 - *Mutual Logistics Support Between the United States and Other NATO Forces - Financial Policy*

DoD Instruction 2030.6 - *Implementing Procedures for Security Trade Controls on Sales for Foreign Excess Personal Property*

DoD Instruction 2045.2 - *Agreements with Australia and Canada for Qualification of Products of Non-Resident Manufacturers*

DoD Directive 2055.3 - *Manning of Security Assistance Organizations and Selection and Training of Security Assistance Personnel*

DoD Instruction 2110.32 - *Foreign Military Sales Between the United States and the Federal Republic of Germany*

Change B

DoD Directive 2140.2 - Recoupmnt of Nonrecurring Costs on Sales of USG Products and Technology

DoD Directive 2140.5 - Defense Institute of Security Assistance Management

DoD Directive 4000.2<sup>5</sup>X-1-M - Military Standard Requisitioning and Issue Procedures (MILSTRIP) \*

DoD Directive 4000.25-8-M - Military Assistance Program Address Directory

DoD Directive 4100.37 - Retention and Transfer of Materiel Assets

DoD Directive 4140.22-M - Military Standard Transaction Reporting and Accounting Procedures (MILSTRAP) \*

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 Directive 4410.6 - Uniform Material 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

NSN 7540-01-317-7368		5089-101		GENERAL SERVICES ADMINISTRATION	
Fax # 94-785-4319		Phone # 664-6609, X315		To: Don Simpson	
Fax #		Phone #		From: W. Wells	

Change No. 7, 5 January 1996

1996

<u>Code</u>	<u>Meaning</u>
A	Department of the Army
C	Department of the Navy (CNO)
F	Department of the Air Force
J	Department of the Air Force (Hdqtrs)
K	<del>Defense Communications Agency</del> Defense Information Systems Agency (DISA)
M	Department of the Navy (Naval Materiel)
N	<del>Naval International Logistics Control Office (NAVILCO)</del> NAVY Inventory Control Point (NAVICP)
R	Defense Logistics Agency (DLA)
S	Defense Security Assistance Agency (DSAA)
U	<del>Defense Mapping Agency (DMA)</del> National Imaging and Mapping Agency (NIMA)
V	Defense Contract Audit Agency (DCAA)
W	Defense Advanced Research Projects Agency (DARPA)
Z	<del>Defense Nuclear Agency (DNA)</del> Defense Special Weapons Agency (DSWA)

15. Classification Code. An alphabetic code assigned by the cognizant MILDEP or Agency which designates the Security classification of that particular line item.

<u>Code</u>	<u>Classification</u>
C	Confidential
D	Confidential - classified for national defense purposes
U	Unclassified

16. Closure Date - 1200 System. A six position numeric code, reported by SAAC, expressed in a YYMMDD format, which reflects the calendar date a case was officially closed by SAAC. DFAS-DE. on LOA

17. Commercial Item - 1000 System. The use of a numeric "1" in column 53 of the Materiel Card 3 indicates DSAA prior approval of a commercial type item. (See Chapter 11 for detailed instructions on the programming of commercial type items.)

18. Commitment Code - 1000 System. A single position numeric code used to describe the U<sub>x</sub>S<sub>x</sub> commitment, by type (see definition), for each defense article and defense service programmed. (For a list of commitment codes with an explanation of each, see Table D-2 of the appendix.)

19. Communications/Ancillary Item/Concurrent Spare Parts Code -- 1000 System. A single position alpha code used in column 54 of the Program Materiel Card 3 to alert supply agencies that specific items of communications or other ancillary equipment are not to be shipped directly to the recipient country/activity, but are to be mounted on or installed in a major piece of equipment also programmed for the recipient. In addition the code identifies the major items of equipment which are to have separately programmed CSP, and/or communications, or ancillary equipment installed prior to delivery.

<u>Code</u>	<u>Explanation</u>
A	Communications or other ancillary equipment to be mounted on or installed in a major piece of equipment prior to shipment of the latter.
M	This piece of equipment should have separately programmed communications or other ancillary equipment installed prior to shipment.
N	This piece of equipment should have CSP separately programmed.
P	This piece of equipment should have separately programmed CSP, and communications or other ancillary equipment installed prior to shipment.

20. Completed Line Item Code - 1200 System. An optional alpha code "C" entered in the item detail data by the implementing agency through the SAAC to indicate that all defense articles have been delivered and/or all defense services have been performed against the line.

DFAS-DE

47. Generic Code - All Systems. A three digit code assigned to each item in the MASL and perpetuated throughout program data to classify defense articles, services, and training according to the budget activity/project account classification and to aggregate articles, services, and training into generic groupings for reporting and management purposes. The first digit of the generic code is an alpha character identifying one of the following budget activities. The second digit is a numeric assigned each Budget Project (BP). The BP is classified at the second level of aggregation in the generic code. The third digit is an alpha character assigned each generic grouping of defense articles, services, and training with similar characteristics. The generic grouping is classified at the third level aggregation in the generic structure. A complete list of generic codes is shown in Table D-7 of this appendix.

<u>Code</u>	<u>Meaning</u>
A	Aircraft
B	Missiles
C	Ships
D	Combat Vehicles
E	Tactical and Support Vehicles
F	Weapons
G	Ammunition
H	Communications Equipment
J	Other Support Equipment
K	Supplies
L	Supply Operations
M	Maintenance of Equipment
N	Training
P	Research and Development
Q	Construction
R	Special Activities
T	Administration
U	Foreign Military Sales Order (FMSO)

48. IA Completion Date - 1200 System. A six position numeric code expressed in a YYMMDD format, which reflects the date on which the implementing agency completed preparation of the LOA documentation.

49. IMET Order - 1000 System. The document issued by DSAA which authorizes and directs the furnishing of military training to the designated IMET recipient. The IMET order identifies the fund source for each program line (FY 1984 funding is indicated by a "4" in the fiscal code -- column 71).

50. IMET Order Adjustment - 1000 System. This data element contains the last two positions of the latest IMET order number that either funds, unfunds, or modifies an IMET record.

51. Implementing Agency (IA) Code.

a. 1000 System. A single digit alpha code assigned by the DSAA and identifying the Military Department or agency to be the recipient of the MPA/IMET Order.

<u>Code</u>	<u>Meaning</u>
B	Department of the Army
C	<del>Defense Communications Agency</del> Defense Information Systems Agency
D	Department of the Air Force
P	Department of the Navy
S	Office of Secretary of Defense.



b. 1200 System. A single digit alpha code identifying the Military Department or agency which has made the sale on behalf of the U.S. Government.

Code	Meaning
B	Department of the Army
C	<del>Defense Communications Agency</del> <i>Defense Information Systems Agency (DISA)</i> - *
D	Department of the Air Force
E	U.S. Army Corps of Engineers
K	U.S. Marine Corps
L	Defense Audiovisual Agency (DAVA) (Transactions prior to 1 Oct 85)
M	Army (Other)
P	Department of the Navy
Q	Defense Security Assistance Agency (DSAA)
R	Defense Logistics Agency (DLA)
U	<del>Defense Mapping Agency (DMA)</del> <i>National Imaging and Mapping Agency (NIMA)</i> -
V	Defense Contract Audit Agency (DCAA) <i>management Command (DCMC), DLA</i> -
W	Defense Advance Research Projects Agency (DARPA)
X	<del>Security Assistance Accounting Center (SAAC)</del> <i>Defense Finance and Accounting Service - Denver (DFAS-DE)</i>
Z	<del>Defense Nuclear Agency (DNA)</del> <i>Defense Special Weapons Agency (DSWA)</i> -

52. Item Detail Data Flags - 1200 System. A one position alpha code created during item detail processing indicating that an error or possible error condition exists in the data provided by ~~SAAC~~. These codes, contained in a listing of data for which they apply, are furnished to ~~SAAC~~ on a monthly basis after the 1200 updating cycle has been completed. The following codes may appear in these listings:

Code	Explanation
B	Purchased quantity or delivered quantity is inconsistent with the unit of issue code in MASL.
E	Completed line code is inconsistent with data reported in the purchase/delivery fields.
J	No master file case record exists for the corresponding item detail data as provided.
L	The item detail submission contains duplicates (multiple) records for the same control fields.
M	The item detail record is unmatched to the materiel MASL or generic code and NSN.
P	The item detail line contains a delivered value but no quantity delivered for a non-dollar (XX) line.
V	The delivered value for a specific line exceeds the purchase value.

53. Item Identification Number (IIN) - 1000 System. A seven digit number used to identify each specific training item available for IMET or FMS training programming. The first digit represents the ~~Military Department~~ *MILDEP* supplying the training (see ~~Implementing Agency Code - 1000 System~~ *IA* above).

54. Issue Priority/Required Delivery Date Code - 1000 System. Provision is made in the Materiel Card 3 format for inclusion of issue priority and required delivery date (RDD) codes. The purpose is to provide all necessary data to the implementing agency for use in the preparation of requisitions for definitized items by the Military Departments upon receipt of the MAP Order Materiel Card 5. Issue priority codes used for MAP are those prescribed in the MILSTRIP regulations and are entered into the system by using columns 60-61 of the Materiel Card 3. The RDD is entered by using columns 62-64 of the Materiel Card 3. The first position indicates the last digit of the calendar year the item is required and the second and third digits indicate the month of

only for those lines in which a change in deliveries or delivery forecast date (initial entry, improvement, or slippage) has occurred during the previous month. Card Columns 66-68 will reflect the fiscal year quarter applicable to the shipment month, not the reporting month. All reports of completed deliveries will be based on constructive deliveries by the logistics system, not the completion of related financial transactions. Major items should be reported delivered at the total program value if the actual delivery price is unknown. Adjustments to program values, if required, will be accomplished at the time of final billing. Deliveries against dollar lines will be reported at a value equal to the obligational authority issued against the applicable requisitions.

(2) Instructions for preparing Card 8 are as follows:

Card Column	Data	Footnote	Instruction
1	Card Code	1	Always an 8.
2-5	Record Control	1	Enter RCN. See Appendix D.
6-24			Leave blank.
25-29	Quantity Delivered	2	Represents the total quantity delivered to date; not the incremental plus or minus change during the reporting period.
30			Leave blank.
31-32	Country Code	1	Enter Country/Activity Code. See Appendix D.
33-35			Leave blank.
36-43	Acquisition Value Delivered	2	Represents the total dollar value of excess materiel delivered at no MAP cost against dollar lines having Source of Supply Code K, L, E or R. For all major items, regardless of Source of Supply, and dollar lines with no excess deliveries this field will be blank.
44			Leave blank.
45-46	Program Year	1	Enter Program Yr. See Appendix D.
47-57			Leave blank.

*Replace with ATTACHED change*

d. **Program Changes (Card P).** Program changes will be submitted by Card P which contains the same data element fields as Card 3. Complete Card P as follows:

(1) Enter the following control data elements exactly as they would appear in the Card 3 received from DSAA. (NOTE: If any of these control data must be changed, a Card R and a new Card 3 must be submitted).

<u>Card Column</u>	<u>Data Element</u>
2-5	RCN
31-32	Country/Activity Code
45-46	Program Year

SAMM Change to 8 Card Instructions on Page 1502-5

47-65			Leave blank.
66-68	Delivery Period	1	Enter current Delivery Program Year and Quarter.
69	Change Originator	1	Enter appropriate Program Change Originator. See Appendix D.
70-72			Leave blank.
73-80	Total Delivery Value	2	Represents the total dollar value delivered to date; not the incremental plus or minus change during the reporting period.

Footnotes:

1. Fields require an entry to be made.
  2. Fields require that the total delivered to date be entered. If no entry is made, a previously reported value will be zeroed out.
-

TABLE D-1

## ACTION CODE - 1000 SYSTEM

Card Code	Action Code	Meaning
-----------	-------------	---------

A. CHANGES MECHANICALLY REJECTED

Card Code	Action Code	Meaning
		(Change was rejected during edit.)
3-4-P-Q-R	Y	Card not properly prepared <del>or does not match MASE.</del>
<del>3-4-P-Q</del>	<del>U</del>	<del>(Change was rejected during update.)</del> <b>DOES NOT MATCH MASE</b>
3-4-P-Q-R	L	Duplicate transaction in the same input group (first card accepted, all others rejected), <del>or add with an existing RCN.</del>
<del>3-4</del>	<del>P</del>	<del>ADD HAS RCN WHICH ALREADY EXISTS ON MASTER FILE</del>
P-Q-R	M	Unmatched change or delete.
P-Q	V	Proposed change is rejected because it results in no change to the program line.
P-Q	D	Invalid action code (code for approval or disapproval) but no proposed change, add, or delete pending in the Master File. This code pertains only to input created by the DSAA.

(Change was rejected because the system cannot process a proposed change when a previous change against same program line is still pending.)

P-Q	G	Proposed delete is rejected because an add, delete, or change is pending.
P-Q	H	Proposed change is rejected because an add, change, or delete is pending.
P-R	Q	Proposed decrease or deletion is rejected because delivery has been reported.

B. CHANGES PRESENTED TO PROGRAM MANAGER FOR DECISION

3-4-R	A	CHANGE APPROVED FOR ENTRY IN MASTER FILE..
3-4-R	X	Change disapproved (2 cards showing record before and after change). Add, delete disapproved.

TABLE D-1. (Continued) [Page 1 of 2]

SAMM Change to Table D-1 on Page D-19

(Change was rejected during edit.)

3-4-P-Q-R Y Card not properly prepared.

3-4-P-Q U Does not match the MASL.

(Change was rejected during update.)

3-4-P-Q-R L Duplicate transaction in the same input group (first card accepted, all others rejected).

3-4 P Add has RCN which already exists on the master file.

*Background*

**DEFENSE SECURITY ASSISTANCE AGENCY  
OFFICE OF THE COMPTROLLER  
DSAMS Program Management Office**

**DATE:** 19 FEB 1997

**MEMORANDUM FOR:** MR. WAYNE WELLS

**THROUGH:** MR. GREG CLEVA *GC*

**SUBJECT:** SMM Changes

Two minor SMM changes are attached.

*Bobby W. Edwards*

Bobby W. Edwards  
X253

Attachment:  
as stated

## 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 <sup>DoS</sup> ~~(security assistance)~~ matters submitted by <sup>DoS</sup> ~~(the Department of Defense)~~ elements. It does not include reports submitted to Congress by <sup>DoS</sup> ~~(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.

1. The DSAA Reports Control System is managed by the <sup>DSAA</sup> ~~(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. *Reporting Requirement Reported*

D. REPORTING INSTRUCTIONS. *Exclude*

1. Price and Availability Report (RCS: DSAA(O)1138). *\* Effective 20 Feb 96*

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 Department is due to the DSAA Comptroller, ATTN: Process Analysis Integration 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):

(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.

*Exclude*

*Requirement Repealed 10 Feb 96*

DOD 5105.38-M

(2) Part II should list each request received from a foreign country during the quarter being reported, for the issuance of a letter of offer to sell defense articles or services if (1) the proposed sale was not previously reported under Part I, and (2) the request involves a proposed sale of MDE for \$7 million or more or any other defense articles or services for \$25 million or more. Each entry should include the following:

- (a) The name of the country which made the request;
- (b) The date of the request;
- (c) The defense articles or services involved;
- (d) The quantity involved; and
- (e) Availability terms requested.

(3) Part III A. should list each P&A estimate provided during the quarter to a foreign country for air-to-ground and ground-to-air missiles or associated launchers, without regard to the value of the possible sale. Each entry should specify the following:

- (a) The name of the country to which the estimate was provided;
- (b) A description of the missile including its designation and mission;
- (c) The quantity involved; and
- (d) The price estimate provided.

(4) Part III B. should list each LOA received from a foreign country during the quarter being reported for the issuance of a letter of offer for air-to-ground and ground-to-air missiles or associated launchers, without regard to the amount of the possible sale. Each entry should specify the following:

- (a) The name of the country which made the request;
- (b) The date of the request;
- (c) The defense articles or services involved;
- (d) The quantity involved; and
- (e) Availability terms requested.

To facilitate the development of Parts II and III, IAs should informally coordinate the information with counterparts in the DSAA Operations Directorate.

d. A P&A request is not:

- (1) An oral request;
- (2) A request for data on several systems (i.e., customer is going through a source selection process); however, it becomes a reportable P&A request when the source selection is complete; or
- (3) A request for price/delivery data required to facilitate country decision-making on overall equipment purchase plan or budget.

*D.A.* Excess Defense Articles (EDA) Sold Under FMS (RCS:DSAA(O)1118).

a. House Report No. 96-70 on the International Security Assistance Act of 1979 ~~(dated 24 March 1979)~~ requires quarterly reporting of all outstanding LOAs and accepted LOAs to sell ~~excess defense articles (EDA)~~ through FMS ~~procedures~~ to foreign governments or international organizations, specifying (1) implementing agency; (2) country; (3) case number; (4) acquisition cost to the ~~U.S. Government~~; and (5) sales value. The report will include spare parts supplied from defense stocks at inventory price if they are specifically identified as EDA in the LOA, and exclude grants or sales of: MAP redistributable and MAP Owned Materiel (MAPOM) property, ships, scrap, and demilitarized EDA. Implementing agencies are encouraged to initiate separate cases for EDA. However, if separate cases are not used, each case will identify the EDA item(s) therein.



**Exclude**

TABLE E-1

Price and Availability Report (RCS: DSAA(Q) 1138)

PRICE AND AVAILABILITY REPORT (RCS: DSAA(Q)1138)					
QUARTER ENDING _____					
				(Date)	
				(Agency)	
PART I - PRICE AND AVAILABILITY ESTIMATES PROVIDED					
COUNTRY	DESCRIPTION OF ARTICLES/SERVICES	QUANTITY	PRICE ESTIMATE	DATE INFORMATION PROVIDED LETTERS /MSG. REF.	
PART II - REQUESTS RECEIVED FOR ISSUANCE OF LETTERS OF OFFER					
COUNTRY	DATE OF REQUEST	DATE REQUEST RECEIVED	DESCRIPTION OF ARTICLES/SERVICES	QUANTITY	P&A TERMS REQUESTED (IF ANY)
PART III. A. - PRICE AND AVAILABILITY ESTIMATES PROVIDED FOR AIR-TO-GROUND AND GROUND-TO-AIR MISSILES AND LAUNCHERS					
COUNTRY	DESCRIPTION OF ARTICLES/SERVICES	QUANTITY	PRICE ESTIMATE		
PART III. B. - REQUESTS RECEIVED FOR ISSUANCE OF LETTERS OF OFFER FOR AIR-TO-GROUND AND GROUND-TO-AIR-MISSILES AND LAUNCHERS					
COUNTRY	DATE OF REQUEST	DESCRIPTION OF ARTICLES/SERVICES	QUANTITY	P&A TERMS REQUESTED (IF ANY)	

TABLE E-1. Price and Availability Report (RCS: DSAA(Q) 1138).

E-4

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REPORT ITEM	AUTHORIZING LEGISLATION	RECIPIENT*	TRIGGER	RESPONSIBLE DOD COMPONENT
21. Proposed Agreements for NATO Cooperative Projects	Sec. 27(f), AECA	SHR, HASC, SASC, HFAC, SFRC	NLT 30 days prior to signature of agreement on behalf of USG	DSAA/OPS/MGMT
<del>22. Deleted</del>				
22. Quarterly Report on Price and Availability; LOA Requests for \$7M or more of MDE/\$25M or more of defense articles and services or for air-to-ground/ground-to-air missiles	Sec. 28, AECA	SHR, SFRC	NLT 15 days after end of each calendar quarter	DSAA/COMPT/FMS Control & Reports
<b>EXCLUDE</b>				
23. List of all accepted and unaccepted LOAs to sell excess defense articles through FMS procedures (See also Item #12)	HFAC Report No. 96-70 (International Security Assistance Act of 1979), 24 March 1979, page 25; Sec. 548 (1st proviso), FY91 Foreign Operations Appropriations Act	SHR, SFRC	NLT 60 days after end of each quarter. This is included in reports required by Sec. 36(a), AECA. See Report Item #25	DSAA/COMPT/FMD
24. Waivers of non-recurring recoupment charges	HGOC Report No. 97-214, 31 July 1981	SHR, SFRC	Included in reports required by Sec. 36(a), AECA. See Report Item #25	DSAA/OPS/MGMT
25. Quarterly Reports on Commercial and Governmental Military Exports:	Sec. 36(a), AECA	SHR, SFRC	NLT 60 days after end of each quarter	DSAA/COMPT/FMS Control & Reports
(a) List of all unaccepted LOAs valued at \$1M or more for MDE	Sec. 36(a)(1), AECA			DSAA/COMPT/FMS Control & Reports

\* TABLE E-6. (Continued) Page 6 of 9.

E-15

Change No. 4, 2 March 1992

(211)

DOD 5105.38-M

*Background*

**DEFENSE SECURITY ASSISTANCE AGENCY  
OFFICE OF THE COMPTROLLER  
FINANCIAL POLICY DIVISION**

March 20, 1996

**MEMO FOR:** Wayne Wells OPS/MGT

**SUBJECT:** Price and Availability(P&A) Report  
(RCS: DSAA(Q)1138)

Request all information pertaining to subject report be deleted from the Security Assistance Management Manual Appendix E-1, E-2, E-4, and E-15. The Defense Authorization conference report(S.1124) was enacted into law February 10,1996. The attached legislation repealed the requirements under the Arms Export Control Act(AECA) for quarterly report on Price and Availability Estimates Section 28.

If you have any questions or need further assistance I can be reached at x247.



Barbara S. Stokes  
Program Analyst

Enclosures  
As stated

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(f) **REPORT ON DETERMINATION NOT TO DEBAR FOR FRAUDULENT USE OF LABELS.**—Section 2410(a) of such title is amended by striking out the second sentence.

(g) **NOTICE OF MILITARY CONSTRUCTION CONTRACTS ON GUAM.**—Section 2864(b) of such title is amended by striking out “after the 21-day period” and all that follows through “determination”.

**SEC. 1063. REPORTS REQUIRED BY DEFENSE AUTHORIZATION AND APPROPRIATIONS ACTS.**

(a) **PUBLIC LAW 99-661 REQUIREMENT FOR REPORT ON FUNDING FOR NICARAGUAN DEMOCRATIC RESISTANCE.**—Section 1351 of the National Defense Authorization Act for Fiscal Year 1987 (Public Law 99-661; 100 Stat. 3995; 10 U.S.C. 114 note) is amended—

- (1) by striking out subsection (b); and
- (2) in subsection (a), by striking out “(a) LIMITATION.—”.

(b) **ANNUAL REPORT ON OVERSEAS MILITARY FACILITY INVESTMENT RECOVERY ACCOUNT.**—Section 2921 of the Military Construction Authorization Act for Fiscal Year 1991 (division B of Public Law 101-510; 10 U.S.C. 2687 note) is amended—

- (1) by striking out subsection (f); and
- (2) by redesignating subsections (g) and (h) as subsections (f) and (g), respectively.

(c) **SCIENCE, MATHEMATICS, AND ENGINEERING EDUCATION MASTER PLAN.**—Section 829 of the National Defense Authorization Act for Fiscal Years 1992 and 1993 (Public Law 102-190; 105 Stat. 1444; 10 U.S.C. 2192 note) is repealed.

(d) **REPORT REGARDING HEATING FACILITY MODERNIZATION AT KAISERSLAUTERN.**—Section 8008 of the Department of Defense Appropriations Act, 1994 (Public Law 103-139; 107 Stat. 1438), is amended by inserting “but without regard to the notification requirement in subsection (b)(2) of such section,” after “section 2690 of title 10, United States Code.”

**SEC. 1064. REPORTS REQUIRED BY OTHER PROVISIONS OF LAW.**

(a) **REQUIREMENT UNDER ARMS EXPORT CONTROL ACT FOR QUARTERLY REPORT ON PRICE AND AVAILABILITY ESTIMATES.**—Section 28 of the Arms Export Control Act (22 U.S.C. 2768) is repealed.

(b) **ANNUAL REPORT ON NATIONAL SECURITY AGENCY EXECUTIVE PERSONNEL.**—Section 12(a) of the National Security Agency Act of 1959 (50 U.S.C. 402 note) is amended by striking out paragraph (5).

(c) **REPORTS CONCERNING CERTAIN FEDERAL CONTRACTING AND FINANCIAL TRANSACTIONS.**—Section 1352 of title 31, United States Code, is amended—

- (1) in subsection (b)(6)(A), by inserting “(other than the Secretary of Defense and Secretary of a military department)” after “The head of each agency”; and
- (2) in subsection (d)(1), by inserting “(other than in the case of the Department of Defense or a military department)” after “paragraph (3) of this subsection”.

(d) **ANNUAL REPORT ON WATER RESOURCES PROJECT AGREEMENTS.**—Section 221 of the Flood Control Act of 1970 (42 U.S.C. 1962d-5b) is amended—

- (1) by striking out subsection (a); and

(2) by redesignating subsection (f) as subsection (e).

(e) **ANNUAL REPORT ON CONSTRUCTION OF TENNESSEE-TOMBIGBEE WATERWAY.**—Section 185 of the Water Resources Development Act of 1976 (33 U.S.C. 544c) is amended by striking out the second sentence.

(f) **ANNUAL REPORT ON MONITORING OF NAVY HOME PORT WATERS.**—Section 7 of the Organotin Antifouling Paint Control Act of 1988 (33 U.S.C. 2406) is amended—

- (1) by striking out subsection (d); and
- (2) by redesignating subsections (e) and (f) as subsections (d) and (e), respectively.

## Subtitle G—Department of Defense Education Programs

**SEC. 1071. CONTINUATION OF UNIFORMED SERVICES UNIVERSITY OF THE HEALTH SCIENCES.**

(a) **POLICY.**—Congress reaffirms—

(1) the prohibition set forth in subsection (a) of section 922 of the National Defense Authorization Act for Fiscal Year 1995 (Public Law 103-337; 108 Stat. 2829; 10 U.S.C. 2112 note) regarding closure of the Uniformed Services University of the Health Sciences; and

(2) the expression of the sense of Congress set forth in subsection (b) of such section regarding the budgetary commitment to continuation of the university.

(b) **PERSONNEL STRENGTH.**—During the five-year period beginning on October 1, 1995, the personnel staffing levels for the Uniformed Services University of the Health Services may not be reduced below the personnel staffing levels for the university as of October 1, 1993.

(c) **BUDGETARY COMMITMENT TO CONTINUATION.** It is the sense of Congress that the Secretary of Defense should budget for the operation of the Uniformed Services University of the Health Sciences during fiscal year 1997 at a level at least equal to the level of operations conducted at the University during fiscal year 1995.

**SEC. 1072. ADDITIONAL GRADUATE SCHOOLS AND PROGRAMS AT UNIFORMED SERVICES UNIVERSITY OF THE HEALTH SCIENCES.**

(a) **ADDITIONAL SCHOOLS AND PROGRAMS.** Subsection (h) of section 2113 of title 10, United States Code, is amended to read as follows:

“(h) The Secretary of Defense may establish the following educational programs at the University:

- “(1) Postdoctoral, postgraduate, and technological institutes.
- “(2) A graduate school of nursing.

“(3) Other schools or programs that the Secretary determines necessary in order to operate the University in a cost-effective manner.”.

(b) **CONFORMING AMENDMENTS TO REFLECT ADVISORY NATURE OF BOARD OF REGENTS.** (1) Section 2112(b) of such title is amend

B. St. John  
 Source: memo. B. St. John  
 3/20/96  
 Includes note change.

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Replaces present  
Table

TABLE F-3

TRANSPORTATION COST LOOK-UP TABLE

<u>NSN</u>	<u>ITEM</u>	1-Oct-96 PUBLISHED <u>CODE 6*</u>	1-Oct-96 PUBLISHED <u>CODE 8*</u>	1-Oct-96 PUBLISHED <u>CODE 9*</u>
<u>ARMY ANNEX</u>				
<u>ATACMS</u>				
1427-01-274-3904	GUIDED MISSILE AND LAUNCH POD ASSEMBLY, M39	\$3,328	\$2,246	\$15,956
<u>CHAPARRAL</u>				
1410-01-095-3248	MISSILE, GM, INTERCEPT AERIAL, MIM-72E	\$529	\$313	\$1,555
1410-01-150-2863	MISSILE, GM, INTERCEPT AERIAL, MIM-71F	\$529	\$313	\$1,555
1410-01-216-3775	MISSILE, GM, INTERCEPT AERIAL, MIM-72N	\$529	\$313	\$1,555
1440-00-937-3859	SYS, MISSILE, GM INTERCEPT AERIAL, CARRIER MTD, M48	\$16,069	\$4,809	\$74,903
1440-01-069-8877	MISSILE, GM, INTERCEPT AERIAL, CARRIER MTD, M48A1	\$18,009	\$6,749	\$80,641
1440-01-106-3089	MISSILE, GM, INTERCEPT AERIAL, CARRIER MTD, M48A2	\$18,009	\$6,749	\$80,641
1440-01-181-6002	FLIR	\$380	\$265	\$1,519
1440-01-198-5892	MISSILE, GM, INTERCEPT AERIAL, MTD, M48A2E1	\$18,009	\$6,749	\$79,073
4935-01-104-9827	AN/TSM-96A	\$14,512	\$8,103	\$49,989
<u>DRAGON</u>				
1427-00-163-8959	MISSILE	\$187	\$126	\$545
1430-00-078-8340	TRACKER	\$660	\$645	\$1,101
1430-01-046-9594	NIGHT TRACKER	\$715	\$669	\$1,389

TABLE F-3

## TRANSPORTATION COST LOOK-UP TABLE

<u>HAWK</u>	<u>NSN</u>	<u>ITEM</u>	1-Oct-96	1-Oct-96	1-Oct-96
			<u>PUBLISHED</u>	<u>PUBLISHED</u>	<u>PUBLISHED</u>
			<u>CODE 6*</u>	<u>CODE 8*</u>	<u>CODE 9*</u>
	1337-00-484-8551	ROCKET MOTOR, M112	\$1,084	\$795	\$4,807
	1410-00-234-3266	MISSILE	\$3,477	\$2,034	\$12,270
	1410-01-173-9990	MISSILE, MEI	\$3,477	\$2,034	\$12,270
	1430-00-103-5270	IPCP, AN/MSW-11	\$15,982	\$6,032	\$51,375
	1430-00-135-0267	ICWAR	\$9,395	\$2,849	\$30,598
	1430-00-169-1859	ICC	\$16,601	\$6,389	\$52,290
	1430-00-178-8453	PAR	\$11,860	\$3,219	\$39,024
	1430-00-178-8454	ROR	\$8,780	\$2,757	\$28,518
	1430-00-782-9816	HPI	\$15,678	\$6,251	\$48,760
	1430-00-880-3357	AN/TPQ-29	\$7,848	\$4,369	\$27,217
	1430-01-042-4907	ICWAR/PIP, PHASE I	\$9,395	\$2,849	\$30,598
	1430-01-042-4908	PAR/PIP, PHASE I	\$15,092	\$5,142	\$49,017
	1430-01-042-4910	BCC/PIP, PHASE I	\$8,496	\$4,651	\$29,629
	1430-01-042-4915	IPCP, PHASE I	\$15,982	\$6,032	\$51,375
	1430-01-042-4918	ICC/PIP, PHASE I	\$16,293	\$6,343	\$51,762
	1430-01-078-9643	HPI/PIP, PHASE II	\$15,678	\$6,251	\$48,760
	1430-01-084-1130	IBCC, PHASE II	\$8,496	\$4,651	\$29,629
	1430-01-084-1131	IPCP, PHASE II	\$15,982	\$6,032	\$51,375
	1430-01-180-5318	PCP/PIP PHASE III	\$16,293	\$6,343	\$51,762
	1430-01-181-5884	B&P, PHASE III	\$16,293	\$6,343	\$51,762
	1430-01-184-6768	CWAR/PIP PHASE III	\$8,471	\$2,710	\$27,579
	1430-01-191-8780	HPI/PIP PHASE III	\$15,678	\$6,251	\$48,760
	1440-00-602-5055	LSCB, PHASE I	\$137	\$119	\$545
	1440-00-805-3012	LAUNCHER	\$8,450	\$4,422	\$29,927
	1450-00-066-8873	LOADER, XM501E3	\$6,339	\$2,109	\$21,776
	4935-00-133-9770	SHOP EQUIP, AN/TSM-112 W/SM 35 BEAM	\$2,503	\$1,771	\$8,545
	4935-00-604-7460	IAFU OMC GRD	\$1,856	\$1,490	\$5,276
	4935-00-782-1957	SHOP EQUIP, AN/TSM-105	\$7,848	\$4,369	\$27,217
	4935-00-880-4510	SHOP EQUIP, AN/TSM-107	\$7,848	\$4,369	\$27,217
	4935-01-042-4909	SHOP EQUIP, AN/TSM-107 PIP PHASE I	\$7,848	\$4,369	\$27,217
	4935-01-043-2244	SHOP EQUIP (NO. 1), PHASE I	\$10,116	\$5,355	\$35,940
	4935-01-051-8691	SHOP EQUIP, AN/TSM-104, PHASE 1	\$7,848	\$4,369	\$26,756

TABLE F-3

TRANSPORTATION COST LOOK-UP TABLE

<u>NSN</u>	<u>ITEM</u>	1-Oct-96	1-Oct-96	1-Oct-96
		<u>PUBLISHED</u>	<u>PUBLISHED</u>	<u>PUBLISHED</u>
		<u>CODE 6*</u>	<u>CODE 8*</u>	<u>CODE 9*</u>
4935-01-067-3362	SHOP EQUIP, GM, AN/TSM-120, PHASE II	\$2,503	\$1,771	\$9,155
4935-01-083-3128	SHOP EQUIP (NO. 8), PHASE II	\$7,333	\$2,572	\$23,921
4935-01-083-3129	SHOP EQUIP (NO. 1), PHASE II	\$10,116	\$5,355	\$35,940
4935-01-085-5618	SHOP EQUIP (NO. 9), PHASE II	\$6,623	\$2,433	\$20,569
4935-01-085-5679	SHOP EQUIP (NO. 9), PHASE II	\$4,680	\$3,948	\$13,645
4935-01-091-4450	TAS MAINT. KIT PHASE II	\$2,241	\$1,325	\$8,065
4935-01-218-7088	SHOP EQUIP (NO. 8), PHASE III	\$7,547	\$2,572	\$23,921
4935-01-218-7089	SHOP EQUIP (NO. 1), PHASE III	\$9,239	\$4,264	\$27,713
4935-01-223-9122	T.A.G., PHASE III	\$3,294	\$2,928	\$10,375
4935-01-282-9256	SHOP EQUIP (NO. 20), PHASE III	\$27,378	\$7,477	\$92,468
4935-01-286-5599	SHOP EQUIP (NO. 21), PHASE III	\$26,639	\$6,738	\$90,858
5821-00-102-8668	TRANSMITTING SET	\$137	\$119	\$435
<b><u>HELLFIRE</u></b>				
1410-01-126-4662	AGM-114A MISSILE	\$238	\$148	\$922
1410-01-192-0293	AGM-114C MISSILE	\$238	\$148	\$922
1410-01-332-2471	AGM-114F MISSILE	\$275	\$174	\$1,026
1410-01-422-1054	AGM-114K1 MISSILE	\$264	\$174	\$962
1410-01-425-4469	AGM-114K3 MISSILE	\$264	\$174	\$962
<b><u>HELICOPTER, UH-1H</u></b>				
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

TABLE F-3

## TRANSPORTATION COST LOOK-UP TABLE

<u>NSN</u>	<u>ITEM</u>	1-Oct-96	1-Oct-96	1-Oct-96
		PUBLISHED <u>CODE 6*</u>	PUBLISHED <u>CODE 8*</u>	PUBLISHED <u>CODE 9*</u>
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
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)	\$18,769	\$6,200	\$121,854
1055-01-251-9756	MLRS LAUNCHER (202 CONFIG)	\$18,769	\$6,200	\$121,854
1055-01-329-6826	MLRS LAUNCHER (203 CONFIG)	\$18,769	\$6,200	\$121,854
1340-01-122-3506	MLRS ROCKET POD, TACTICAL	\$2,973	\$1,891	\$16,129
1340-01-149-0918	MLRS ROCKET POD, PRACTICE	\$2,973	\$1,891	\$16,129
1340-01-370-9666	MLRS REDUCE RANGE, PRACTICE	\$2,973	\$1,891	\$16,119
<u>PATRIOT</u>				
1410-01-087-6343	GM, INTERCEPT AERIAL, MIM-104	\$5,492	\$3,327	\$14,513
1410-01-205-7066	GM, INTERCEPT AERIAL, MIM-104-A	\$5,492	\$3,327	\$14,513
1410-01-267-6685	GM, INTERCEPT AERIAL, MIM-104-B	\$5,492	\$3,327	\$14,513
1410-01-286-9689	GM, INTERCEPT AERIAL, MIM-104-C	\$5,492	\$3,327	\$14,513
1430-01-087-6330	RADAR SET, AN/MPQ-53	\$35,404	\$10,790	\$134,287
1430-01-087-6337	AN/MSQ-116, INFORMATION COORDINATION CENTRAL	\$33,304	\$10,523	\$112,549
1430-01-087-6338	AN/MGQ-104, ENGAGEMENT CONTROL STATION	\$33,304	\$10,523	\$112,549
1430-01-131-5373	ANTENNA MAST GROUP OA-9054 (V) 4/G	\$31,558	\$9,563	\$118,430



TABLE F-3

## TRANSPORTATION COST LOOK-UP TABLE

<u>NSN</u>	<u>ITEM</u>	1-Oct-96	1-Oct-96	1-Oct-96
		<u>CODE 6*</u>	<u>CODE 8*</u>	<u>CODE 9*</u>
1430-01-131-5427	AN/MRC-137 COMMUNICATIONS CONTROL GROUP	\$32,476	\$9,695	\$104,805
1440-01-087-9844	M901, LAUNCHING STATION	\$32,458	\$9,677	\$104,805
4935-01-136-0233	SHOP EQUIPMENT, GM SYSTEM, AN/TSM-16 (BMG)	\$27,067	\$6,172	\$87,552
2330-01-130-7980	SEMI-TRAILER, MAINTENANCE M1032 (SRPT)	\$26,767	\$6,134	\$86,838
4935-01-134-8713	SHOP EQUIPMENT, GM SYSTEM AN/TSM-163 (BME)	\$27,067	\$6,172	\$87,561
4935-01-182-0578	MAINTENANCE CENTER CONTACT TEAM AN/TCM-1	\$31,259	\$9,525	\$110,209
6130-01-109-9112	POWER SUPPLY	\$964	\$781	\$5,946
1430-01-239-6723	MODULATOR	\$894	\$711	\$5,128
1430-01-260-4963	EXCITER GROUP	\$1,461	\$1,415	\$3,045
1430-01-111-2419	MICROWAVE DEVICE	\$375	\$250	\$1,378
1430-01-092-4032	EXCITER GROUP	\$1,446	\$1,409	\$2,987
1430-01-234-1498	MICROWAVE DEVICE	\$574	\$400	\$2,021
1430-01-219-5560	COOLER LIQUID	\$937	\$653	\$4,097
1430-01-139-9738	EXCITER GROUP	\$216	\$165	\$794
5960-01-110-2668	ELECTRON TUBE	\$280	\$216	\$1,065
5960-01-091-0668	ELECTRON TUBE	\$240	\$176	\$825
1430-01-387-8436	GM, INTERCEPT AERIAL, MIM-104-D	\$5,492	\$3,327	\$14,513
<b><u>REDEYE</u></b>				
1425-00-930-9923	M41 GUIDED MISSILE SYS	\$156	\$109	\$384
1425-01-078-9258	M41 MISSILE W/METL CONT.	\$191	\$126	\$507
1425-01-078-9259	M41 MISSILE ASSEMBLY	\$152	\$105	\$380
6920-00-809-0399	GUIDED MISSILE TRAINING SET	\$340	\$307	\$901
<b><u>STINGER</u></b>				
1425-01-024-9982	WPN ROUND	\$257	\$169	\$629
1427-01-024-9967	MSL ROUND	\$164	\$110	\$531
1427-01-219-7116	WPN ROUND, LESS GRIPSTOCK	\$220	\$137	\$563
1427-01-325-3158	MISSILE ROUND	\$164	\$110	\$531
1427-01-325-3160	WEAPON ROUND, PARTIAL	\$185	\$120	\$543

TABLE F-3

TRANSPORTATION COST LOOK-UP TABLE

NSN	ITEM	1-Oct-96	1-Oct-96	1-Oct-96
		PUBLISHED	PUBLISHED	PUBLISHED
		CODE 6*	CODE 8*	CODE 9*
1440-01-170-8618	GRIPSTOCK - CONTROL GROUP	\$38	\$33	\$116
1440-01-281-9458	GRIPSTOCK, CONTROL GROUP	\$37	\$32	\$115
6920-01-024-6948	THT	\$316	\$274	\$980
6920-01-246-0701	CAPTIVE FLIGHT TRAINER	\$316	\$274	\$902
6920-01-283-7826	TRAINING SET	\$316	\$274	\$902
1440-01-024-6931	GRIPSTOCK - CONTROL GROUP	\$36	\$31	\$114
1440-01-111-7791	LAUNCH TUBE ASSEMBLY	\$662	\$629	\$1,559

THERMAL IMAGERY

5855-01-037-7340	NIGHT SIGHT, AN/TAS-6	\$534	\$519	\$1,082
5855-01-037-7341	AN/TAM-3	\$300	\$212	\$1,096
5855-01-083-9051	AN/UAS-11	\$703	\$593	\$2,341
5855-01-154-3871	AN/TAM-3A	\$474	\$300	\$1,963
5855-01-173-0808	NIGHT SIGHT, AN/UAS-12B	\$582	\$540	\$1,680

TOW

1410-01-007-2507	MISSILE	\$154	\$107	\$526
1410-01-007-2508	MISSILE	\$149	\$102	\$515
1410-01-106-8514	I-TOW	\$154	\$107	\$526
1410-01-135-2092	TOW-2 MISSILE	\$154	\$107	\$526
1410-01-137-9976	MISSILE, PRACTICE	\$149	\$102	\$515
1410-01-180-6790	I-TOW MISSILE W/CLM & MVIC	\$154	\$107	\$526
1410-01-229-9948	MISSILE	\$154	\$107	\$526
1410-01-257-7583	I-TOW MISSILE	\$154	\$107	\$526
1410-01-257-7584	TOW MISSILE, W/CLM	\$154	\$107	\$526
1410-01-257-7585	TOW PRACTICE MISSILE, W/CLM	\$149	\$102	\$515
1410-01-300-0254	TOW-2A MISSILE W/CLM, BGM-71E-1B	\$154	\$107	\$526
1410-01-301-0815	TOW-2 MISSILE W/CLM, BGM-71D-1B	\$154	\$107	\$526
1410-01-303-5172	TOW-2 MISSILE	\$149	\$102	\$515
1410-01-309-8302	TOW PRACTICE MISSILE W/CLM, BTM-71A-1B	\$149	\$102	\$515

TABLE F-3

## TRANSPORTATION COST LOOK-UP TABLE

NSN	ITEM	1-Oct-96	1-Oct-96	1-Oct-96
		PUBLISHED	PUBLISHED	PUBLISHED
		CODE 6*	CODE 8*	CODE 9*
1410-01-309-8303	I-TOW MISSILE W/CLM, BGM-71C-2B	\$154	\$107	\$526
1410-01-313-5364	TOW PRACTICE MISSILE W/CLM & DEU	\$149	\$102	\$515
1410-01-313-5365	I-TOW MISSILE, W/CLM & DEU	\$154	\$107	\$526
1410-01-313-5366	TOW-2 MISSILE	\$154	\$107	\$526
1410-01-313-5367	TOW-2A MISSILE	\$154	\$107	\$526
1410-01-322-5333	TOW-2B MISSILE	\$154	\$107	\$526
1410-01-343-8924	BTM-71E-2B PRACTICE MISSILE	\$149	\$102	\$515 \$0
1410-01-370-2288	TOW, 2A GUIDED MISSILE BGM-71E-4B	\$154	\$107	\$531
1410-01-370-2289	TOW, 2A GUIDED MISSILE BGM-71E-4B	\$149	\$102	\$526
1410-01-370-2292	TOW, 2A PRACTICE MISSILE BTM-7E-3B	\$154	\$107	\$525
1440-00-169-1764	LCHR	\$1,821	\$1,455	\$4,402
1440-01-104-9834	LCHR, TUBULAR, GM, TOW-2	\$1,779	\$1,455	\$4,840
1440-01-271-3015	TOW-2 LAUNCHER	\$1,779	\$1,455	\$4,840
1440-01-298-9788	TOW-2 LAUNCHER	\$1,779	\$1,455	\$4,840
4935-00-150-5905	CSS	\$3,577	\$1,929	\$13,782
4935-01-070-3426	FIELD TEST SET, TOW 2	\$1,309	\$943	\$4,509
4935-01-082-7023	ICSS	\$3,577	\$1,929	\$13,782
4935-01-114-3919	CSS, TOW-2	\$3,577	\$1,929	\$13,782
4935-01-142-9561	FIELD TEST SET	\$1,309	\$943	\$4,509
4940-01-154-3957	IMP. CSS, TOW-2	\$6,492	\$3,196	\$22,979
5855-01-083-9053	NIGHT SIGHT, AN/TAS-4A	\$699	\$662	\$1,650
5855-01-152-8781	NIGHT SIGHT, AN/UAS-12A	\$708	\$666	\$1,699
5855-01-245-8689	NIGHT SIGHT, AN/UAS-12A	\$708	\$666	\$1,699
5855-01-301-0158	NIGHT SIGHT, AN/UAS-12C	\$708	\$666	\$1,699
6130-01-018-9786	BATTERY CHARGER	\$156	\$114	\$631
6920-00-179-7320	M70 TRAINER, TOW	\$1,309	\$943	\$4,285
6920-01-145-6098	M70 TRAINER, TOW-2	\$1,309	\$943	\$4,285
1410-01-379-8253	BGM-71E-6B	\$154	\$107	\$526

TABLE F-3

TRANSPORTATION COST LOOK-UP TABLE

<u>NSN</u>	<u>ITEM</u>	1-Oct-96 PUBLISHED <u>CODE 6*</u>	1-Oct-96 PUBLISHED <u>CODE 8*</u>	1-Oct-96 PUBLISHED, <u>CODE 9*</u>
<u>JAVELIN</u>				
1427-01-422-7617	JAVELIN ROUND	\$4,556	\$2,283	\$3,138
6920-01-391-9209	FIELD TACTICAL TRAINER-STUDENT STATION	\$167	\$101	\$673
6920-01-391-9210	FIELD TACTICAL TRAINER-INSTRUCTOR STATION	\$48	\$35	\$311
6920-01-391-9213	MISSILE SIMULATION ROUND	\$123	\$94	\$528
6920-01-391-6744	BASIC SKILLS TRAINER	\$604	\$397	\$2,171
PN 13310701-009	COMMAND LAUNCH UNIT	\$73	\$47	\$364

TABLE F-3

## TRANSPORTATION COST LOOK-UP TABLE

<u>NSN</u>	<u>ITEM</u> <u>NAVY ANNEX</u>	1-Oct-96	1-Oct-96	1-Oct-96
		<u>PUBLISHED</u> <u>CODE 6*</u>	<u>PUBLISHED</u> <u>CODE 8*</u>	<u>PUBLISHED</u> <u>CODE 9*</u>
<b><u>HARM MISSILE</u></b>				
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
<b><u>HARPOON MISSILE</u></b>				
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
1410-01-139-1744	RTM-84D-3	\$1,350	\$988	\$7,352
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
1410-01-253-0241	AGM-84D-1	\$867	\$611	\$4,846
1410-01-235-7042	RGM-84D-3	\$1,350	\$972	\$6,641
1410-01-198-7063	RGM-84D-4	\$1,356	\$979	\$6,940
<b><u>MK 46 TORPEDO</u></b>				
1356-01-282-4662	TORPEDO, MK 46 MOD 5A(S)	\$769	\$494	\$3,658
<b><u>SIDEWINDER MISSILE</u></b>				
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

TABLE F-3

TRANSPORTATION COST LOOK-UP TABLE

NSN	ITEM	1-Oct-96	1-Oct-96	1-Oct-96
		PUBLISHED	PUBLISHED	PUBLISHED
		CODE 6*	CODE 8*	CODE 9*
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
<b><u>SPARROW MISSILE</u></b>				
1410-01-149-3507	AIM-7M(F-1 BUILD)	\$4,317	\$3,637	\$3,834
1410-01-306-0435	AIM-7M(H BUILD)	\$2,274	\$1,988	\$3,896
1410-01-320-4823	RIM-7P	\$2,274	\$1,988	\$3,896
1410-01-149-3508	RIM-7M(F-1 BUILD)	\$4,317	\$3,637	\$3,834
1410-01-306-0434	RIM-7M(H BUILD)	\$4,317	\$3,637	\$3,834
1410-01-341-9221	RIM-7/VL	\$4,317	\$3,637	\$3,834
<b><u>P-3 AIRCRAFT</u></b>				
2840-00-T56-A140	T-56 ENGINE	\$3,444	\$1,620	\$7,031
<b><u>TOMAHAWK MISSILE</u></b>				
1410-01-344-5355	UGM-109C	\$2,562	\$1,885	\$3,173

TABLE F-3

TRANSPORTATION COST LOOK-UP TABLE

NSN	ITEM <u>AIR FORCE ANNEX</u>	1-Oct-96	1-Oct-96	1-Oct-96
		PUBLISHED <u>CODE 6*</u>	PUBLISHED <u>CODE 8*</u>	PUBLISHED <u>CODE 9*</u>
<b><u>MAVERICK MISSILE</u></b>				
1410-01-101-8490JE	AGM-65A	\$883	\$552	\$2,871
1410-00-238-1486JE	AGM-65A	\$883	\$552	\$2,871
1410-01-089-2505JE	AGM-65B	\$883	\$552	\$2,871
1410-00-125-6760JE	AGM-65B	\$883	\$552	\$2,871
1410-01-285-0603JE	AGM-65D	\$883	\$552	\$2,946
1410-01-158-2872JE	AGM-65E	\$894	\$575	\$3,834
1410-01-253-8073JE	AGM-65F	\$894	\$575	\$3,834
1410-01-253-5628JE	AGM-65G	\$881	\$552	\$3,793
<b><u>AMRAAM</u></b>				
1410-01-301-3317AL	AIM-120A	\$422	\$345	\$1,263
1410-01-320-7531AL	AIM-120A	\$422	\$345	\$1,263
1410-01-375-0438AL	AIM-120A	\$422	\$345	\$1,263
1410-01-375-0439AL	AIM-120A	\$422	\$345	\$1,263
1410-01-379-4896AL	AIM-120B	\$422	\$345	\$1,263
1410-01-364-8453A	CONTROL SECTION	\$891	\$874	\$1,112
1337-01-383-9721	PROPULSION SECTION	\$1,129	\$1,088	\$1,731
1336-01-385-3212	WARHEAD SECTION	\$1,055	\$1,043	\$1,223
1420-01-381-3232AL	GUIDANCE SECTION	\$982	\$927	\$1,715
<b><u>SIDEWINDER MISSILE</u></b>				
1410-01-135-2771AB	AIM-9L	\$241	\$163	\$1,132
1410-01-137-5971AB	AIM-9E-2	\$241	\$163	\$1,132
1410-01-137-5972AB	AIM-9P-3	\$241	\$163	\$1,132
1410-01-162-9395AB	AIM-9M-3	\$241	\$163	\$1,132
	AIM-9P-5	\$241	\$163	\$1,132
1427-01-255-3015XZ	AIM-9P-4 GCS	\$85	\$64	\$265
1427-01-342-3811XZ	AIM-9P-4 GCS	\$85	\$64	\$265
1427-01-346-8789XZ	AIM-9P-4 GCS	\$85	\$64	\$265
	AIM-9P-5 GCS	\$85	\$64	\$265

TABLE F-3

TRANSPORTATION COST LOOK-UP TABLE

<u>NSN</u>	<u>ITEM</u>	1-Oct-96	1-Oct-96	1-Oct-96
		<u>PUBLISHED</u>	<u>PUBLISHED</u>	<u>PUBLISHED</u>
		<u>CODE 6*</u>	<u>CODE 8*</u>	<u>CODE 9*</u>
<b><u>SPARROW MISSILE</u></b>				
1410-01-135-6176BL	AIM-7E	\$366	\$231	\$2,136
1410-01-168-3591BL	AIM-7M	\$366	\$231	\$2,350
1410-01-168-3592BL	AIM-7M	\$366	\$231	\$2,350
1410-01-308-3789BL	AIM-7M	\$366	\$231	\$2,350
1410-01-308-3788BL	AIM-7M	\$366	\$231	\$2,350
1410-01-326-3308BL	AIM-7E3 GCS	\$476	\$353	\$1,662
1410-01-133-7467BL	AIM-7M GCS	\$436	\$324	\$1,498
1410-01-133-7468BL	AIM-7M GCS	\$436	\$324	\$1,498
1410-01-276-0428BL	AIM-7M GCS	\$436	\$324	\$1,498
1410-01-274-7145BL	AIM-7M GCS	\$436	\$324	\$1,498

\*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

*Background*

WASHINGTON, DC 20301-2800

04 OCT 1996

In response refer to:  
I-05477/96

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 1996. This memorandum has been coordinated with the Office of the USD(Comptroller).

Please direct questions to Mr. Richard Miles, DSAA/COMPT/F PD, (703) 604-6562, ext. 234 or DSN 664-6562, 234.

  
James A. McQuality  
Comptroller

Attachment: as stated

copy to: DISAM

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*Walter Mills - Ops mem*