



DEFENSE SECURITY ASSISTANCE AGENCY

WASHINGTON, DC 20301-2800

01 MAR 1991

Letter of Transmittal

The attached Change 3 to the 1 October 1988 SAMM should be reviewed as it is added to the manual in order that changes to current policies and procedures may be noted.

Your suggestions for improving the manual continue to be welcome. Any recommended changes may be submitted as discussed in Chapter 1, Section 10008.

A handwritten signature in cursive script, reading "Glenn A. Rudd", is positioned above the typed name.

GLENN A. RUDD  
ACTING DIRECTOR

Attachment  
As stated

**SECURITY ASSISTANCE MANAGEMENT MANUAL (SAMM)**  
**FORMAL CHANGE NO. 3 INCLUDES THE FOLLOWING INFORMATION:**

**MAJOR CHANGES** (by Chapter) are as follows:

- CHAPTER 2** Paragraph 20202.C.3.e., "Air Travel," includes exceptions from normal travel procedures.
- CHAPTER 6** Table 600-2, "Eligible Countries/Organizations," updated;  
Section 601, "Contractor Preference for Direct Commercial Sales," major rewrite.
- CHAPTER 7** Paragraph 70002.C.2.d. The scope of a BO or FMSO II LOA will be determined by the value of funds made available for ordering. The value may be increased only during the initial 12 month period of the LOA.  
Paragraph 70003.B.3.h. Key factors which effect planning data updated.  
Paragraph 70003.D. "Letter of Intent" clarification of requirements and preparation.  
Paragraph 70103.N. Updated MILDEP addresses.  
Section 703. "Impact on Current Readiness (Section 118) Report," all references deleted. This requirement was repealed by P.L. 101-510.
- CHAPTER 8** Paragraph 80206.B.8.b. "Authorized Transportation Modes" includes direction for tracing and recording small parcel shipments.  
Paragraph 80206.D.12. "Reconstitution of Lost FMS Shipping Documentation," change of address for Air Force.  
Section 804, Clarification of DSAA countersignature requirements for amendments and modifications.
- CHAPTER 9** Section 901, "Eligibility," total rewrite.  
Table 902-3. "Loan Agreement," Section 8.4 rewritten to comply with Section 23(e) of the AECA.  
Table 902-3A. "Grant Agreement," Section 7.3 rewritten to comply with Section 23(e) of the AECA.
- CHAPTER 10** Table 1001-1, Notes 10 and 11 contain updated information regarding the living allowance for guest instructors at USARSA, SCIATTS and IAAFA.



**CHAPTER 13** Paragraph 130104.C.3. "Type of Assistance Codes," Code V: FMSO II, Source of Supply "S."

Table 1301-2, Number 14, FMSO II, Source of Supply Code, S.

Table 1304-1, "Financial Annex," new Paragraph 4.

**CHAPTER 14** Section 1400, "Special Defense Acquisition Fund," major rewrite.

**APPENDIX E** Updated references and deleted reports repealed by PL 101-510.

**APPENDIX F** New "Transportation Cost Look-Up Table."

**INDEX** Updated.

**REMOVE AND INSERT  
FOR CHANGE 3**

The following page changes to DOD 5105.38-M, *Security Assistance Management Manual* are effective immediately. The Letter of Transmittal with its accompanying memos indicating major changes, pages to be removed/added, and the List of Effective Pages should be kept together and placed at the very front of the *SAMM*.

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## DEFENSE SECURITY ASSISTANCE AGENCY

WASHINGTON, DC 20301-2800

2 July 1990

### Letter of Transmittal

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

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

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

CHARLES W. BROWN  
LIEUTENANT GENERAL, USA  
DIRECTOR

Attachment  
as

**SECURITY ASSISTANCE MANAGEMENT MANUAL (SAMM)****FORMAL CHANGE NO. 2 INCLUDES THE FOLLOWING INFORMATION:****MAJOR CHANGES** (by Chapter) are as follows:

- CHAPTER 2** Paragraph 20202.C.3.e., "Air Travel," new paragraph.  
Paragraph 20202.D., "Logistics Support," new paragraph.  
Table 202-1, "Part 121--The United States Munitions List," updated.  
Paragraph 20301.C., "Transfer," (third party transfer), rewritten (tighter controls).
- CHAPTER 6** Table 600-2, "Eligible Countries/Organizations," updated.
- CHAPTER 7** Paragraph 70002., "Background/Definitions." Planning and Review (P&R) terminology has been eliminated from Chapter 7 and other areas of the SAMM. Previous references to P&R are now identified as Price and Availability (P&A). The existing P&A data description has been deleted. P&A data is now the "old" P&R data. Future FMS customer requests may be for P&A data (for preliminary planning) or for an LOA.  
Paragraph 70002.C.2.d. and 70002.C.3.b. The ordering period of a BO or FMSO II LOA will normally be 12 to 36 months.  
Paragraph 70003.A.1.e., new paragraph (LOR processing).  
Table 700-6, "Major Defense Equipment List," updated.  
Paragraph 70103.H.3.a. and Chapter 8 (80101.B.), "Financial Analysis," rewritten. (Asset Use references deleted.)  
Table 701-9, "DD Form 1513," Paragraph W., Block (27), "Terms," rewritten. Block (20), "Delivery Term Code," rewritten and expanded.  
Section 702, "Program Management Lines." New material. Provides policy, guidelines, and procedures for the use of program management lines in LOAs.
- CHAPTER 8** Table 802-1, "Potential Sources for Listing of Freight Forwarders." Formerly Table 802-2. The existing Table 802-1, "Foreign Countries and International Organizations Authorized Receipt of DLA Excess Property Listings" has been deleted. Table 802-3 has been renumbered as Table 802-2.  
Section 804, "Amendments and Modifications." Total rewrite.



- CHAPTER 9** Paragraph 90006, "Third Party Transfers," new paragraph.  
Paragraph 90210, "Offshore Procurement," rewritten and expanded.
- CHAPTER 10** Paragraph 100213, "Financing of Student TLA Under an LOA," new paragraph.
- CHAPTER 13** This chapter has numerous changes as noted by asterisks in right-hand margin of each page. Of particular note are:  
  
Paragraph 130104.B.4., "Waiver of Administrative Charges for NAMSA FMS Programs," new paragraph.  
  
Paragraph 130104.C.2.a.(7), "FMS Credit (Non-Repayable)," new Terms of Sale paragraph.  
  
Paragraph 130202.b., "SAO Budget," rewritten (military personnel costs).  
  
Paragraph 130202.C.1.b.(3).(g)., "Acceleration of Civilian Personnel Costs," rewritten.  
  
Paragraph 130401.G., "Advance Collection for TL," new paragraph.  
  
Paragraph 130401.H., "Purchaser Request for Payment Schedule Review," new paragraph.  
  
Paragraph 130602, "Disbursement Documentation," new paragraph.  
  
Paragraph 130705.E., "Asset Use," rewritten.
- CHAPTER 14** Paragraph 140109.A.3.e., new paragraph (fair pricing waivers).
- CHAPTER 15** Table 1500-1, "Letter of Request Format-Transaction Type S1." New paragraph, "Guidelines For LOA Descriptions-FMS 1200 System" added at end of table.
- APPENDIX A** Updated.
- APPENDIX B** Selected topics have been added and/or redefined.
- APPENDIX C** Updated.
- APPENDIX D** Updated.
- APPENDIX E** Updated. Price and Availability Report (RCS: DSAA(Q) 1138) revised.
- APPENDIX F** Updated.
- INDEX** Updated.

REMOVE AND INSERT  
FOR CHANGE 2

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The following page changes to DOD 5105.38-M, *Security Assistance Management Manual* are effective immediately. The Letter of Transmittal with its accompanying memos indicating major changes, pages to be removed/added, and the List of Effective Pages should be kept together and placed at the very front of the *SAMM*.

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Lines which are fully or partially changed are identified by marginal asterisks (\*). If a new paragraph or subparagraph is added or an existing paragraph or subparagraph is rewritten, the first line of such paragraph or subparagraph is annotated with a double asterisk (\*\*).

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DEFENSE SECURITY ASSISTANCE AGENCY

WASHINGTON, DC 20301-2800

20 October 1989

**Letter of Transmittal**

Change 1 to the 1 October 1988 SAMM includes a number of guidance adjustments which have been published in messages or other correspondence. It also includes major changes, such as a revised financial management section, that were coordinated with the offices which have primary responsibility for the areas involved. Those who refer to the SAMM frequently may wish to review the attachments prior to collation into the manual in order to be better aware of all changes incorporated therein.

Guidance within the SAMM is adjusted continuously. Due to the necessity to establish a cutoff date in order to stabilize information for publication, changes with which you are familiar may not be included. A revision to the Special Defense Acquisition Fund section, now being coordinated, is one example. Those changes will be added following final approval and merger into the publication process.

As legislation, policy, and management processes pertaining to Security Assistance continue to mature, each person using the SAMM should consider its accuracy and general utility to be an integral part of the management of our programs. Suggestions for improving the manual are welcome and may be provided to DSAA as discussed in Chapter 1.

A handwritten signature in black ink, appearing to read "Charles W. Brown", is located below the text.

CHARLES W. BROWN  
LIEUTENANT GENERAL, USA  
DIRECTOR



**SECURITY ASSISTANCE MANAGEMENT MANUAL (SAMM)****FORMAL CHANGE NO. 1 INCLUDES THE FOLLOWING INFORMATION:****INTERIM CHANGE INCORPORATED:**

<u>Number</u>	<u>Subject</u>
88-1	"... add Bolivia to the list of foreign countries and international organizations authorized receipt of DLA excess property listings ..."

**DSAA MEMORANDA INCORPORATED:**

I-015365/88	Update the Transportation Cost Look-Up Table, Appendix F.
I-017475/88	Sole Source Documentation Procurement in Security Assistance (Append sole source requests to LOAs by use of a DD Form 1513-2).

**MAJOR ADDITIONS/DELETIONS (by Chapter) are as follows:**

CHAPTER 5      Singapore added to **Table 503-5**, "Equivalent Foreign and International Pact Organization Security Classifications."

CHAPTER 6      **Paragraph 60003.D.**, "Proper Use of Materiel." The existing paragraph has been rewritten and expanded. The subject concerns the utilization of defense articles and services acquired through the sale or lease from the United States and specifically discusses methods of disposal.

Added **Paragraph 60203**, "Guidelines For Industry Interface with SAOs." The subject concerns representatives of U.S. industry, recognition of overlapping DOD and commercial interests, and shows actions which U.S. commercial marketers may take when working with SAOs.

CHAPTER 7      **Table 700-2**, "Memo—Subject: Security Assistance Request for MDE." Table has been revised.

**Table 700-6**, "Major Defense Equipment List." Table has been revised.

**Section 702**, "Financial Principals and Procedures," has been reformatted and relocated to Chapter 13. **Table 702-6**, "Case Management Line Supporting Information," was deleted.

CHAPTER 8      **Paragraph 80102.C.2**, "LOA Amendment," has been rewritten and re-titled, "LOA Amendment or Modification." The subject concerns sole source procurement.

**Section 803**, "Performance Reporting and Case Closure," has been reformatted and relocated to Chapter 13.

**CHAPTER 9** Chapter 9 now includes three types of financing agreements: a DOD Guaranteed Loan Agreement Issued by the FFB, a Loan Agreement, and a Grant Agreement with their required Annexes and Exhibits.

**Paragraph 90209**, "Direct Commercial Purchases" has been rewritten.

**Table 902-3**, "DOD Direct Loan Agreement" has been re-titled "Loan Agreement" and includes the following: three new paragraphs concerning the borrower have been added to *Section 5*, "Covenants"; a major change to *Annex III*, "Repayment Procedures;" and a rewrite of *Exhibit B*, "DSAA Requirements for Documentation to Support Requests for Advances."

Added **Table 902-3A**, "Grant Agreement," with multiple Annexes and Exhibits.

**Table 902-5**, "DSAA Sample Letter to Supplier Approving Use of FMS Loan Financing for Direct Commercial Purchases," has been revised.

**Table 902-7**, "Contractor's Certification and Agreement with DSAA," has been revised and expanded.

**CHAPTER 10** **Paragraph 100102.T.**, "Excessive High Cost Training," has been revised with a change in the dollar threshold for high cost training.

**Table 1003-1**, "Invitational Travel Order (ITO)" has been replaced with the April 1987 version of the form.

**CHAPTER 11** **Paragraph 110104.B.4.**, "Packing, Crating, and Handling (PCH) Charges for Redistributable Property" has been revised.

**CHAPTER 13** The title has been changed from, "Security Assistance Program Administration" to "Financial Principles and Procedures." The new Chapter 13 includes information from the former Chapter 13 and former Sections 702 and 803. It has been organized along lines similar to the DOD 7290.3-M, *FMS Financial Management Manual*.

**Appendixes A, B,C, and D** include a few changes.

**Appendix F**, "Transportation Cost Look-up Table" has been revised and updated.

**INDEX** Index has been reaccomplished.

# MISCELLANEOUS EDITORIAL CHANGES

This change also includes miscellaneous editorial revisions to correct errors resulting from the reformatting of the previous SAMM.

REMOVE AND INSERT  
FOR CHANGE 1

---

The following page changes to DOD 5105.38-M, *Security Assistance Management Manual* are effective immediately. The Letter of Transmittal with its accompanying memos indicating major changes, pages to be removed/added, and the List of Effective Pages should be kept together and placed at the very front of the *SAMM*.

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Lines which are fully or partially changed are identified by marginal asterisks (\*). If a new paragraph or subparagraph is added or an existing paragraph or subparagraph is rewritten, the first line of such paragraph or subparagraph is annotated with a double asterisk (\*\*).

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DEFENSE SECURITY ASSISTANCE AGENCY

WASHINGTON, DC 20301-2800

1 October 1988

**Letter of Transmittal**

This Security Assistance Management Manual replaces the April 1984 edition of the SAMM, including nine changes, which should be destroyed.

The revision differs from the previous edition of the SAMM in three substantial areas:

1. Interim changes, approved since Change 9 was published, have been added.
2. The SAMM has been reformatted to make it easier to locate, and to identify the location of, information. This includes modification of the previous chapter, section, paragraph, and table numbering system; figures have been discontinued, previous figures are now tables; addition of dictionary-style paragraph identification on each page; restructuring the Table of Contents to show a master Table plus a detailed Table of Contents preceding each chapter; and expansion of the Index.
3. The Manual has been edited to improve continuity. As examples, the use of upper and lower case print is now more consistent, the list of acronyms in Appendix A has been expanded to better correspond with usage in the Manual, and sentence structure has been standardized.

The SAMM is the primary instrument for dispensing the guidance necessary for implementation of pertinent United States legislative and foreign policy initiatives. Supplementation of the Manual should be undertaken sparingly, to compensate for unique circumstances within the supplementing agency, and only after consideration of a change to the SAMM itself.

The Defense Security Assistance Agency will continue to welcome comments to make this Manual a more useful tool in managing the multi-faceted Security Assistance Program.

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

CHARLES W. BROWN  
Lieutenant General, USA  
Director

## Synopsis of Policy Changes in the Revised SAMM

The following are the most substantial changes:

Chapter	Subject of Change	Basis
6	Repair and Replace Program	Change 88-04
6	Issuing DOD Stocks Below Reorder Point	Change 88-05
6	SAO-Industry SA Relations	USDP 131908ZAUG88
6	Non-U.S. Administrative Support Costs	USDP 241600ZAPR81
6	Add "Sao Tome and Principe"	Pres. Determination 88-17
7	Retransfer Limitations	Change 88-02
7	Administrative Charges (Case Cancellations)	MILDEPs/DLA/DSAA
7	Non-Standard Support	MILDEPs/DLA/DSAA
7	Rescind Case Management Policy	DSAA I-18975/88
8	MTMC Single POC, Reconstitution of Lost Shipment Documents	Change 87-03
8	Agents' Fees, Saudi Arabia	Change 88-06
8	Argentina as Excess Property List Recipient	Change 88-07
8	FMS Shipment to Canada	DSAA I-00074/88
8	FMS Case Closure	MILDEPs/DSAA
8	Packaging-Marking MILSTD Change	Army/DSAA
8	Financing RODs Table	MILDEPs/DSAA
9	FMS Credit, Direct Loan Agreement Table	DSAA
10	Complete Revision, (Changes Throughout)	MILDEPs/DSAA
11	Disposal of MAP Property	DSAA
13	C-12 Aircraft Management	Change 88-03
14	Cooperative Projects	Change 88-01
14	Release of Technical Data	DSAA I-01898/88
14	Coproduction Agreements	DSAA I-03586/88
App. F	Transportation Cost Look-Up (Table F-3)	DSAA I-04092/87



## Record of Transmittals

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## FOREWORD

\*

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

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

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# CHAPTER ONE

## INTRODUCTION TO SECURITY ASSISTANCE

### Section 100 - Manual Purpose and Structure

**10001 PURPOSE.** DOD 5105.38-M, *SAMM*, has been published to establish policies and procedures required to carry out the management of security assistance in accordance with the FAA 1961, as amended; the AECA, 1976, as amended; and other applicable statutes and directives.

**10002 ORGANIZATION.** The Manual has been organized to follow the logical steps associated with the various processes that occur in security assistance management.

A. Major related categories of information are organized by chapter. Categories within each chapter are refined at the section level. These sections within individual chapters are numbered sequentially. For example, Chapter 1 contains sections 100 and 101; Chapter 2 contains sections 200, 201, 202, etc.

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

### **10003 CHAPTER IDENTIFICATION SYSTEM.**

A. Within a chapter's sections, paragraphs are numbered consecutively with a five or six digit number consisting of the section number and a two-digit paragraph identifier. For example, the first paragraph in the first section of Chapter One is numbered 10001, and the next paragraph is numbered 10002. Similarly, the first paragraph in the next section of Chapter One is numbered 10101. Subparagraphs and subdivisions thereof are identified, in turn as necessary, by upper-case letters, arabic numerals, lower-case letters, arabic numerals in parentheses, lower-case letters in parentheses, underlined arabic numerals and underlined lower-case letters. Thus, a subparagraph might be referred to as subparagraph 10001.A.1.a(1)(a)1a.

B. Page numbers consist of a two-part number. The first part will be the section number and the second part will be the applicable consecutive arabic numeral (e.g., 100-1, 100-2, etc.). In the event changes to the Manual require the insertion of a page between two consecutively numbered pages, decimal suffixes will be used (e.g., 100-1.1, 100-1.2, etc.).

C. Table numbers consist of a two-part number. The first part will be the section number and the second part will be an arabic number assigned to the table; e.g., Table 100-1 is followed by Table 100-2, etc.

D. Appendix numbers consist of a two-part number. The first part will be the consecutive letter of the alphabet and the second part will be the page number (e.g., Appendix A page numbers will appear as A-1, A-2, A-3, etc.)

**10004 APPLICABILITY.** The provisions of this Manual apply to OSD, its separate agencies, the MILDEPs, Unified Commands and their agencies, SAOs, the Organization of the

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

**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 (TWX) 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:

<b>Navy:</b>	Navy Office of Technology Transfer and Security Assistance ATTN: TTSA-04B2 U.S. Department of the Navy Washington DC 20360-5000
<b>Army:</b>	Department of the Army Deputy Chief of Staff for Logistics Security Assistance Policy Coordinating Office ATTN: DALO-SAA Rm 3D560, The Pentagon Washington DC 20310-0512
<b>Air Force:</b>	Publication Distribution Center 2800 Eastern Blvd. Middle River Baltimore, MD 21220-5000



Such distribution will be in accordance with addressee lists developed and provided by the DSAA Comptroller, Office of FMS Control Division, Washington DC, 20301-2800. Requests for commercial purchases of the SAMM should be directed to the Defense Institute of Security Assistance Management, DISAM/DIR, Building 125, Area B, Wright-Patterson AFB OH 45433-5000.

**10008 INTERPRETATION, RECOMMENDATIONS, AND DEVIATIONS.**

Requests for clarification or interpretation of, or changes to, the provisions of this Manual should be submitted through security assistance management channels to the DSAA (ATTN: DSAA/OPS-E), Washington DC, 20301-2800. Any guidance contained in this Manual that appears to be in conflict with other DOD issuances or governing statutes and regulations should be reported to DSAA/OPS-E. Deviations from the policies presented in this Manual may not be implemented without the explicit prior approval of the Director, DSAA, based upon justified requests from the components of the DOD.

**10009 EFFECTIVE DATE AND IMPLEMENTATION.** The provisions of this Manual are effective upon date of transmittal.

**Section 101 - Rationale and Scope**

**10101 PURPOSE.** This section summarizes the rationale and scope of the SA program.

**10102 RATIONALE FOR SECURITY ASSISTANCE PROGRAM.**

A. Security assistance has historically played a prominent role in foreign and defense policy. The SA Program is an essential complement to the overall U.S. defense effort. When we directly assist other nations in meeting their defense requirements, we also make a contribution to our own security.

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

**10103 SA SCOPE.**

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

B. SA consists of the following major programs:

1. Programs administered by the DOD:
  - a. FMS;
  - b. FMS Financing;
  - c. MAP;
  - d. IMET.
2. Programs administered by the Department of State:
  - a. ESF;
  - b. PKO;
  - c. Commercial Export Sales licensed under the AECA.

**10104 IMPLEMENTATION.** DOD administers and manages all transactions that involve the transfer of defense articles and services. In this regard, SA is an integral element of the DOD mission. The development and execution of the program shall be accorded the same high degree of attention and efficiency as other DOD programs. To the extent practical, security assistance requirements shall be integrated with other DOD requirements and implemented through the same DOD systems, facilities, and procedures.

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## CHAPTER TWO

### MAJOR STATUTORY AND POLICY PROVISIONS

Section 200 - General
-----------------------

**20001 PURPOSE.** This chapter highlights the fundamental legal authorities and restrictions that apply to the components of the overall security assistance program managed by the DOD.

**20002 BACKGROUND.** MAP and IMET are grant aid programs administered under the authority of the FAA of 1961, as amended. FMS is made under the authority of the AECA, 1976, as amended.

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

1. The sale of defense articles, services, and training (FMS).
2. The sale of design and construction services (FMCS).
3. The extension of direct and guaranteed credit in connection with sales (FMSCR).
4. The lease of defense articles.
5. The transfer of MAP funds to the FMS Trust Fund.
6. The provision of grant training under the IMET Program.
7. The furnishing of defense articles, defense services, and training as grant aid from DOD resources (FAA Section 506 drawdown).

B. **Appropriations.** Appropriations must be obtained from the Congress for paragraphs 3., 5., and 6. of the above USG-financed program authorizations. Appropriations also are requested to reimburse DOD for the value of items furnished under FAA Section 506 drawdown.

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

20201.

**Section 201 - Grant Aid**

**20101 GENERAL.** Grant aid is furnished through programs for MAP and IMET.

**20102 MAP.**

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

B. The drawdown program includes furnishing defense articles, defense services, and training by drawdown of DOD resources under emergency conditions and procedures as set forth in Section 506, FAA. Procurement is not authorized under this provision. Refer to Chapter 11 for appropriate details.

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

**20103 IMET.** The IMET program is operated as a discrete grant aid program under unique policies and procedures. Refer to Chapter 10 for details.

<b>Section 202 - FMS</b>
--------------------------

**20201 LEGISLATIVE AUTHORITY FOR FMS.****A. AECA, 1976, as amended.**

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

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

b. The country or international organization shall have agreed not to transfer title of, or possession of, any defense article or related training or other defense service so furnished to it to anyone not an officer, employee, or agent of that country or international organization, and not to use or permit the use of such article or related training or other defense service for purposes other than those for which furnished unless the consent of the President has first been obtained;

c. The country or international organization shall have agreed that it will maintain the security of such article and will provide substantially the same degree of security protection afforded to such article by the U.S.; and

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

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

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

4. **Designation of Defense Articles and Services.** The terms "defense article" and "defense service" are defined by AECA, Sec. 47, for purposes generally of the AECA, including FMS and leases. However, for the purposes of direct commercial exports, the President is authorized [AECA, Sec. 47(7)] to designate those items which shall be considered defense articles and defense services, and to promulgate regulations for control of the export and import of such articles and services. The items so designated shall constitute the United States Munitions List [AECA, Sec. 38(a)]. Items in categories which are asterisked on this list are considered SME. A copy of the U.S. munitions list is enclosed at Table 202-1.

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

6. **Arms Control.** Arms control consequences must be taken into consideration when evaluating any FMS sale [FAA, Sec. 511; AECA, Sec. 38(a)(2); AECA, Sec. 42(a)(3)].

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Decisions to issue licenses or approve sales under the Arms Export Control Act or to furnish military assistance under the FAA of 1961, as amended, shall be made in coordination with the Director of the Arms Control and Disarmament Agency and shall take into account the Director's opinion on the extent to which such exports, sales, or assistance will contribute to an arms race, increase the possibility of outbreak or escalation of conflict, or prejudice the development of bilateral or multilateral arms control arrangements.

7. Atomic Energy Act and Major Ship Transfers. Provisions of the Atomic Energy Act of 1954, as amended, and title 10 USC 7307 requiring separate legislation for major ship transfers are unaffected by the AECA, Sec. 44. (See Paragraph 20302 of this chapter for further discussion.)

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

9. Use of FMS Credit Funds for Procurement Outside United States. FMS credit funds may be used for procurement outside the U.S. only if the President determines that such procurement will not result in adverse effects upon the U.S. economy or the industrial mobilization base [AECA Sec. 42(c)]. Prior consultations with DSAA and with the Departments of State and Treasury are required.

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

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

## 20202 POLICIES.

### A. General.

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

a. Recognized the increasing cost and complexity of defense equipment and the continued need for international defense cooperation to maintain peace and security;

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

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

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

**B. Materiel Transfer Policy.**

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

2. **FMCS.** In addition to sales of defense items and defense services, the DOD may sell design and construction services to eligible foreign countries or international organizations (AECA, Sec. 29). Such sales are treated as AECA sales, but in a separate category from FMS.

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

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

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

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



7. **Materiel Standards.** It is DOD policy that defense articles offered and sold to foreign governments and international organizations should reflect favorably upon the United States. Therefore, defense articles offered and sold under FMS will normally be new or unused, or as a result of rehabilitation, possess original appearance insofar as possible, and, as a minimum, have serviceability standards prescribed for issue to U.S. forces. If the customer country desires exclusively new end items of equipment, this requirement will be stated in the LOA. If the customer desires to purchase "as is/where is," this will also be stated in the LOA.

8. **Procurement in Foreign Countries.** Unless dictated by overriding logistics considerations approved by the SECDEF, the DOD will not enter into sales arrangements which entail commitments for DOD procurement in foreign countries.

### C. **Financial Management.**

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

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

#### 3. **Credits.**

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

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

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

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

e. **Air Travel.** Military and civilian individuals who are traveling to and from a foreign country on SA business, whether the travel is financed by FMS administrative funds, FMS LOA funds, or FMF funds, should utilize a U.S. commercial air carrier, unless one of the two exceptions described below applies. In the absence of one of these exceptions, the SA traveler is required to use the same commercial carrier, routing, and class of service that the transportation officer requires of other DOD travelers. Waivers from normal travel procedures will be granted SA travelers on the same basis and in the same manner as provided for DOD personnel traveling on regular defense business. The following exceptions to this general guidance apply:

\*\*

(1) Members of the U.S. Military Training Mission (USMTM) to Saudi Arabia and some other FMS-funded organizations in Saudi Arabia have been granted blanket

authority to travel first-class within country on Saudi Airlines. This is necessary because only a first-class ticket guarantees a seat on Saudi Airlines.

(2) In those instances where (a) the travel is being charged to a specific FMS LOA which is wholly financed with customer national funds and (b) the LOA provides for the utilization of a designated air carrier whenever possible and authorizes a class of service other than economy (or the FMS customer has dictated these travel arrangements in a separate written document such as a memorandum of agreement, etc.), the military or civilian traveler is expected to comply with the contractual arrangement. (Note: Insertion of designated foreign air carriers in new FMS LOAs wholly financed with customer national funds is discouraged unless the customer insists.)

#### 4. Financing of Sales.

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

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

#### D. Logistics Support

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

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

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

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

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

b. Support items which continue to be stocked, stored, and issued due to common application with end items remaining in use should continue to be routinely provided even though supported end items may have been acquired commercially or system support 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 U.S. interests (also see Paragraph 70002.C.4).

**TABLE 202-1**  
**Part 121 -- The United States Munitions List**

[Extracted from International Traffic in Arms Regulations (ITAR), printed in 22 Code *Federal Regulations* (FR) 120-130 by Department of State, Office of Munitions Control, November 1989.]

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

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

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

**ENUMERATION OF ARTICLES**

§ 121.1 General. The United States Munitions List.

(a) The following articles, services and related technical data are designated as defense articles and defense services pursuant to sections 38 and 47(7) of the Arms Export Control Act (22 U.S.C. 2778 and 2794(7)). Changes in designations will be published in the Federal Register. Information and clarifications on whether specific items are defense articles and services under this subchapter may appear periodically in the Munitions Control Newsletter published by the Office of Munitions Control.

of Munitions Control.

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

**Category I—Firearms**

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

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

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

**Category II—Artillery Projectors**

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

\* (b) Military flamethrowers and projectors.

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

**Category III—Ammunition**

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

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

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

**TABLE 202-1. The United States Munitions List.**

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

(c) Ammunition belting and linking machines.

\* (d) Ammunition manufacturing machines and ammunition loading machines (except hand-loading ones).

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

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

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

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

\* (d) Missile and space vehicle powerplants.

\* (e) Military explosive excavating devices.

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

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

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

**Category V—Explosives, Propellants, and Incendiary Agents**

\* (a) Military explosives. (See Section 121.12.)

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

(c) Propellants for the articles in Categories III and IV of this section. (See Section 121.14.)

(d) Military pyrotechnics, except pyrotechnic materials having dual military and commercial use.

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

**Category VI—Vessels of War and Special Naval Equipment**

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

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

(c) Mine sweeping equipment, components, parts, attachments and accessories specifically designed or modified therefor.

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

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

**Category VII—Tanks and Military Vehicles**

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

\* (b) Military tanks, combat engineer vehicles, bridge launching vehicles, half-tracks and gun carriers.

\* (c) Self-propelled guns and howitzers.

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

\* (e) Military recovery vehicles.

\* (f) Amphibious vehicles. (See Section 121.4)

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

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

**TABLE 202-1. [Continued]**

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

#### Category VIII—Aircraft, Spacecraft, and Associated Equipment

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

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

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

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

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

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

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

\* (g) Inertial navigation systems and components designed specifically for such systems. Systems or components which are standard equipment in civil aircraft, including spare parts and spare units to be used exclusively for the maintenance of inertial navigation equipment incorporated in civil aircraft, and which are certified by the Federal Aviation Administration as being an integral part of such aircraft are subject to export regulation by the Office of Munitions Control only

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

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

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

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

#### Category IX—Military Training Equipment

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

TABLE 202-1. [Continued]

trainers, navigation trainers, and simulation devices related to defense articles.

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

#### Category X—Protective Personnel Equipment

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

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

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

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

#### Category XI—Military and Space Electronics

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

\* (1) Underwater sound equipment, including but not limited to towed arrays, electronic beam forming sonar, target classification equipment, and spectrographic displays; search, acquisition, tracking, moving target indication and imaging radar systems; active and passive countermeasures and counter-countermeasures equipment; electronic fuses; identification systems; command, control and communications systems; and, regardless of designation, any experimental or developmental electronic equipment specifically designed or modified for military application, or for use with a military system, and

(2) Sonic depth finders; underwater telephones; electro-mechanical beam forming sonars and elementary sonobuoys; radios (including transceivers); weather, navigation, and air traffic control radar systems; navigation, guidance,

object-locating equipment; displays, and telemetering equipment.

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

(b) Space electronics:

\* (1) Electronic equipment specifically designed or modified for spacecraft and space-flight, and

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

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

(d) Very High Speed Integrated Circuit (VHSIC) semiconductor devices that are specifically designed for military applications and which have a high-speed signal and image processing capability with an operational parameter (gate-time-clock-frequency) of greater than 1011 gates X hertz for an individual semiconductor device.

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

#### Category XII—Fire Control, Range Finder, Optical and Guidance and Control Equipment

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

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

(c) Components, parts, accessories, attachments, and associated equipment specifically designed or modified for the articles in paragraphs

TABLE 202-1. [Continued]

(a) and (b) of this category, except for such items as are in normal commercial use.

#### Category XIII—Auxiliary Military Equipment

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

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

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

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

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

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

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

(h) Devices embodying particle beam and electromagnetic pulse technology.

(i) Metal embrittling agents.

#### Category XIV—Toxicological Agents and Equipment and Radiological Equipment

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

\* (b) Biological agents.

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

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

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

#### Category XV—[Reserved]

#### Category XVI—Nuclear Weapons Design and Test Equipment

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

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

#### Category XVII—Classified Articles Not Otherwise Enumerated

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

#### Category XVIII—Technical Data

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

Category XIX—Defense Services Defense services (as defined in Section 120.8) related to the defense articles listed in the other categories of the United States Munitions List.

#### Category XX—Submersible Vessels, Oceanographic and Associated Equipment

\* (a) Submersible vessels, manned and unmanned, designed or modified for military purposes or having independent capability to maneuver vertically or horizontally at depths below 1,000 feet or powered by nuclear propulsion plants.

TABLE 202-1. [Continued]

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

(c) Any of the articles in Categories VI, IX, XI, XIII, and elsewhere in this subchapter specifically designed or modified for use with submersible vessels, and oceanographic or associated equipment assigned a military designation.

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

#### Category XXI—Miscellaneous Articles

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

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

#### § 121.2 Interpretations of the United States Munitions List.

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

#### § 121.3 Aircraft and related articles.

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

(a) Cargo aircraft bearing "C" designations and numbered C-45 through C-118 inclusive, C-121 through C-125 inclusive, and C-131, using reciprocating engines only.

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

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

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

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

#### § 121.4 Amphibious vehicles.

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

#### § 121.5 Apparatus and devices under Category IV(c).

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

#### § 121.6 Cartridge and shell casings.

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

#### § 121.7 Chemical agents.

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

##### (a) Lung irritants:

- (1) Diphenylcyanoarsine (DC).
- (2) Fluorine (but not fluorene).
- (3) Trichloronitro methane (chloropicrin PS).

##### (b) Vesicants:

- (1) B-Chlorovinylchloroarsine (Lewisite, L).
- (2) Bis(dichloroethyl)sulphide (Mustard Gas, HD or H).
- (3) Ethyldichloroarsine (ED).
- (4) Methyldichloroarsine (MD).

##### (c) Lachrymators and tear gases:

- (1) A-Bromobenzyl cyanide (BBC).
- (2) Chloroacetophenone (CN).
- (3) Dibromodimethyl ether.
- (4) Dichlorodimethyl ether (ClCi).
- (5) Ethyldibromoarsine.

TABLE 202-1. [Continued]



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

(8) Tear gas orthochlorobenzalmononitrile (CS).

(d) Sternutators and irritant smokes:

(1) Diphenylamine chloroarsine (Adamsite, DM).

(2) Diphenylchloroarsine (BA).

(3) Liquid pepper.

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

(1) Dimethylaminoethoxycyanophosphine oxide (GA).

(2) Methylisopropoxyfluorophosphine oxide (GB).

(3) Methylpinacolyloxyfluorophosphine oxide (GD).

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

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

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

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

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

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

(e) Firmware and any related unique support tools (such as computers, linkers, editors, test case generators, diagnostic checkers, library of functions and system test diagnostics) specifically

designed for equipment or systems covered under any category of the United States Munitions List are considered as part of the end-item or component. "Firmware" includes but is not limited to circuits into which software has been programmed.

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

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

#### **§ 121.9 Firearms.**

(a) Category I includes revolvers, pistols, rifles, carbines, fully automatic rifles, submachine guns, machine pistols and machine guns to caliber .50, inclusive. It includes combat shotguns. It excludes other shotguns with barrels 18" or longer, BB, pellet, and muzzle loading (black powder) firearms.

(b) A "firearm" is a weapon not over .50 caliber which is designed to expel a projectile by the action of an explosive or which may be readily converted to do so.

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

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

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

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

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

#### **§ 121.10 Forgings, casting and machined bodies.**

Articles on the United States Munitions List include articles in a partially completed state (such as forgings, castings, extrusions and machined bodies) which have reached a stage in

**TABLE 202-1. [Continued]**

manufacture where they are clearly identifiable as defense articles. If the end-item is an article on the United States Munitions List (including components, accessories, attachments and parts as defined in Section 121.8), then the particular forging, casting, extrusion, machined body, etc., is considered a defense article subject to the controls of this subchapter, except for such items as are in normal commercial use.

#### § 121.11 Military demolition blocks and blasting caps.

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

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

#### § 121.12 Military explosives.

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

- (a) Ammonium picrate.
- (b) Black powder made with potassium nitrate or sodium nitrate.
- (c) Cyclotetramethylenetetranitramine (HMX).
- (d) Cyclotrimethylenetrinitramine (RDX, Cyclonite, Hexogen or T4).
- (e) Dinitronaphthalene.
- (f) Ethylenedinitramine.
- (g) Hexanitrodiphenylamine.
- (h) Nitroglycerin.
- (i) Nitrostarch.
- (j) Pentaerythritol tetranitrate (penthrite, pentrite or PETN).
- (k) Tetranitronaphthalene.
- (l) Trinitroanisole.
- (m) Trinitronaphthalene.
- (n) Trinitrophenol (picric acid).
- (o) Trinitrophenylmethylnitramine (Tetryl).
- (p) Trinitrotoluene (TNT).
- (q) Trinitroxylenes.
- (r) Ammonium perchlorate nitrocellulose (military grade).

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

(t) Any combinations of the above.

#### § 121.13 Military fuel thickeners.

Military fuel thickeners in Category V include compounds (e.g., octal) or mixtures of such compounds (e.g., napalm) specifically formulated for the purpose of producing materials which, when added to petroleum products, provide a gel-type incendiary material for use in bombs, projectiles, flame throwers, or other defense articles.

#### § 121.14 Propellants.

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

- (a) Propellant powders, including smokeless shotgun powder.
- (b) Hydrazine (including Monomethyl hydrazine and symmetrical dimethyl hydrazine, but excluding hydrazine hydrate).
- (c) Unsymmetrical dimethyl hydrazine.
- (d) Hydrogen peroxide of over 85 percent concentration.
- (e) Nitroguanidine or picrite.
- (f) Nitrocellulose with nitrogen content of over 12.20 percent.
- (g) Nitrogen tetroxide (nitrogen dioxide, dinitrogen tetroxide).
- (h) Other solid propellant compositions, including but not limited to, the following:
  - (1) Single base (nitrocellulose).
  - (2) Double base (nitrocellulose, nitroglycerin).
  - (3) Triple base (nitrocellulose, nitroglycerin, nitroguanidine).
  - (4) Composite of nitroglycerin, ammonium perchlorate, potassium perchlorate, nitronium perchlorate, guanidine (guanidinium) perchlorate, nitrogen tetroxide, ammonium nitrite or nitrocellulose with plastics, metal fuels, or rubbers added; and compounds composed only of fluorine and halogens, oxygen, or nitrogen.
  - (5) Special purpose high energy solid military fuels with a chemical base.
- (i) Other liquid propellant compositions, including but not limited to, the following:
  - (1) Monopropellants (hydrazine, hydrazine nitrate, and water).
  - (2) Bipropellants (hydrazine, fuming nitric acid  $\text{HNO}_3$ ).

TABLE 202-1. [Continued]

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

§ 121.15 Vessels of war and special naval equipment.

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

(a) Combatant vessels:

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

- (i) Aircraft carriers (CV, CVN)
- (ii) Battleships (BB)
- (iii) Cruisers (CA, CG, CGN)
- (iv) Destroyers (DD, DDG)
- (v) Frigates (FF, FFG)
- (iv) Submarines (SS, SSN, SSBN, SSG, SSAG)

(2) Other Combatant Classifications:

- (i) Patrol Combatants (PG, PHM)
- (ii) Amphibious Helicopter/Landing Craft Carriers (LHA, LPD, LPH)
- (iii) Amphibious Landing Craft Carriers (LKA, LPA, LSD, LST)
- (iv) Amphibious Command Ships (LCC)
- (v) Mine Warfare Ships (MSO)

(b) Auxiliaries:

(1) Mobile Logistics Support:

- (i) Under way Replenishment (AD, AF, AFS, AO, AOE, AOR)
- (ii) Material Support (AD, AR, AS)

(2) Support Ships:

- (i) Fleet Support Ships (ARS, ASR, ATA, ATF, ATS)
- (ii) Other Auxiliaries (AG, AGDS, AGF, AGM, AGOR, AGS, AH, AK, AKR, AOG, AOT, AP, APB, ARC, ARL, AVM, AVT)

(c) Combatant Craft:

(1) Patrol Craft:

- (i) Coastal Patrol Combatants (PB, PCF, PCH, PTF)
- (ii) River, Roadstead Craft (ATC, PBR)

(2) Amphibious Warfare Craft:

- (i) Landing Craft (AALC, LCAC, LCM, LCPL, LCPR, LCU, LWT, SLWT)
- (ii) Special Warfare Craft (LSSC, MSSC, SDV, SWCL, SWCM)

(3) Mine Warfare Craft:

- (i) Mine Countermeasures Craft (MSB, MSD, MSI, MSM, MSR)

(d) Support and Service Craft:

- (1) Tugs (YTB, YTL, YTM)
- (2) Tankers (YO, YOG, YW)
- (3) Lighters (YC, YCF, YCV, YF, YFN, YFNB, YFNX, YFR, YFRN, YFU, YG, YGN, YOGN, YON, YOS, YSR, YWN)
- (4) Floating Dry Docks (AFDB, AFDL, AFDM, ARD, ARDM, YFD)
- (5) Miscellaneous (APL, DSRV, DSV, IX, NR, YAG, YD, YDT, YFB, YFND, YEP, YFRT, YHLC, YM, YNG, YP, YPD, YR, YRB, YRBN, YRDH, YRDM, YRR, YRST, YSD)
- (e) Coast Guard Patrol and Service Vessels and Craft:
  - (1) Coast Guard Cutters (CGC, WHEC, WMEC)
  - (2) Patrol Craft (WPB)
  - (3) Icebreakers (WAGB)
  - (4) Oceanography Vessels (WAGO)
  - (5) Special Vessels (WIX)
  - (6) Buoy Tenders (WLB, WLM, WLI, WLR, WLIC)
  - (7) Tugs (WYTM, WYTL)
  - (8) Light Ships (WLV)

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

TABLE 202-1. [Continued]

## Section 203 - Special Provisions

### 20301 CONSTRAINTS ON ELIGIBILITY.

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

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

C. **Transfer.** The purchaser or grant recipient must agree not to transfer title or possession of any defense article or related training or other defense services to any other country without prior U.S. consent; the President must report to the Congress before such consent is given. [Sec. 3(a)(2), AECA, and Sec. 505(a), FAA]. Special care must be taken to ensure that minor repair parts, fuel, or other defense articles which lose identity when co-mingled, are controlled by the recipient government using a procedure which will reasonably assure there will be no non-approved transfers (see Section 90006). \*\*

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

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

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

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

#### H. Police, Counterterrorism, and Military Intelligence Programs.

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

2. *Police* training in the context of the FAA prohibition includes military police as well as civilian police, *if* the military police perform on-going civilian law enforcement functions.

20302.D.4.

4. Lease procedures are found in Chapter 12 of this manual. 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 NAVOTTSA of approval or disapproval. If approved, NAVOTTSA 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), U.S. Army.

1. **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 (a) 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.

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, U.S. 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 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 U.S. 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 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 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 U.S. personnel as specified herein) who have the proper security clearance and who have an established need to know the information in order to perform their duties. Information released will be limited to that necessary to perform assigned functions/operational responsibility and, where possible, will be oral/visual only.

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

5. **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 MANPADS materiel or related information. This will be followed by prompt investigation and the results of the investigation will be provided to the U.S. Army.

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 U.S. approval.

7. **Damaged/Expended Materiels:** Damaged systems, launchers, and/or gripstocks will be returned to the U.S. 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 U.S. Security Assistance Organization in advance of any assembly of the various missile and gripstock for the STINGER and its variants for training or lot testing.

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

C. **Section 506(a) Transfers.** The Department of State will ensure that transfers of MANPADS under Section 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 and if MANPADS are provided under the authority of Section 506(a).

1. The U.S. Army will provide a copy of the LOA to the in-country SAO.

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

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

20303.D.4.

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 U.S. Army notifies the applicable SAO of final delivery of missiles under the LOA. Yearly requirements for U.S. inspection and inventory will begin from that date.

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

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 U.S. Army (USASAC), with an information copy to the applicable Unified Command.

#### **20304 SUSPENSIONS AND CANCELLATIONS OF SECURITY ASSISTANCE.**

A. If the Department of State determines that it is necessary to suspend FMS or GA to a particular country, the Director, DSAA, will issue instructions to the appropriate MILDEP. The following procedures normally will be employed:

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

2. If FMS or GA funded procurements have been started, but contracts have not been awarded, the appropriate MILDEP should inform the DSAA of the details and ask for guidance.

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

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

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

6. Requisitions submitted against either a CLSSA or a blanket order FMS case will be held by the receiver. Requisitions from an embargoed country will not be filled.

7. With regard to training funded through an FMS case or under IMET, students in training before the suspension date notification may complete their course. Sequential training



(proceeding to the next scheduled course) is excluded unless specifically authorized by the Director, DSAA. Students who have not started training by the suspension date will not begin a course. Instructions on what to do with students from embargoed countries will be provided by the DSAA.

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

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

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

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## CHAPTER THREE

### RESPONSIBILITIES AND RELATIONSHIPS

<b>Section 300 - Responsibilities</b>
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#### **30001 GENERAL.**

A. Within the Executive Branch, the NSC, the OMB, the Department of the Treasury, and others all have responsibilities related to security assistance. However, aside from the President, the principal legislated responsibilities fall to the Secretary of State and to the DOD.

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

2. The SECDEF is responsible primarily for establishing military requirements and for implementing programs effecting the transfer of defense articles, and services.

B. The Congress authorizes and appropriates the funds for the USG financed portions of SA. Congress also has an oversight role with respect to the sale of defense articles and services to foreign countries and international organizations.

#### **30002. THE DEPARTMENT OF DEFENSE.**

A. The growing size, complexity, and importance of the SA program requires that recommendations, decisions, and implementing actions be coordinated and tracked in a timely manner to ensure coherent support of foreign and national security objectives. Several departments, agencies, and offices are involved in the coordinations. (See Table 300-1.)

B. The SECDEF has directed a DOD-wide emphasis on NATO Defense Cooperation in Armaments to embody armaments cooperation, DIC, reciprocal MOU implementation, and SA. It is essential that Defense Cooperation in Armaments activities be coordinated and tracked in a timely manner. See Table 300-2 for channels of decision for Defense Cooperation in Armaments. Table 300-3 lists Defense Cooperation in Armaments programs and the OSD office of responsibility.

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

1. USDP acts for the SECDEF and is his principal representative and spokesman on SA matters. He works closely with the Director, DSAA, who provides staff support for SA matters. USDP is responsible for overall policy and relationships in regard to the NATO Alliance, and individual nations therein and other alliances and security partners and to ensure that both U.S. and allied technology receive the appropriate and necessary protection through management of technology security. USDP will provide coordination with State for all bilateral/multilateral agreements.

2. The Assistant Secretaries with regional responsibilities have an interest in security assistance policy that directly affects their regions and work with the Director, DSAA, on regional SA policy matters and budget development. With regard to Armaments Cooperation, ASD (ISP) has policy coordination responsibility for Europe/NATO/Nuclear/Chemical programs. ASD (ISA) has policy coordination responsibility for African/Asian/Inter-American and Near East programs.

3. USD(A) is responsible to promote coordination, cooperation, and mutual understanding of all matters related to assigned activities, both inside and outside of the DOD, including oversight and policy formulation for international agreements on systems acquisition matters with NATO allies and other friendly nations in coordination with the USDP and, where appropriate, the ASD (P&L). Serves as National Armaments Director (NAD) and interfaces with allied NADs.

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

5. ASD(C) establishes policy and procedures involving financial management, fiscal matters, accounting, pricing, auditing, and international balance of payments as these matters relate to security assistance. Within this office, the *Foreign Military Sales Financial Management Manual* (DOD 7290.3-M) is published.

6. DSAA is the principal organizational element through which the SECDEF carries out his responsibilities for SA. It serves as the DOD focal point and clearinghouse for tracking arms transfers, budgetary, legislative, and other SA matters through the analysis, coordination, decision, and implementation processes. It keeps all concerned elements of the DOD informed about the status of ongoing SA actions and raises issues through appropriate channels when decision of higher authority is required. The agency is also responsible for the conduct of international logistics and sales negotiations with foreign countries, and the maintenance of liaison with and the provisions of assistance to U.S. industry in the export of military equipment and services. All authorities conferred on the SECDEF by the FAA and the AECA, and all authorities under those acts delegated by the President to the SECDEF, are redelegated to the Director, DSAA.

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

8. MILDEPS have the performance of SA as an integral part of their overall defense mission. They procure and provide defense articles and services to meet approved SA requirements. They also are responsible for providing information necessary to ensure that proper SA planning can be accomplished; e.g., information related to production capacity that is associated with integrating MILDEPs and SA procurement planning.

9. The Director, DLA advises the SECDEF on all SA matters impacting on or relating to DLA and acts for the SECDEF where responsibility for such action is delegated. DLA is responsible for preparing FMS cases for cataloging services, contract administration services on our allies' commercial contracts for defense supplies and equipment produced in the U.S., and the sale of DOD and MAP disposable defense articles. DLA will coordinate on military service FMS

cases relating exclusively to medical equipment and supplies, clothing and textiles (C&T), subsistence, and bulk petroleum. As the IM for consumable stock-funded secondary items, DLA supply centers will work closely with the military services in filling requisitions, processing RODs, case closure, etc., on those items for which they are the designated IM.

10. JCS correlate 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.

11. 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.

12. 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; and
- (7) Liaison functions exclusive of advisory and training assistance.

b. The purpose, under U.S. 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 U.S. Diplomatic Mission, for ensuring that DOD SA management responsibilities, prescribed by U.S. 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 Section 515 of the FAA 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 U.S. 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.

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

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

d. Those functions which are more properly performed by other than SA personnel assigned and funded under the authority of Section 515 of the FAA are broken into the following categories:

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

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

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

e. Following are the general criteria for reviewing, requesting, and approving SAO manning authorizations:

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

(2) When a major U.S. policy initiative with a country results in the need for personnel to support exercises, prepositioning, ship visits, etc., it is fairly clear that these person-

nel should be provided under other appropriations. When these functions gradually accrue in the SAO, it is more difficult to determine the threshold at which personnel should be shifted to other appropriations or new personnel added. As a general rule, an individual should be on the SA JMP if he spends 50 percent or more of his time performing SA functions. Conversely, personnel spending 50 percent or more of their time performing non-SA functions should be carried as, or transferred to, an alternatively funded position.

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

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

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

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

(7) Positions that are approved by authority other than an SAO JMP to perform non-SA functions under the oversight and supervision of the Chief of the SAO (or in his capacity as the U.S. Defense Representative) should be clearly identified as such on the SAO JMP but not as an SAO personnel authorization.

f. A listing of appropriate SAO program management and oversight functions follows at Table 300-4.

g. A listing of appropriate SAO Armaments Cooperation functions follows at Table 300-5.

h. The SAO is responsible for safeguarding of U.S. classified information located in foreign countries which is required for conduct of the SA mission. Except for classified information that has been authorized for release to a foreign government or international organization pursuant to DOD Directive 5230.11, and is under the security control of that government or organization, the retention of U.S. classified materiel is authorized only if it is

necessary to satisfy USG requirements of the SA mission. This includes classified materiel temporarily transferred into a foreign country via USG personnel authorized to escort or handcarry such materiel. Whether permanently or temporarily retained, classified materiels shall be stored under USG control as follows:

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

(2) At a USG activity located in a building used exclusively by USG tenants, provided the building is under 24-hour control by USG personnel.

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

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

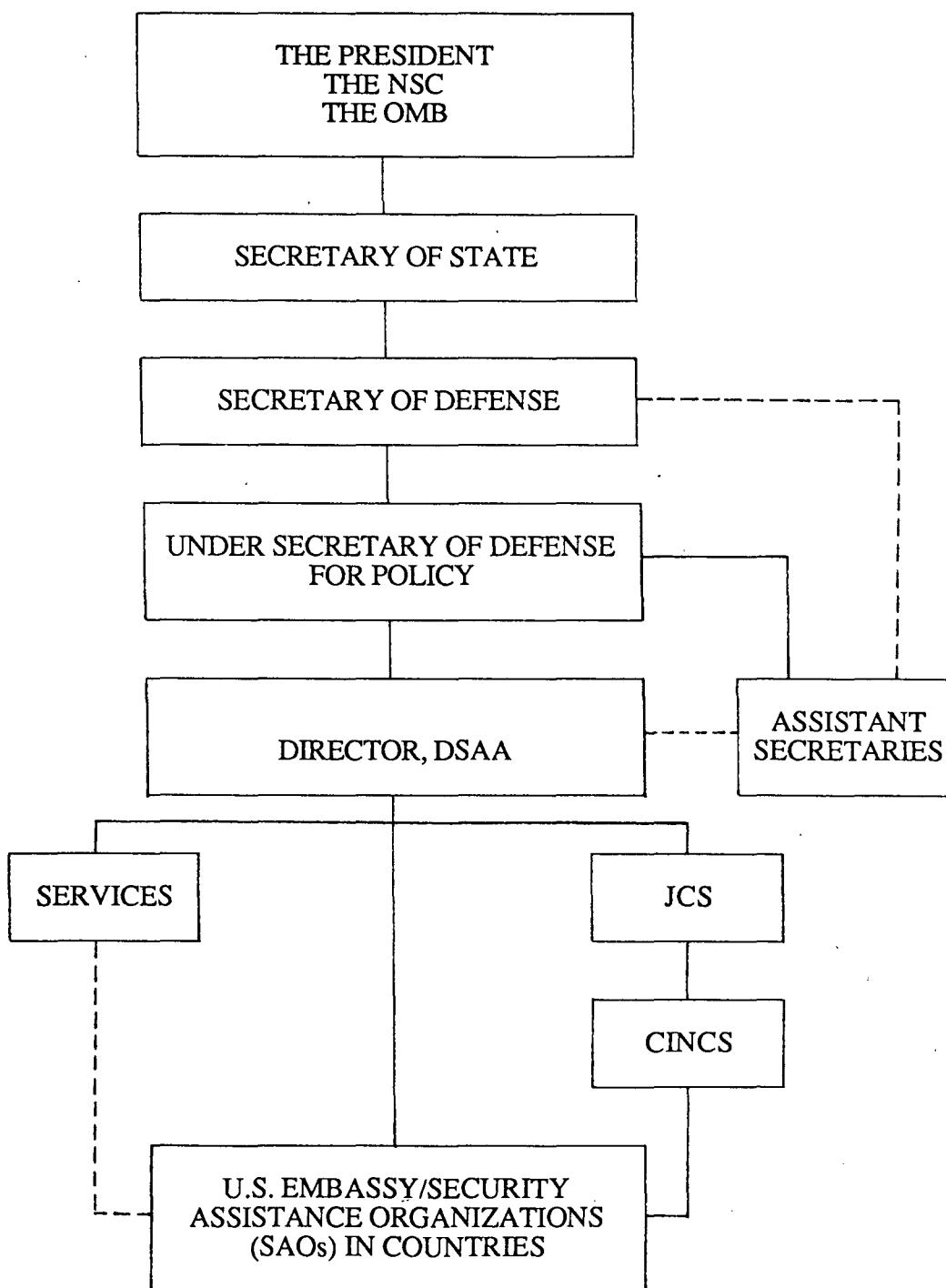
(5) When host government, including locally hired foreign national USG employees, and USG personnel are co-located, U.S. classified materiel that has not been authorized for release to the host government pursuant to DOD Directive 5230.11 shall, to the extent possible, be segregated from releasable classified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

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

(7) Foreign nationals employed by the USG in SAOs or in other U.S. installations may not have access to U.S. classified information unless specifically authorized under a Limited Access Authorization (LAA) issued in accordance with Chapter III, DOD 5200.2-R. As the LAA is issued under the condition that access is not inconsistent with determination of releasability to the country of which the individual is a citizen, the requirements for control of non-releasable U.S. classified information also apply to foreign nationals employed by the U.S.



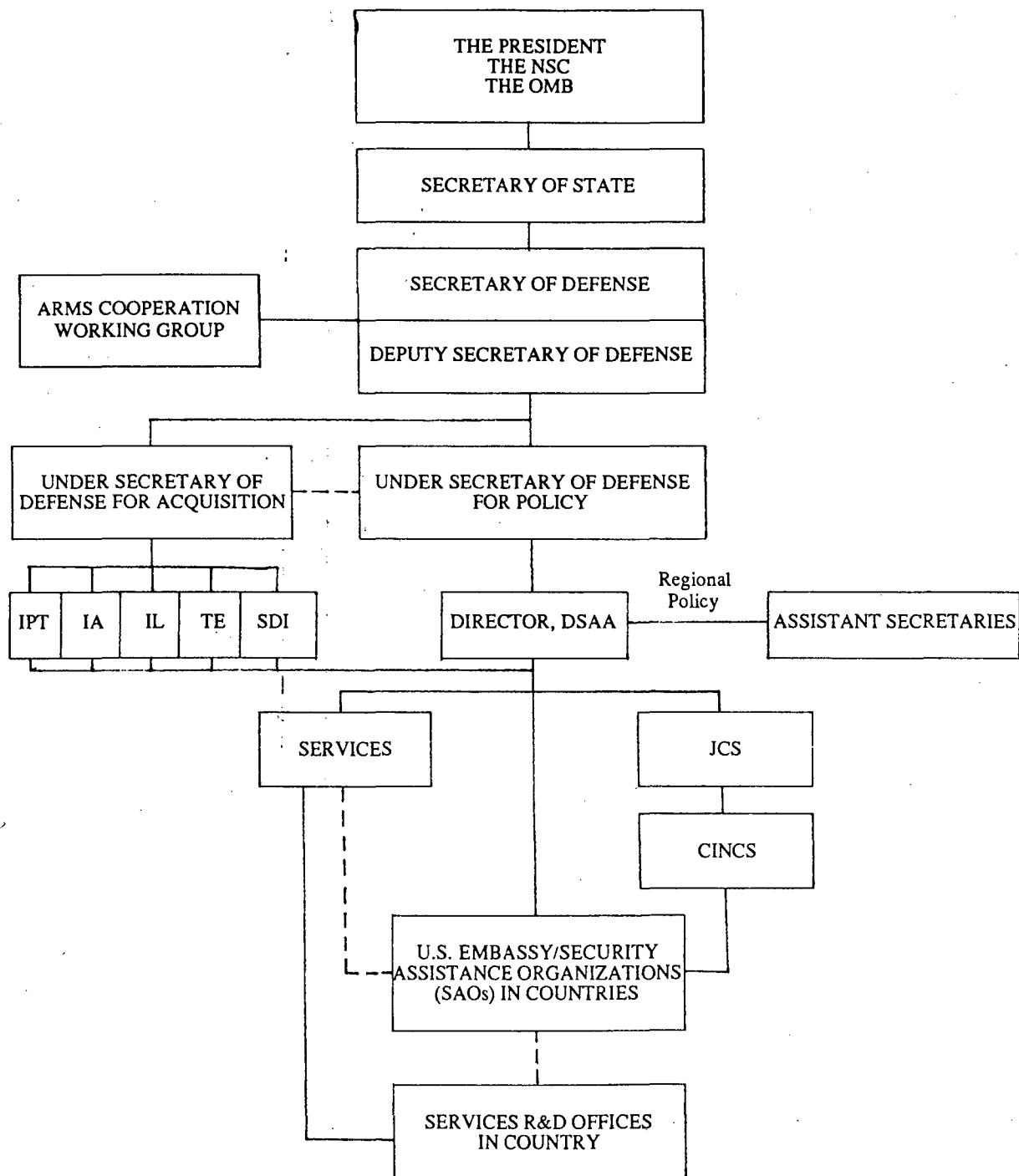
**TABLE 300-1**  
**DECISION CHANNELS FOR SECURITY ASSISTANCE**



LEGEND:    ——— Direction  
           - - - - Coordination

**TABLE 300-1. Decision Channels for Security Assistance.**

**TABLE 300-2**  
**ARMAMENTS COOPERATION DECISION RELATIONSHIPS FOR SAOs**



LEGEND:      ——— Direction  
              - - - - - Coordination

**TABLE 300-2. Armaments Cooperation Decision Relationships for SAOs.**

**TABLE 300-3**  
**ARMAMENTS COOPERATION PROGRAMS**

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

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**TABLE 300-3. Armaments Cooperation Programs.**

**TABLE 300-4**  
**SAO SECURITY ASSISTANCE PROGRAM MANAGEMENT**  
**AND OVERSIGHT FUNCTIONS**

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

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

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**TABLE 300-4. SAO Security Assistance Program Management and Oversight Functions.**

11. Observe and report on the utilization by the host country of defense articles, defense services, and training of U.S. origin. This function should be carried out as a secondary duty. How and to what extent such observation and reporting should and can be done will vary considerably from country to country, and thus no standard procedures are prescribed. The process for accumulation of information should use all available resources (e.g., country reporting or documentation, TDY personnel assigned in country performing other duties, other elements of the U.S. Diplomatic Mission, and spot checks during the normal course of SAO duties and travel). Reporting should be done on an exception basis through established security assistance channels. Records, as accumulated, should be kept on file at the SAO.
12. Assist the host government in the identification, administration, and proper disposition of security assistance materiel that is in excess of current needs.
13. Provide input to the Chief of the U.S. Diplomatic Mission for preparation of the Annual Integrated Assessment of Security Assistance and the Consolidated Data Report.
14. Coordinate and supervise the activities of all personnel, other than those assigned to the SAO under the authority of Section 515 of the FAA, who are in country under DOD sponsorship (excluding DIA) or other 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.
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)**

**TABLE 300-5**  
**SAO ARMAMENTS COOPERATION FUNCTIONS**

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

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**TABLE 300-5. SAO Armaments Cooperation Functions.**

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

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**TABLE 300-5. SAO Armaments Cooperation Functions. (Continued)**

**SECTION 301 - Relationships****30101 CHANNELS OF COMMUNICATIONS.**

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

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

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

**30102 DIRECTIVES AND RECORD COMMUNICATIONS.** Security assistance directives and record communications to the Unified Commands, SAOs, and MILDEPs that have military operational or policy implications require coordination with the OJCS. All JCS SA directives and record communications to the Unified Commands (e.g., new fighter aircraft sales policy recommendations), SAOs, and MILDEPs require coordination with the Director, DSAA. If appropriate, the Director, DSAA will coordinate further within the Office of the SECDEF and the Executive Branch.



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## **CHAPTER FOUR**

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## CHAPTER FOUR

### SECURITY ASSISTANCE PLANNING

#### Section 400 - General

**40001 PURPOSE AND SCOPE.** The purpose of this chapter is to discuss the SA planning process; i.e., where it fits into the national security planning process and the importance it has in terms of dealing with foreign countries. The process demands flexibility, but requires standardized inputs from disparate sources. The process has to incorporate the realities of foreign policy, defense policy, and production line constraints. For these reasons, SA planning happens in many places and at many levels. The challenge faced by those involved is to integrate the many planning efforts and processes into a workable and useful set of procedures and outcomes.

#### **40002 BASIC POLICIES.**

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

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

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

2. **Release of Guidelines and Data.** Involvement of the foreign government in SA planning and programming inevitably entails the release to it of essential guidelines and data.

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

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

c. **Approval of Release of Information.** Release of all SA information to a foreign government or international organization will be made through, or with the approval of, the Chief of the U.S. Diplomatic Mission.

C. **Commitments.** Discussions and communications between DOD and foreign officials incidental to development of plans, programs, and related data will be conducted in such a way as

to insure mutual understanding that such exchanges do not constitute or imply any commitment on the part of the U.S. (DOD Directive 2100.2).

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

#### **40003 MATERIEL REQUIREMENTS SURVEYS.**

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

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

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

C. **Eligible Countries.** Materiel Requirements Surveys will be disseminated only to those countries that have previously indicated an interest in acquisition of the item or weapon system. Such interest could include: prior purchasers, prior requests for P&A or an LOA for which data has already been released or approved for release, and purchase of weapon systems which utilize the item; i.e., ammunition capable of being used with the weapon system. DOD Components will assure that countries addressed on such Materiel Requirements Surveys are eligible to purchase the item or weapon system under the U.S. NDP. Final eligibility determination will be made by DSAA in coordination with the Department of State. \*

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

## Section 401 - Planning Dimensions

### 40101 PLANNING CONSIDERATIONS.

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

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

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

1. **The Security Assistance Budget.**
  - Need for defensible country programs
  - Need for continuity in levels
  - Need to be responsive to crises and new initiatives during the year
2. **Procurement.**
  - Need to avoid diversions/withdrawals from stocks
  - Need to integrate FMS with DOD purchases
  - Need to smooth production
  - Need to maintain production base
  - Need to control technology transfer
3. **Planning with Countries.**
  - Responding to defense needs
  - U.S. as a reliable security partner
  - Sustaining the relationship

D. **Security Assistance Planning Communities.** The three separate *planning tracks* each has its own community of actors. The SA communities are illustrated in Table 401-1. Coordination among the three groups can be tenuous, and it is not possible to describe an overall SA *plan* which covers all three.

### 40102 U.S. GOVERNMENT PLANNING APPROACH.

A. **Planning Groups.** Basically there are two groups who plan with countries--the "Washington Team" and the "Country Team - SAO." The Washington team may be either a consultative or a "survey" team--dispatched for a particular reason, for a particular type of planning; e.g., air defense. The Washington team may also be the group that is associated with any form of the Joint Military Commission (JMC) and have very senior as well as more junior members.

Whether or not a JMC is involved, the SAOs have both preparatory and interim tasks that have to get done if the "Washington Team" visit is to be a success.

B. Interrelated Nature of Planning. All three tracks are interrelated. Table 401-2 lays out the cross-cutting nature of the SA and arms sales process.

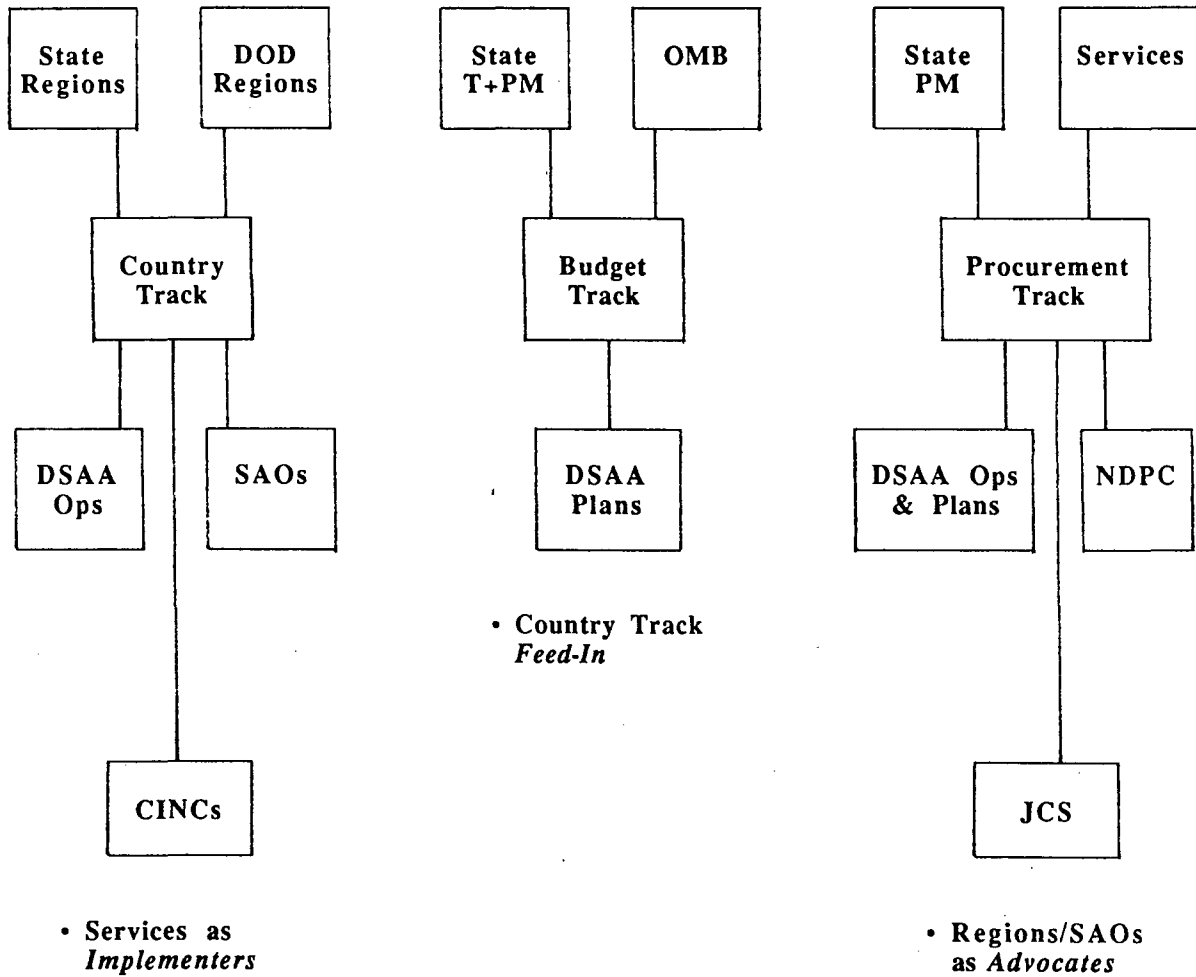
C. Non-Linear Process. The entire SA community is always engaged in the different stages associated with three fiscal years' worth of planning, budgeting, legislating, etc. As explained above, there is a constant interaction between the three planning tracks. It requires effort to follow the entire process, and to fully understand what is happening at any given time. For the sake of simplicity, a linear layout of the budget and procurement process is presented in Table 401-3, in the case where financing is required. This illustration is useful--as a time line--but one must bear in mind each of the separate planning track discussions.

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

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

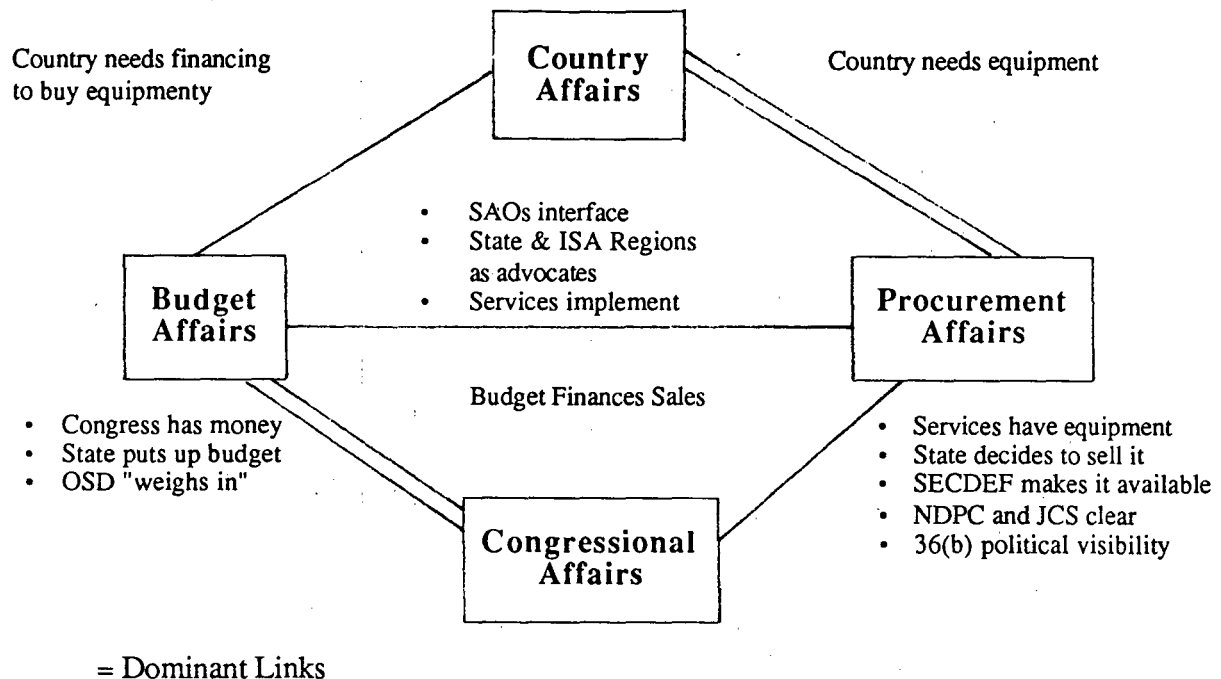
2. Security Assistance Defense Analysis Papers. For selected countries, a SADAP is written each year. These present an analysis of the threat, force structure trends, and other analysis elements that are useful in the planning process. The SADAPs have a financial analysis counterpart done by the Treasury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

**TABLE 401-1**  
**SECURITY ASSISTANCE COMMUNITIES**



**TABLE 401-1. SECURITY ASSISTANCE COMMUNITIES.**

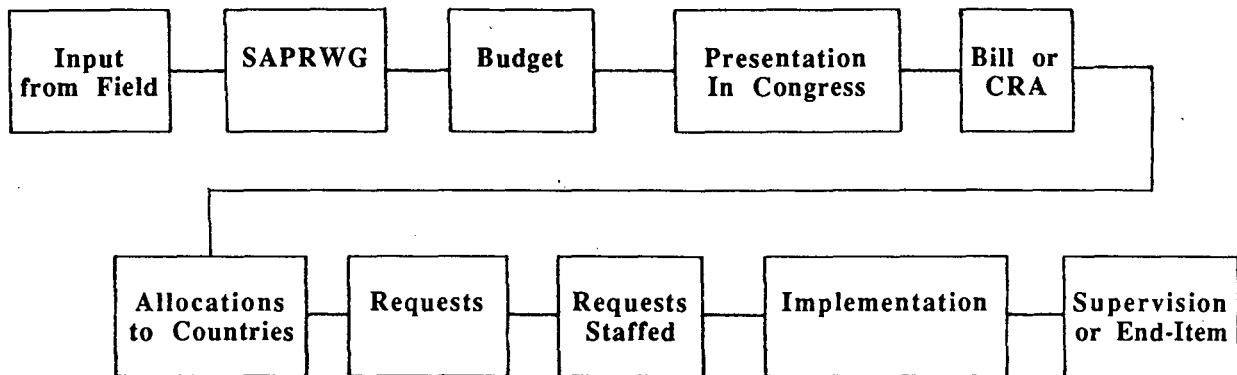
**TABLE 401-2  
COMMUNITY INTERRELATIONSHIPS**



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

**TABLE 401-2. COMMUNITY INTERRELATIONSHIPS.**

**TABLE 401-3  
BUDGET AND SALES PROCESS**



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**TABLE 401-3. BUDGET AND SALES PROCESS.**



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## CHAPTER FIVE

### TECHNOLOGY TRANSFER, CLASSIFIED MILITARY INFORMATION AND SECURITY

#### Section 500 - Transfer of Technology

**50001 PURPOSE.** The purpose of this section is to provide specific instructions and guidance for responding to requests for transfer of technology to an approved foreign country or international organization.

**50002 DEFINITIONS.** Also See Appendix B.

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

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

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

D. **Items of Intrinsic Military Utility.** End items other than those identified in the MCTL whose transfer to potential adversaries must be controlled for the following reasons:

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

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

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

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

G. **Munitions.** Includes:

1. Arms, ammunition, and implements of war.

2. Any property, installation, commodity, material, equipment, supply, or good used for the purposes of making military sales.

3. Any machinery, facility, tool, material, supply, or other item necessary for the manufacture, production, processing, repair, servicing, storage, construction, transportation, operation or use of any article listed in this paragraph.

4. Technical data related to State Department Munitions List items.

H. **Strategic Trade Cases.** These are cases involving technology and goods that are dual-use in nature; i.e., which could be used either for legitimate civilian purposes, or which could be applied or diverted to aid in increasing a nation's military potential.

I. **Technical Data:**

1. Classified information relating to defense articles and defense services;

2. Information covered by an invention secrecy order;

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

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

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

1. Through sales at newsstands and/or bookstores;

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

3. Through second class mailing privileges granted by the USG; or,

4. At libraries open to the public.

**50003 POLICY.**

A. DODD 2040.2, *International Transfers of Technology, Goods, Services and Munitions*, establishes the following policy:

1. Treat defense related technology as a valuable, limited national security resource, to be husbanded and invested prudently in pursuit of national security objectives.

2. Restrict the export of technology, goods, services, and munitions which could make a contribution to the military potential of any other country or combination of countries which could prove detrimental to our national security interests.

3. Manage transfers of technology, goods, services, and munitions consistent with U.S. foreign policy and national security objectives.

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

5. Support the NDP-1 objectives in those cases where a proposed transfer involves the release of classified military information.

B. **Implementation.** These policies will be implemented through the strategic trade licensing, munitions licensing, and the FMS process.

C. **Procedures.** For munitions licensing and FMS cases, applicable MILDEPs will:

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

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

D. **Release of Technical Data.** [See Chapter Fourteen, Paragraph 140107.]

<b>Section 501 - Disclosure of Classified Military Information to Foreign Governments and International Organizations</b>
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**50101 PURPOSE.** The purpose of this section is to describe the policy and procedures to be followed in the authorization for the disclosure of classified military information to foreign governments and international organizations in support of security assistance programs.

**50102 POLICY.** DOD Directive 5230.11 prescribes that:

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

B. Disclosures and denials of such information to foreign governments and international organizations will be made only when authorized by those officials specifically granted disclosure or denial authority in writing, after determining that all of the requirements of NDP-1 have been met.

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

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

**50103 DISCLOSURE AUTHORITIES.** Under the terms of NDP-1, the NDPC has been designated as the central authority for the formulation, promulgation, administration, and monitoring of the NDP. The SECDEF or the DEPSECDEF, personally, and the NDPC are authorized to grant exceptions to established NDPs. Pursuant to DODD 5230.11, the SECDEF has delegated disclosure authority to the Secretaries of the MILDEPs and other DOD officials whose decisions must be in compliance with NDP-1.

**50104 RESPONSIBILITIES.** The Deputy Under Secretary of Defense (Policy) has been designated by the SECDEF to assume DOD responsibility for the oversight and effective implementation of the national disclosure policy and operation of the NDPC under the provisions of NDP-1.

**50105 DISCLOSURE DECISIONS.**

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

B. To record disclosure decisions, FORDTIS has been established as a central repository for such decisions. Four types of information are recorded in FORDTIS:

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

2. All decisions on requests for exceptions to policy.
3. All disclosures involving top secret information.
4. All DOD decisions on munitions license applications.

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

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

E. All MILDEPs will follow the instructions in DODI 5230.18 in reporting disclosure decisions.

**50106 FALSE IMPRESSIONS.** It is the policy of the U.S. to avoid creating false impressions of its readiness to make available classified military materiel, technology, or information. Lack of strict adherence to this policy may create problems. Much military hardware is unclassified. *However*, this same unclassified hardware, if sold, may require the release of sensitive classified information for its operation or maintenance, or for the foreign recipient to receive training on it. Therefore, the disclosure decision must be made based on the classification level of all *information* which may be required for release if the system were to be acquired. If the proposed foreign recipient is not authorized to receive the highest level of classified information required, *no information*, not even *unclassified* may be released or discussed until the required authority is obtained. This means that there can be no weapon specific information, and no release of price or availability data, until authority is obtained to release the highest level of classified information ultimately required for disclosure.

**50107 CONTROL OF FOREIGN REPRESENTATIVES.** DOD Instruction 5230.20, entitled *Policy and Procedures for the Control of Foreign Representatives*, sets forth standard procedures concerning requests for visits, accreditations, and attendance at classified meetings by foreign representatives. Accreditation, as used in DODI 5230.20, pertains only to foreign representatives, military or civilian, to include U.S. citizens, who are officially employed by a particular foreign government. As implemented by the MILDEPs and the Defense Intelligence Agency (DIA), "accreditations" are extended only to the foreign government-sponsored officials who have a frequent need for contacts with DOD departments and agencies, such as liaison officers and procurement officials. Normally, those individuals are assigned to the foreign embassy or mission in the United States. Those foreign officials who do not have a frequent need, such as foreign government officials stationed outside the U.S. and foreign industry representatives, must apply for either a one-time visit authorization or an extended visit authorization.

**50108 INDUSTRIAL SECURITY.** The security of the U.S depends in part upon the proper safeguarding of classified information released to industry. The objective of the Industrial Security Program is to assure the safeguarding of classified information in the hands of U.S. industrial organizations, educational institutions, and all organizations and facilities used by prime and subcontractors. The *Industrial Security Regulation (ISR)*, DOD 5220.22-R, sets forth policies, practices, and procedures of the Industrial Security Program used internally by the DOD to insure maximum uniformity and effectiveness in its application throughout industry. The *Industrial Security Manual (ISM)*, DOD 5220.22-M, a companion document to the ISR, is a DOD publication which contains detailed security requirements to be followed by U.S. contractors for safeguarding classified information. The ISM is made applicable to industry by management's

execution of the Department of Defense Security Agreement (DD Form 441), and by direct reference in the "Military Security Requirements" clause in the contract.

**50109 DEFENSE INDUSTRIAL SECURITY CLEARANCE OFFICE (DISCO).**

The Defense Industrial Security Program (DISP) establishes procedures for safeguarding classified defense information which is entrusted to contractors. Included in these procedures is a system for determining the eligibility of industrial personnel for access to classified defense information. This function is performed centrally by DISCO.

**50110 USER AGENCY CONTRACTS REQUIRING OVERSEAS DELIVERIES.**

When a USG agency (User Agency) places a contract with a cleared U.S. contractor which calls for delivery of classified information or materiel to a foreign government (principally FMS contracts), the responsibility for delivery rests with the User Agency.

**50111 TRANSMISSION OF CLASSIFIED MATERIEL TO FOREIGN GOVERNMENTS.**

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

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

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

1. An embassy, consulate, or other official agency of the recipient government having rights of inviolability in the United States or to
2. A U.S. Embassy or a U.S. military organization in the recipient country or in a third-party country, if applicable, for delivery to a designated representative of the intended recipient government. In either case, the assurance in paragraph A. above and a receipt, must be obtained.

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

1. **Shipments Resulting from FMS.** DOD components authorized to approve an FMS transaction that involves the delivery of U.S. classified materiel to a foreign purchaser shall, at the outset of negotiation or consideration of proposal, consult with DOD component transportation authorities (Military Traffic Management Command, Military Sealift Command, Military Airlift Command, or other, as appropriate) to determine whether secure shipment from the CONUS point of origin to the ultimate foreign destination is feasible. Normally, the USG will use the DTS to deliver classified material to the recipient government. If, in the course of FMS case processing, the foreign purchaser proposes to take delivery or custody of the classified materiel in the U.S. and use its own facilities and transportation for onward shipment to its territory, the foreign purchaser or its designated representative shall be required to submit a transportation plan. This plan, as a minimum, shall specify the storage facilities, delivery and transfer points, carriers, couriers or escorts, the methods of handling to be used from the CONUS point of origin to the final destination and return shipment when applicable. (See Table 503-4.) The DOD Component that initiates the FMS transaction shall designate the security officials who are authorized to evaluate the transportation plan to determine whether the plan adequately ensures protection of the highest level of classified materiel involved. Unless the DOD Component initiating the FMS transaction approves the transportation plan as submitted, or it is modified to meet U.S. security standards, shipment by other than DTS shall not be permitted. Transmission instructions or the requirement for an approved transportation plan shall be incorporated into the security requirements of the LOA, DD Form 1513.

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

3. **Delivery within the United States, its Territories, or Possessions.** Delivery of classified materiel to a foreign government at a point within the United States, its territories, or its possessions, shall be made only to a person identified in writing by the recipient government as its designated representative as specified above. The only authorized delivery points are:

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

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

c. Military or commercial POEs that are recognized points of departure from the U.S., its territories, or possessions, for onloading aboard a ship, aircraft, or other carrier authorized under subparagraph 5 below. In these cases, the transportation plan shall provide for U.S.-controlled secure shipment to the CONUS transshipment point and the identification of a secure storage facility, government or commercial, at or in proximity to the POE. A DOD official authorized to transfer custody is to supervise or observe the onloading of FMS materiel being transported via the DTS and other onloading wherein physical and security custody of the materiel has yet to be transferred formally to the foreign recipient. In the event that transfer of physical and security custody cannot be accomplished promptly, the DOD official shall ensure that the classified materiel is either returned to a secure storage facility of the U.S. shipper (government or contractor); or segregated and placed under constant surveillance of a duly cleared U.S. security



force at the POE; or held in the secure storage facility (government or commercial) designated in the transportation plan.

d. Freight forwarder facility that is identified by the recipient government as its designated representative and that is cleared in accordance with subparagraph 6 below, to the level of the classified materiel to be received. In these cases, a person identified as a designated representative must be present to accept delivery of the classified materiel and receipt for it, to include full acceptance of security responsibility.

#### 4. Delivery Outside the United States, Its Territories, or Possessions.

a. Delivery within the Recipient Country. Classified U.S. materiel to be delivered to a foreign government within the recipient country shall be delivered on arrival in the recipient country to a USG representative who shall arrange for its transfer to the designated representative of the recipient government. If the shipment is escorted by a USG official authorized to accomplish the transfer of custody, the materiel may be delivered directly to the recipient government's designated representative upon arrival.

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

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

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

**50112 U.S. CONTRACT TO FOREIGN FIRMS.** A user agency may initiate action to award or permit one of its contractors to award a classified contract to a foreign contractor provided the classified information involved has been approved for release (or is determined to be releasable) to the government of that country under the NDP-1. In addition, the foreign government concerned must have entered into a security agreement or other security arrangement with the U.S. under which it agrees to protect U.S. classified information released to it. User agency responsibilities are contained in DOD Regulation 5220.22-R.

## Section 502 - Security Classification and Release of Information

**50201 PURPOSE.** The only basis for classifying selected security assistance information is to protect the national security, that is, the national defense and foreign relations of the U.S. This section contains specific criteria, based on Executive Order 12356 (National Security Information), and that provided by the Department of State, for classification and release of SA information for the purpose of protecting the conduct of U.S. foreign policy. SA information will be classified for national security purposes in accordance with the criteria of this section and of DOD 5200.1-R, *Information Security Program Regulation*, and corresponding MILDEP regulations. The Department of State, the Assistant Secretary of Defense for International Security Affairs (ASD/ISA), the Assistant Secretary of Defense for International Security Policy (ASD/ISP), and the Director, DSAA may issue special instructions which modify or supplement this section in particular situations.

### **50202 SECURITY CLASSIFICATION GUIDELINES.**

#### **A. General Guidelines.**

1. **Basis for Classification.** All security assistance information not specifically designated as classified under paragraph B below is unclassified unless the Department of State, ASD/ISA, ASD/ISP, or the Director, DSAA directs classification in a particular situation, or unless the national security classification criteria of DOD 5200.1-R and corresponding MILDEP regulations warrant classification for national defense purposes.

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

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

#### **B. Specific Guidelines.**

1. **MAP and IMET Program.** The dollar levels and content of a program for the budget or a subsequent fiscal year are considered *For Official Use Only* (FOUO) for each individual country and international organization. The budget year program no longer need be marked FOUO after delivery of the CPD to the Congress.

#### **2. FMS.**

a. The primary factors considered by the Department of State ASD/ISA, ASD/ISP, and the Director, DSAA in requiring classification of FMS information under paragraphs (b) and (c) below are: the extent to which disclosure of the information would reveal the purchaser's order of battle, taking into consideration the nature and quantity of defense articles being sold and the degree to which the purchaser relies on the U.S. as a source of military supply; and, the extent to which disclosure of the information could be expected to stimulate demands by third countries upon the U.S. or upon other supplying nations for defense articles, thus encouraging global or

50202.B.2.b.

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

b. **P&A Data and LORs.** P&A data are classified where these data (1) identify a requesting foreign government and specific items of MDE (e.g., M-60 tanks) in which that government has expressed an interest, and (2) qualify for reporting under the AECA, Section 36(b), or (3) classification is authorized under paragraph 50202.A.1 above. Unless otherwise authorized by paragraph 50202.A.1 above, such classified data may be declassified when Congressional notification is completed or a subsequent Letter of Offer for these items is unclassified. In accordance with paragraph 11-100 of DOD 5200.1-R, DOD elements will respect the security classification of documents originated by foreign governments, including LORs. LOAs, however, will not be classified unless authorized under paragraph 50202.A.1 above or paragraph (c), below. \*

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

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

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

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

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

[Note: Originating Agency's Determination Required.]

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

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

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

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

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

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

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

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

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

5. **Section 36(b) Notifications and Section 113b Reports.** Specific classification directions and guidelines for Section 36(b) notifications, Section 118 reports, and input data elements for these documents are specified in Chapter Seven of this Manual.

## **50203 RELEASE OF INFORMATION.**

### **A. Unclassified.**

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

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

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

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

2. **Compilation of FMS Case-Level Data.** On June 25, 1985, the SECDEF decided that a compilation of FMS case-level data should be classified Confidential. For this purpose, a compilation is defined as consisting of data provided to the Congress quarterly pursuant

to paragraphs (1) and (2) of section 36(a) of the AECA that covers a single period longer than five consecutive calendar quarters.

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

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

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

3. **Foreign Governments and International Organizations.** Unclassified information may be released to the concerned country or international organization as appropriate for purposes related to security assistance. Price data may be released to MAP and IMET recipient countries and international organizations, subject to recipients' understanding that prices are provided for procurement planning and related purposes only, and that prices quoted are estimates and are not necessarily those which have been or will be applied to articles delivered or services rendered or training furnished to the country or organization as Grant Aid.

**B. Classified.**

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

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

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

**C. Approval of Chief of Diplomatic Mission.** In-country release of all security assistance information to a foreign government or international organization will be made through or with the approval of the Chief of the U.S. Diplomatic Mission to the government or organization

involved after a disclosure decision has been made by the appropriate authority in accordance with paragraph B.3 above.

#### **50204 RCS: DSAA (AR) 1200 FMS REPORT SUBMISSIONS.**

A. **Entry of Data.** Each entry into the DSAA 1200 system of data pertaining to a new FMS case will indicate whether that data is classified under the criteria of paragraph 50202.A.1 or 50202.B.2.(c) above. The security classification, for foreign relations purposes, of an FMS case in the 1200 system is based on the identification in that system of the fact that a specific defense article (e.g., Hawk missile) is or may be sold to particular foreign government. The existence of classified technical data concerning defense articles which are or may be sold under an FMS case does not warrant classification of that FMS case in the 1200 system, since such technical data are not entered into the 1200 system.

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

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

#### **50205 FOREIGN COUNTRY INVOLVEMENT IN THE DOD CONTRACTUAL PROCESS.**

A. **DOD Policy.** Procurements made for FMS requirements must comply with U.S. Government acquisition regulations and procedures. Accordingly, such procurements are normally conducted by the same DOD component that would procure the same article or service for a U.S. DOD requirement. The DOD component responsible for the FMS offer and acceptance will assure that sufficient details are included in the LOA to enable the U.S. contracting officer to negotiate and award a contract without foreign country representation or direct involvement in the formal negotiation process. Required discussions with the foreign purchaser must be undertaken during the development of the LOA and prior to actual implementation in order to assure that the contracting community has all the data required to award a contract consistent with contracting regulations and the foreign country desires.

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

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

**50206 FOREIGN GOVERNMENT INFORMATION.**

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

B. Classification of foreign government information will be in accordance with Chapter XI of DOD 5200.1-R.

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

D. Equivalent Foreign and International Organization Security Classifications are at Table 503-5.

## Section 503 - Export License and Customs Clearance Guidance for FMS Customers

**50301 PURPOSE.** Paragraphs 50302 through 50305 provide guidance and instructions for processing export licenses and customs clearances for items purchased on a government-to-government basis under the FMS program. Paragraph 50306 provides information on the requirement for State Department approval prior to the submission of sales proposals or presentations for SME items and/or technical data. Paragraph 50307 provides information on the export of classified defense articles and services.

### **50302 U.S. DOD SPONSORED SHIPMENTS OF FMS MATERIEL.**

A. **U.S./DOD Exemption from Export Licensing.** Under certain conditions, no license is required for the export of defense articles or defense services made by an agency of the USG. When DOD sponsored FMS materiel is shipped through the DTS on GBLs or other transportation documents, or by DOD-owned, controlled, or arranged transportation, with DOD retaining custody until arrival at the overseas port of discharge of the destination country, the DOD is exempt from the requirement for an Export License and the completion of the Shipper's Export Declaration. Under no circumstances will these exemptions be extended to shipments made by any foreign government.

B. **Annotation of Transportation Documents.** When DOD retains custody of the shipment and transportation responsibility until arrival of the shipment at the overseas port of discharge of the destination country, under the conditions defined above, and when movement is effected under Delivery Term Codes "6," "7," and "9," all GBLs and other transportation documents issued to cover movement of such shipments will be annotated "(*APPLICABLE MILITARY DEPARTMENT*) *SPONSORED FOREIGN MILITARY SALES SHIPMENT -- NO EXPORT DECLARATION OR LICENSE REQUIRED 22 CFR 126-4(a) APPLICABLE.*" The signature of the issuing officer on the GBL/document will serve as a certification of this statement. NOTE: Under no circumstances will this annotation be made on GBL(s) or other transportation documents for FMS shipments made through or by a forwarding agent or by any representative of a foreign country.

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

### **50303 SHIPMENTS OF UNCLASSIFIED FMS PURCHASED MATERIEL THROUGH COUNTRY REPRESENTATIVES OR FREIGHT FORWARDERS.**

A. **Policy.** The Department of State has established policy and procedures in the ITAR, Section 126.6, relative to the permanent export of unclassified defense articles purchased on a government-to-government basis under the FMS program. This section of the ITAR provides for Form DSP-94 (Table 503-1) to be used instead of an export license for shipments through commercial channels of unclassified defense articles sold under the FMS program.

B. **Country/Freight Forwarder Requirements.** To make use of DSP-94, freight forwarders must be registered with the Office of Munitions Control (OMC), file a letter with OMC



from the foreign embassy or government appointing them as forwarding agent for that government's shipments, and file a statement with OMC assuming full responsibility for compliance with the ITAR.

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

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

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

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

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

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

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

(c) Procedures for the Foreign Military Sales Program.

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

(i) Pursuant to an executed U.S. Department of Defense Letter of Offer and Acceptance (DD Form 1513); and

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

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

(2) Filing of Documents.

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

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

(B) An authorized representative of the foreign government.

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

*"The shipment is being exported under the authority of Department of State Form DSP-94. It covers FMS Case \_\_\_\_\_, expiration date \_\_\_\_\_. 22 CFR 126.6 applicable."*

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

#### **50304 FMS CUSTOMER RESPONSIBILITY.**

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

B. **Export Customs Clearance.** It is the foreign country's responsibility to obtain export customs clearance for all FMS materiel exported from the U.S., except when it is moved under USG auspices. Movement of materiel which remains in the custody of DOD is handled by a separate procedure. See Paragraph 50302.A.

1. Export declaration (U.S. Department of Commerce Form 7525-V, *Shipper's Export Declaration*) must be prepared by the foreign country representative/freight forwarder for all FMS materiel which is not moved by the USG. Declarations must be filed with and authenticated by a District Director of Customs. Provisions of law and regulations concerning export declarations are found on the reverse side of Commerce Form 7525-V, and in 22 CFR 123.9, 123.25, and 126.6.

2. After declarations have been prepared and authenticated, shipments must be cleared through U.S. Customs by submission of documents to the District Director of Customs or export control officers (22 CFR 123.25 and 126.6).

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

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

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

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

D. **Overseas Customs Clearance.** The FMS customer country is responsible for obtaining overseas customs clearance of all FMS materiel through its customs agencies for receipt of the materiel at the country port of discharge.

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

**50305 INTRANSIT SHIPMENTS OF UNCLASSIFIED DEFENSE ARTICLES.**

A. **General.** For the import into, and re-export from, the U.S. of any unclassified defense articles, a Temporary Import License Form DSP-61 (See Table 503-2) is required. This includes defense articles being temporarily imported to the U.S. for overhaul, repair, modification, and intransit shipments to a third country. An example of an intransit shipment to a third country is a defense article imported to the U.S. for incorporation into another article and is returned to the country of origin or shipped to another country.

B. **Procedures for Repair and Return.**

1. **Department of State and U.S. Customs Service Requirements.** The foreign government is responsible for obtaining the DSP-61 and the appropriate U.S. Customs clearance in accordance with paragraphs 123.3 and 123.5 of the ITAR. The U.S. Customs Service will accept an approved DSP-61 as authority from the Department of State, for duty-free entry into the U.S. and U.S.-origin defense articles which are the property of a foreign government and which are being temporarily imported for repair and maintenance pursuant to an FMS agreement. The DSP-61 must cite the FMS case in block 10 and a copy of the DD Form 1513 must be attached. This will eliminate the need for foreign governments to request separately a duty-free exemption from the Department of State.

2. **Shipments Arranged by the U.S. DOD.** A DSP-61 is not required when the shipment arrangements are being made on a U.S. GBL within the DTS.

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

**50306 STATE DEPARTMENT APPROVAL OF PROPOSALS RELATING TO SME.**

A. **Policy.** Before making a proposal or presentation to a foreign person to sell SME valued at \$14 million or more for end-use by foreign armed forces, a commercial company must obtain approval from the Department of State if the identical SME has not been previously approved for export. This requirement does not apply to the NATO countries, Australia, New Zealand, or Japan. This prior approval permits the contractor to conduct unclassified discussions and make a sales proposal in connection with the sale of a specific item of SME to a particular country. The prior approval is not required when the specific item of equipment has been previously approved for export to any foreign country. In such cases, the State Department must be notified in writing thirty days in advance of the proposal or presentation.

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

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

**50307 PROCEDURES FOR THE EXPORT OF CLASSIFIED DEFENSE ARTICLES AND SERVICES.** Application for export license for the export or import of classified defense articles and services must be made on Department of State Form DSP-85 (See Table 503-3). Application must be made by a U.S. national in accordance with the provisions of Part 125 of the ITAR. Classified materiel may only be released to a foreign government representative who has been designated in writing by the recipient government. A foreign government may designate a freight forwarder as their agent. The written designation shall contain assurances that the person has a security clearance at the appropriate level and that the person will assume full security responsibility for the materiel on behalf of the foreign government. The recipient will be required to execute a receipt for the materiel, regardless of the level of classification. Classified shipments resulting from direct commercial sales must comply with the same security standards that apply to FMS contracts. Prior to consummation of a commercial contract that will result in the shipment of classified materiel, contractors must consult with the purchasing government, the DIS Cognizant Security Office and the responsible DOD Component to obtain approval of the transportation plan. The transportation plan is at Table 503-4. In the event the defense contractor is unable to make suitable arrangements for shipment of classified materiel being procured under a direct commercial contract, the contractor should notify the foreign customer to make appropriate arrangements for DTS shipment under an FMS LOA.

**50308 FMS CREDIT FINANCED DIRECT COMMERCIAL CONTRACTS.** Consistent with the guidelines in Chapter 9, Section 902, Paragraph 90209, DSAA reviews direct commercial contracts submitted by FMS credit recipients for FMS credit financing approval. The review for financing approval is separate and distinct from the munitions/export licensing requirement of the Department of State or Department of Commerce, as applicable. Approval of financing for a commercial contract does not relieve the exporter from the necessity of obtaining required export licenses, nor imply automatic USG approval of such licenses when requested.

**TABLE 503-1**  
**Authority to Export Defense Articles and Defense Services Sold under the**  
**Foreign Military Sales Program (Form DSP-94)**

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



**UNITED STATES OF AMERICA**  
**DEPARTMENT OF STATE**

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

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

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

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

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

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

I. _____	VI. _____	XI. _____	XVI. _____	XXI. _____
II. _____	VII. _____	XII. _____	XVII. _____	
III. _____	VIII. _____	XIII. _____	XVIII. _____	
IV. _____	IX. _____	XIV. _____	XIX. _____	
V. _____	X. _____	XV. _____	XX. _____	

12. Exporter's Statement

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

Signature \_\_\_\_\_ Date \_\_\_\_\_  
 (Authority valid for 24 months from above date.)

FORM DSP-94  
 1/85

1-AUTHORITY TO EXPORT

**TABLE 503-1. Authority to Export Defense Articles and Defense Services Sold**  
**under the Foreign Military Sales Program (Form DSP-94).**

**TABLE 503-2**  
**Application/License for Temporary Import of**  
**Unclassified Defense Articles (Form DSP-61)**

APPLICATION/LICENSE FOR TEMPORARY IMPORT OF UNCLASSIFIED DEFENSE ARTICLES			
COMMENTS REQUESTED BY		FROM	
<input type="checkbox"/> DOD/DR&E	<input type="checkbox"/> EA/RA	<input type="checkbox"/> ACDA	
<input type="checkbox"/> ARMY	<input type="checkbox"/> EUR/RPM	<input type="checkbox"/> NASA	
<input type="checkbox"/> NAVY	<input type="checkbox"/> NEA/RA	<input type="checkbox"/> ENERGY	
<input type="checkbox"/> AIR FORCE	<input type="checkbox"/> AF/I		
<input type="checkbox"/> PM/SAS	<input type="checkbox"/> ARA/RPP		
<input type="checkbox"/> DOD/NSA	<input type="checkbox"/> DES/SAT		
CASE NO		RECEIVED PM/MC	DATE STAFFED
REPLY HERE AND RETURN TO: OFFICE OF MUNITIONS CONTROL, DEPARTMENT OF STATE, WASHINGTON, D.C. 20620			
<input type="checkbox"/> approve w/o provision		Typed name/initials	
<input type="checkbox"/> approve w/provision		Comments	
<input type="checkbox"/> deny			
1 Date prepared	2 PM/MC applicant code	3 Foreign country from which shipped	4 U.S. port of import
5 Applicant's name, address, ZIP code, tel. no. XXXXX XXXXX XXXXX XXXXX XXXXX XXXXX XXXXX XXXXX XXXXX XXXXX TELEPHONE NUMBER		6 Foreign country of ultimate destination	7 U.S. port of export
		8 Name, State, and telephone number of applicant contact if U.S. Government needs additional information	
9 QUANTITY	10 COMMODITY (Indicate overhaul/repair/modification cost if applicable and known; follow instructions carefully)	11 MUNITIONS LIST CATEGORY	12. VALUE
		13 TOTAL VALUE \$	
14 Source or manufacturer of commodity		16 Specific purpose for which the material is imported (overhaul, repair, modification, or transshipment to a third country)	
15 Name and address of owner of commodity in foreign country from which shipped		17 Name and address of consignor in foreign country from which shipped	
18 Name and address of consignee in foreign country of ultimate destination		19 Name and address of end user in foreign country of ultimate destination	
20 Name and address of foreign intermediate consignee		21 Name and address of U.S. intermediate consignee (overhaul/repair facility or transshipment agent)	
22 The IDENTICAL commodity <input type="checkbox"/> was licensed to the country in block 3 under license no. _____, <input type="checkbox"/> was licensed to other countries under license no. _____, <input type="checkbox"/> was denied to the country in block 3 under voided license no. _____, <input type="checkbox"/> never licensed for this applicant		23 APPLICANT'S STATEMENT (See Instructions) I, _____, hereby apply for a license to (Typed Name) complete the transaction described above; warrant the truth of all statements made herein, and acknowledge, understand and will comply with the provisions of Title 22 CFR 121-128 and 130 and any conditions and limitations imposed. If the commodity is firearms or ammunition of U.S. manufacture, I certify that, based on corroborative evidence, the commodity was not furnished on a grant basis to, or acquired without full payment by, a foreign government under a foreign assistance program of the U.S. as set forth in Title 22 CFR 121-128 and 130	
24 LICENSE TO BE SENT TO: Name, address, ZIP code XXXXXX XXXXXX XXXXXX XXXXXX XXXXXX XXXXXX XXXXXX XXXXXX XXXXXX XXXXXX			

FORM DSP-61  
10-8-77

DISCARD PREVIOUS EDITIONS

2-REFERRAL

FORM APPROVED  
OMB NO. 47-R0138

**TABLE 503-2. Application/License for Temporary Import of Unclassified**  
**Defense Articles (Form DSP-61).**

**TABLE 503-3**  
**Application/License for Permanent/Temporary Export or Temporary Import**  
**of Classified Defense Articles and Related Classified Technical Data**

(DEPARTMENT OF STATE USE ONLY)				
<b>SEAL</b>  License is hereby granted to the applicant for the described commodity to be permanently exported from the U.S., to be temporarily exported from and returned to the U.S., or to be temporarily imported into the U.S. and returned to the foreign owner, provided shipment is made in accordance with the Department of Defense Industrial Security Manual. This license may be revoked, suspended or amended by the Secretary of State without prior notice whenever the Secretary deems such action advisable (DO NOT REPRODUCE THIS LICENSE (121.20(c)))	<b>Signature</b>  <div style="border: 1px solid black; width: 100px; height: 100px; margin: 0 auto;"></div>	<b>C</b>  LICENSE NO	<div style="border: 1px solid black; width: 100px; height: 100px; margin: 0 auto;"></div>	LICENSE VALID FOR 24 MONTHS FROM ABOVE DATE
UNITED STATES OF AMERICA      DEPARTMENT OF STATE APPLICATION/LICENSE FOR PERMANENT/TEMPORARY EXPORT OR TEMPORARY IMPORT OF CLASSIFIED DEFENSE ARTICLES AND RELATED CLASSIFIED TECHNICAL DATA				
1. Date prepared	2. PM/MC applicant code	3. Check one: <input type="checkbox"/> Permanent export <input type="checkbox"/> Temporary export <input type="checkbox"/> Temporary import	4. Country of ultimate destination or sojourn	5. Country from which shipped (temporary imports only)
6. Applicant's name, address, ZIP code, tel. no.  <div style="border: 1px solid black; width: 100px; height: 100px; margin: 0 auto;"></div> TELEPHONE NUMBER:			7. Names and telephone numbers of U.S. Government personnel (not PM/MC) familiar with the commodity  8. Name, State and telephone number of applicant contact if U.S. Government needs additional information	
9. QUANTITY	10. COMMODITY (Follow instructions carefully)  <input type="checkbox"/> Hardware <input type="checkbox"/> Technical Data		11. CLASSIFICATION	12. MUNITIONS LIST CATEGORY
			14. TOTAL VALUE: \$	
15. Source or manufacturer of commodity			16. Specific purpose for which the material is required, including specific program/end item	
17. Name and address of seller in United States			18. Name and address of consignor in United States	
19. Name and address of cognizant DIS security office  <div style="border: 1px solid black; width: 100px; height: 100px; margin: 0 auto;"></div>			20. Name and address of foreign consignee	
21. Name and address of foreign end-user			22. Date and level (TS, S or C) of security clearance of facility in item 5  Date: _____ Level: _____	
24. If commodity is being provided under a Foreign Military Sales (FMS) or Grant Aid (GAD) program, state which _____ and give the case no. _____			23. This application represents: <input type="checkbox"/> ONLY completely new shipment; <input type="checkbox"/> ONLY the unshipped balance of license no. _____ NOTE: APPLICATION CAN NOT INCLUDE BOTH	
26. Would approval of this application result in an application to export more highly classified commodities? <input type="checkbox"/> No <input type="checkbox"/> Yes If yes, explain in a cover letter (6 copies).			25. The IDENTICAL commodity <input type="checkbox"/> was licensed to the country in block 3 under license no. _____; <input type="checkbox"/> was licensed to other countries under license no. _____; <input type="checkbox"/> was denied to the country in block 3 under voided license no. _____; <input type="checkbox"/> was never licensed for this applicant	
28. LICENSE COPY TO BE SENT TO: Name, address, ZIP code  <div style="border: 1px solid black; width: 100px; height: 100px; margin: 0 auto;"></div>			27. APPLICANT'S STATEMENT (See Instructions) I, _____, hereby apply for a license to complete the transaction described above; warrant the truth of all statements made herein, and acknowledge, understand and will comply with the provisions of Title 22 CFR 121-128 and 130, any conditions and limitations imposed, and the DOD Industrial Security Manual.  Signature _____	

FORM DSP-85  
11/82 (DISCARD PREVIOUS EDITIONS)

1—APPLICATION/LICENSE

FORM APPROVED  
OMB NO. 1405-0072

**TABLE 503-3. Application/License for Permanent/Temporary Export or Temporary Import of Classified Defense Articles and Related Classified Technical Data (Form DSP-85).**

### TABLE 503-4 TRANSPORTATION PLAN

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

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

- a. A description of the classified materiel together with a brief narrative as to where and under what circumstances transfer of custody will occur;
- b. Identification, by name or title, of the designated representative(s) of the foreign recipient government or international organization who will receipt for and assume responsibility for the materiel. In case of U.S. classified materiel, the person(s) so identified must be cleared for access to the level of the classified materiel to be shipped;
- c. Identification and specific location of delivery points and any transfer points;
- d. Identification of commercial carriers and freight forwarders or transportation agents who will be involved in the process, the extent of their involvement, and, as applicable, security clearance status;
- e. Identification of any storage or processing facilities to be used and, relative thereto, certification that such facilities are authorized by competent government authority to receive or process the level of classified materiel to be shipped;
- f. When applicable, the identification, by name or title, of couriers and escorts to be used and details as to their responsibilities and security clearance status;
- g. Description of shipping methods to be used, together with the identification of carriers (foreign and domestic). For classified materiel, see Chapter 8, DOD 5200.1-R and for classified sensitive materials, see Chapter 7, DOD 5100.76-M.
- h. In those cases when it is anticipated that the U.S. classified materiel or parts thereof may be returned to the U.S. for repair, service, modification, or other reasons, the plan must require that shipment shall be via a carrier of U.S. or recipient government registry, handled only by authorized personnel, and that the applicable DOD component (for FMS) or DIS (for commercial sales) will be given advance notification of estimated time and place of arrival and will be consulted concerning inland shipment;
- i. The plan shall require the recipient government or international organization to examine shipping documents upon receipt of the classified materiel in its own territory and advise the responsible DOD component in the case of FMS, or DIS in the case of commercial sales, if the materiel has been transferred enroute to any carrier not authorized by the transportation plan; and
- j. The recipient government or international organization also will be required to inform the responsible DOD component or the DIS promptly and fully of any known or suspected compromise of U.S. classified materiel while such materiel is in its custody or under its cognizance during shipment.

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TABLE 503-4. Transportation Plan.



**TABLE 503-5**  
**EQUIVALENT FOREIGN AND INTERNATIONAL PACT ORGANIZATION**  
**SECURITY CLASSIFICATIONS**

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

**TABLE 503-5. Equivalent Foreign and International Pact Organization Security Classifications.**

COUNTRY	TOP SECRET	SECRET	CONFIDENTIAL	.....
Hong Kong	TOP SECRET	SECRET	CONFIDENTIAL	RESTRICTED
Hungary	SZIGORUAN TITKOS	TITKOS	BIZALMAS	
India	TOP SECRET	SECRET	CONFIDENTIAL	RESTRICTED
Indonesia	SANGAT RAHASIA	RAHASIA	TERBATAS	
Iran	BEKOLI SERRI مکلی سری	SERRI سری	KHEILI MAHRAMANEH خیلی محرمانه	MAHRAMANEH محرمانه
Iraq	سری مطلق (Absolutely secret)	سری (Secret)	مکتوم	محدود (Limited)
Iceland	ALGJORTI	TRUNADARMAL		
Ireland Gaelic	TOP SECRET AN-SICREIDEACH	SECRET SICREIDEACH	CONFIDENTIAL RUNDA	RESTRICTED SRIANTA
Israel	SODI BEYOTER סודי ביותר	SODI סודי	SHAMUR שמור	MUGBAL מגבל
Italy	SEGRETISSIMO	SEGRETO	RISERVATISSIMO	RISERVATO
Japan	KIMITSU 機密	GOKUHI 極密	HI 秘	TORIATSUKAICHUI 取扱注意 BUGAIHI 部外秘
Jordan	مکتوم جدا MAKTUM JIDDAN	سری MAKTUM	مکتوم SIRRI	محدود MAHDUD
Korea	I 급 비밀 I KUP PI MIL	II 급 비밀 II KUP PI MIL	III 급 비밀 III KUP PI MIL	
Laos	TRES SECRET	SECRET	SECRET/ CONFIDENTIEL	DIFFUSION RESTREINTE
Lebanon	TRES SECRET	SECRET	CONFIDENTIEL	
Mexico	ALTO SECRETO	SECRETO	CONFIDENCIAL	RESTRINGIDO
Netherlands	ZEER GEHEIM	GEHEIM	CONFIDENTIEEL or VERTROUWELIJK	DIENSTGEHEIM
New Zealand	TOP SECRET	SECRET	CONFIDENTIAL	RESTRICTED
Nicaragua	ALTO SECRETO	SECRETO	CONFIDENCIAL	RESERVADO
Norway	STRENGT HEMMELIG	HEMMELIG	KONFIDENSIELL	BEGRENSET
Pakistan	TOP SECRET	SECRET	CONFIDENTIAL	RESTRICTED
Paraguay	SECRETO	SECRETO	CONFIDENCIAL	RESERVADO
Peru	ESTRICTAMENTE SECRETO	SECRETO	CONFIDENCIAL	RESERVADO

TABLE 503-5. Equivalent Foreign and International Pact Organization Security Classifications. (Continued)

COUNTRY	TOP SECRET	SECRET	CONFIDENTIAL	-----
Philippines	TOP SECRET	SECRET	CONFIDENTIAL	RESTRICTED
Portugal	MUITO SECRETO	SECRETO	CONFIDENCIAL	RESERVADO
Saudi Arabia	SAUDI TOP SECRET	SAUDI VERY SECRET	SAUDI SECRET	SAUDI RESTRICTED
Singapore	TOP SECRET	SECRET	CONFIDENTIAL	RESTRICTED *
Spain	MAXIMO SECRETO	SECRETO	CONFIDENCIAL	DIFFUSION LIMITADA
Sweden (Red Borders)	HEMLIG	HEMLIG		
Switzerland	[Three languages. Top Secret has a registration number to distinguish from Secret and Confidential.]			
French	TRES SECRET	SECRET DEFENSE	CONFIDENTIEL DEFENSE	DIFFUSION RESTREINTE
German	STRENG GEHEIM	GEHEIM	VERTRAULICH	
Italian	SEGRETISSIMO	SECRETO	RISERVATISSIMO	RISERVATO
Taiwan	絕對機密	極機密	機密	密
Thailand	LUP TISUD อับหิษ	LUP MAAG อับหิษ	LUP อับ	POK PID ปกปิด
Turkey	çOK gizli	gizli	ÖZEL	HİZMET ÖZEL
Union of So. Africa				
English	TOP SECRET	SECRET	CONFIDENTIAL	RESTRICTED
Afrikaans	UITERS GEHEIM	GEHEIM	VERTROULIK	BEPERK
United Arab Republic (Egypt)	سري بالمره TOP SECRET	سري جدا VERY SECRET	سري SECRET	سري OFFICIAL
United Kingdom	TOP SECRET	SECRET	CONFIDENTIAL	RESTRICTED
Uruguay	ULTRA SECRETO	SECRETO	CONFIDENCIAL	RESERVADO
USSR	СОВЕРШЕННО СЕКРЕТНО	СЕКРЕТНО	НЕ ПОДЛЕЖАЩИЙ ОГЛАШЕНИЮ	ДЛЯ СЛУЖЕБНОГО ПОЛЬЗОВАНИЯ
Viet Nam:				
French	TRES SECRET	SECRET DEFENSE	CONFIDENTIEL DEFENSE	DIFFUSION RESTREINTE
Vietnamese	TÔI-MẬT	MẬT	KINH	TU MẬT
International Organization	TOP SECRET	SECRET	CONFIDENTIAL	
NATO	COSMIC TOP SECRET	NATO SECRET	NATO CONFIDENTIAL	NATO RESTRICTED

**NOTES:**

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

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

**TABLE 503-5. Equivalent Foreign and International Pact Organization Security Classifications. (Continued)**

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## CHAPTER SIX

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## CHAPTER SIX

### MILITARY EXPORT SALES POLICIES AND CONSIDERATIONS

Section 600 - Policy and Background
-------------------------------------

**60001 PURPOSE.** The purpose of this section is to relate the fundamental policy and background that apply to military export sales as components of the overall security assistance program.

**60002 BACKGROUND.**

A. **Military Export Sales Defined.** *Military export sales* may be divided into *FMS* and *direct commercial sales*. *FMS* includes government-to-government transactions. For these sales, the DOD purchases articles and services from U.S. firms, takes title to the equipment, or has title to the articles to be sold from U.S. stocks, and sells the articles or services to the foreign buyer. For direct commercial sales, the U.S. firm sells directly to the foreign government or international organization.

B. **AECA.** In enacting the AECA, as amended, the Congress consolidated and revised foreign assistance legislation relating to military export sales. Basic sales policy is as outlined in Chapter Two.

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

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

a. **GFE, or GFM.** GFE manufactured in a Government-Owned, Government-Operated (GOGO) facility cannot, *except* in certain circumstances, be sold directly to U.S. firms for export to foreign purchasers. Sales of GFE or GFM to U.S. prime contractors are authorized in certain instances which are detailed in DODD 4175.1, dated 8 July 1983. The furnishing of this type of materiel would normally be via an *FMS* transaction between the USG and the foreign purchaser. See Chapter 8, Section 801, for procedures whereby a foreign country or international organization can appoint a commercial source to act as an agent for the receipt of *FMS* GFE/spares/support items which are required by that commercial source to enable the manufacture/assembly or repair/rehabilitation of a defense item owned by the foreign purchaser.

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

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

d. **Cooperative Logistics.** Sales made under CLSSAs and similar logistics sales arrangements are handled through the FMS channel as the only practicable way of incorporating the requirements of the armed forces of friends and allies into the U.S. logistics system.

3. **Purchaser's Options.** Except as provided for in Section 601 of this Chapter, the purchaser has the option to buy defense articles and services commercially or through FMS channels. Subject to stated limitations, the purchaser makes that decision. \*

C. **Buyer-Seller Relationship (Military).**

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

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

D. **Sales Guidelines.** Except where overriding considerations dictate otherwise, the following guidelines will govern DOD sales activities:

1. **Support of Foreign Policy Interests of the U.S.** DOD sales will support the foreign policy interests of the United States:

2. **Responsiveness to Foreign Requests.** The DOD will be responsive to foreign requests for sales proposals.

3. **Assisting U.S. Industry in Military Export Sales.**

a. As indicated below, the DOD will assist U.S. industry in making sales directly to foreign governments. Relationships with industry will be forthright, factual, and avoid all connotation of favoritism. More detail regarding SAO-Industry SA relations is contained in Section 602.

b. The Department of State has advised commercial firms who plan to discuss the sale of defense articles overseas to:

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

(2) Advise the local SAO or American Embassy representative upon arrival in-country; and

(3) Inform the SAO or Embassy representative whether or not they have a license to discuss technical information regarding the project planned to be discussed with host nations; and if not, how the commercial firm expects to handle the matter. There is no requirement

for a commercial firm to contact the SAO or local Embassy representative, but it is in the best interests of all concerned if commercial firms do so.

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

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

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

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

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

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

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

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

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

(2) No specific proposal is made for the sale of SME valued at \$14 million or more for end-use by foreign armed forces, or for manufacturing license or technical assistance agreements for the production or assembly of SME, regardless of the value of the contract. Conversely, any marketing activity that involves disclosure of technical data not in the public domain, unless otherwise specifically exempt from licensing requirements, must be licensed by the Department of State. Likewise, any specific proposal for the sale of SME valued at \$14 million or more for end-use by foreign armed forces, or for a manufacturing license or technical assistance agreement for the production or assembly of SME, regardless of the value of the contract, must receive prior approval by the Department of State, whether or not export of technical data is involved. An approved license for the export of technical data (DSP-5), or the temporary export of equipment for demonstration purposes (DSP-73), or an advisory opinion (a "GC" case) satisfy the prior approval requirement for SME proposals. However, if technical data is to be disclosed, a license is required since an advisory opinion is not an authorization to export technical data or equipment.

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

5. **Sales Promotion Prohibitions.** In accordance with the 1961 FAA, Section 515, as amended, "The President shall continue to instruct United States diplomatic and military personnel in the United States missions abroad that they should not encourage, promote, or influence the purchase by any foreign country of United States-made military equipment, unless they are specifically instructed to do so by an appropriate official of the executive branch."

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

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

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

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

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

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

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

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

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

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

10. **Legislative Restraints.** The principal legislative restraints on FMS are reviewed in Chapter 7 of this manual. These reflect the guidelines and constraints that must be followed prior to the approval of military export sales.



60003.

**60003 POLICIES.**

A. **List of Eligible Countries to Purchase or Lease Defense Articles or Defense Services.** The current list of eligible countries and international organizations determined by the President is provided at Table 600-2. It should be noted that sales to certain countries or international organizations may be suspended for legal or policy reasons. Any questions relative to the eligibility of a foreign country or international organization should be referred to DSAA, Operations Directorate.

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

C. **Foreign Military Design and Construction Sales.**

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

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

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

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

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

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

D. **Proper Use of Materiel.** The designated U.S. 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 FAA are discussed in Section 1101.

\*\*

60003.D.1.

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

2. 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 U.S., 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 U.S. country team organization.

3. When a U.S.-origin defense article has fulfilled its requirement and the recipient country desires to dispose of the article, there are two proper methods to use as follows:

a. 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. Third party transfer certification requirements are shown in Section 60003.K.

b. The item may be disposed of in-country. Because the military capability, potential for unauthorized disclosure of classified or sensitive information, civilian safety concerns, and other factors vary widely, adherence to DOD procedures for disposal are strongly encouraged.

4. 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. For non-MAP items, disposal remains the responsibility of the recipient country; however, the SAO should be aware of methods used by the country for final disposal of defense articles and whether a viable process exists for proper demilitarization.

5. If in-country demilitarization practices do not appear to meet U.S. standards, the recipient country should be encouraged to use U.S. demilitarization guidance in DOD 4160.21-M-1 obtained through FMS publications cases. 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 U.S. standards should be discussed with other principal members of the country team and raised to the appropriate U.S. level of the command chain, either within the host country or in the U.S., for resolution.

E. **Diversions of Materiel.** In order to implement the AECA, Section 21(i), 10 U.S.C., Sections 133b and 975, and the SAC, Defense Subcommittee report, 99-176 of 6 November 1985, the following policies govern the allocation of defense materiel between U.S. forces and international security requirements in the event of competing demands:

1. **Use of Normal Priorities Structure.** To the maximum extent possible, initial allocations of materiel shall be made within the normal priorities structure--UMMIPS. Both offshore procurement (OSP) and SDAF assets should be considered as alternatives to diversion of U.S. forces and/or FMS assets. See Chapter 9 (Section 902, paragraph 90210) and Chapter 14, respectively.

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

3. **Withdrawal from U.S. Forces.** High priority FMS requirements may be met by diverting from production for or withdrawing equipment from U.S. forces, providing the operational readiness posture of these forces is not significantly lowered and payback can be accomplished within a reasonable period of time. Such initial determination will be made by the MILDEPs and DOD components. Any diversion or withdrawal which would impact U.S. National Guard or Reserve forces must be coordinated with DSAA, which will in turn coordinate the proposal with the OASD/RA, pursuant to DOD Directive 1225.6. If tanks are being withdrawn, a determination will be included in the required Congressional notification that the proposed sale will not increase the shortage of tanks in the U.S. National Guard or Reserve during the current five-year defense plan. Should tanks need to be withdrawn from the U.S. National Guard or Reserve, the Congress shall be advised of the plan to replace the specific tanks.

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

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

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

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

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

60003.E.5.c.(1).

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

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

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

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

(2) The amount of the proposed sale;

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

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

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

e. Shipments from Production. While the language of the AECA, Section 21(i) pertains only to shipments from DOD stocks and performance of services by DOD personnel, impacts can occur when the DOD diverts materiel to foreign recipients which is scheduled for delivery from production. Therefore, the procedures and assessments outlined in paragraph E-3 above apply to both categories of transfer.

f. Presidential Report. In those cases where he takes action to advise the President of the requirement for a report to the Congress, the Secretary of Defense will provide the analysis relevant to the justification and certification called for in the AECA, Section 21(i)(1)(E), as well as a determination of whether a shortage of tanks will occur in the National Guard and Reserve with an attendant replacement plan (if the withdrawal is for tanks), as required by the SAC, Subcommittee report 99-176 of 6 November 1985. This latter tank determination and replacement plan must be included in the President's report to Congress. In this connection, a "proposal to sell" within the meaning of Section 21(i) refers to a decision at an appropriate level of the 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 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 the sale. The AECA, Section 21(i) is also interpreted as being applicable to a situation in which the significant adverse effect becomes apparent only after a sales contract is concluded. However, no Presidential report is required with respect to supply action under a sales contract where the supply action is altered in

60003.E.5.g.

order to avoid a significant adverse effect on U.S. combat readiness which would otherwise occur. The report required by 10 U.S.C., Section 118 is covered in Chapter 7, Section 703, of this manual.

g. **Secondary Items.** The above also applies to secondary items, including spare and repair parts as well as major end-items. In those instances where the foreign government has made an investment in the U.S. inventory under a CLSSA for spare and repair parts support, the security assistance requirements will be satisfied based upon priority on the same basis as U.S. force requirements. The head of an ICP may approve the issue of stocks below the reorder point to FMS customers when he determines that there will not be an unacceptable impact on U.S. forces. The impact on secondary items must be considered whenever a total package of end items and spare parts and support equipment is provided to a foreign country. \*

(1) When a foreign government does not have a CLSSA established, it is not entitled to the same access to the U.S. logistics system as U.S. forces. Therefore, materiel may be released to, but normally not below, the reorder point (or the MILDEP control point) to fill SA requirements. At the discretion of ICPs, non-CLSSA requirements that have been placed on backorder may be released when stock levels are above the reorder point, or when the normal procurement lead time has expired. In the latter case involving the expiration of the procurement lead time, stocks may be issued below the reorder point to, but not below, the safety level.

(2) On an exception basis, ICPs may issue stocks below the reorder point to fill non-CLSSA requirements if release of the stocks will not adversely affect support to U.S. forces. If it appears that support to U.S. forces may be adversely affected, ICPs will notify the requesting MILDEPs in writing. The written notification will include pertinent information regarding the stock status of the items involved.

(3) After elevating the issue to the headquarters level of the supporting service, the requesting MILDEP may appeal an ICP's decision not to issue stocks below the reorder point. The appeal shall be in writing to DSAA and shall include information regarding stock status and a justification of why the materiel should be released below the reorder point to fill non-CLSSA requirements in light of the possible impact on U.S. forces. DSAA will prepare a written response in coordination with the Office of the Assistant Secretary of Defense (Production and Logistics).

(4) Special attention shall be given to the priority designators applied to non-CLSSA requisitions to ensure that they are appropriate to the urgency of need and to avoid the appearance of abuse of the priority system.

(5) It is intended that the practice of issuing stocks below the reorder point to non-CLSSA customers be the exception and not the rule. It is further intended that a careful review be made of each such instance in order that U.S. forces' stocks are protected. However, there are situations when numerous requisitions for a SA case must be processed expeditiously. If the requesting military department and the affected ICPs agree that a blanket waiver would be the best way to be responsive to the requirement, a written request may be made by the requesting military department to DSAA for coordination with the Office of the ASD (P&L). The request shall explain why the process described in the preceding paragraphs is inadequate for responding to the case in question and for what time period the blanket waiver should be in effect.

## F. Logistics Support.

1. Use of U.S. Military Logistics System. Implementation of accepted FMS cases will be accomplished by the MILDEPs and DOD components as completely as possible within the existing organizational and procedural structure of the U.S. military logistics system.

Use of the DOD transportation system will be only for special cases, i.e., ammunition to the Port of Exit or by special arrangement stated in the LOA.

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

3. **Repair and Replace Programs.** The repair of foreign country-owned reparable items normally requires that the foreign country return a reparable carcass under an FMS LOA established for that purpose, and that the country wait the normal leadtime and pay the actual cost of repair. Under DOD 7290.3-M, Section 70202, Paragraph D, pricing and billing of repair and replace programs are authorized in conjunction with mature CLSSAs. For items covered by CLSSAs, DOD components may establish repair and return programs which utilize repair and replace procedures. Initial billing will be based on the estimated repair cost with adjustment to the actual costs as soon as possible after repair.

G. **Materiel Standards.** It is DOD policy that defense articles offered and sold to foreign governments and international organizations reflect favorably upon the U.S. Therefore, defense articles offered and sold under FMS will normally be new or unused, or as a result of rehabilitation, possess original appearance insofar as possible, and, as a minimum, have serviceability standards prescribed for issue to U.S. forces. If the customer country desires exclusively new equipment, this requirement will be stated in the LOA. If the customer desires to purchase "as is/where is," this will also be stated in the LOA.

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

I. **Translation Services.**

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

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

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

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

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

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

3. On receipt of such written requests containing justification, in order to comply with provisions of the AECA, Section 42(a), the Director, DSAA will advise the foreign firm involved (or its designated representative in the U.S.) in writing of such requests. DSAA will provide the foreign firm with a copy of the written request, if unclassified, and of other unclassified records pertinent and material to the transaction, and give the foreign firm an opportunity to provide data pertinent to the request, including a statement as to the amount of financial return to the U.S. economy should such a sale be made by the foreign firm. The foreign firm will normally be allowed 30 days to provide its comments.

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

#### K. **Third Party Transfer Certification.**

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

#### 2. **Congressional Notification.**

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

60003.K.2.a.(1).

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

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

b. **Notification Timeframes.**

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

(2) **Transfers to NATO, NATO Member Countries, Japan, Australia, and New Zealand.** For such transfers the Department of State must provide certification to the House and Senate at least 15 days before consenting to the transfer.

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

- (1) The country or international organization proposing to make the transfer.
- (2) A description of the defense article or related training or other defense service proposed to be transferred, including the original acquisition cost.
- (3) The proposed recipient.
- (4) The reasons for the proposed transfer.
- (5) The date the proposed transfer will take place.

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

e. **Exceptions.** This reporting requirement does not apply to the following transfers:

- (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 to be maintained, repaired or overhauled;
- (3) Transfers pursuant to arrangements among NATO members or between NATO and any of its member countries 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 (see paragraph (f) below).

f. **Lead-Nation Procurement Exemption.** In the category of transfers exempted from the reporting requirement of the AECA, Section 3(d), based on NATO lead-nation procurement, if the defense article or defense service to be transferred was originally purchased from the USG and that purchase had been the subject of a notification to the Congress under the AECA, Section 36(b), the proposed transfer is exempt from the reporting requirement of the



AECA, Section 3(d), only if the Section 36(b) notification with respect to such lead-nation procurement had identified the transferee on whose behalf the lead-nation procurement was proposed. For Section 36(b) AECA proposed sales to NATO or to another NATO member country purchasing on behalf of a third NATO party, information as to possible subsequent transfers shall be provided to DSAA in accordance with the formats contained in Chapter 7, Section 703.

#### L. Security Assistance Survey Teams.

1. **Purpose.** The term *security assistance survey* means any survey or study conducted in a foreign country by USG personnel for the purpose of assessing the needs of that country or international organization for security assistance, and includes defense requirement surveys, site surveys, general surveys or studies, and engineering surveys.

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

3. **Responsibilities.** The appropriate regional office of the Assistant Secretary of Defense for International Security Affairs or International Security Policy is responsible for coordinating DOD activities and actions relating to security assistance surveys which are intended to assess country or international organization capabilities and to identify future needs, e.g., defense requirement surveys. This includes the required interface and coordination with the Department of State, Arms Control Disarmament Agency and other appropriate agencies of the USG. The DSAA and the OJCS shall be kept informed of all personnel details of survey teams. For survey teams intended to meet a specific requirement rather than overall country international organizations capabilities; e.g., site surveys, a decision relative to the lead agency will be identified during initial staffing of the requirement. All actions shall be coordinated with the OJCS and DSAA. The appropriate regional office or lead agency, as applicable, will draft Terms of Reference for SA teams. General Terms of Reference for SA survey teams are set forth at Table 600-3 as a sample. A Security Assistance Survey Team Checklist outlining the process of reviewing requests for survey teams through the preparation of the Report is at Table 600-4 as a sample. These Tables may be adapted to other types of survey team requirements. Terms of Reference are required for all security assistance survey teams.

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

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

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

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

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

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

a. **DOD Component Responsibility.** The DOD component with predominant interest in the survey team is responsible for submitting a report to DSAA Operations (ATTN: Management Division) on a quarterly basis in the format of Table 600-1 not later than 30 days after the end of each quarter. The report will identify all security assistance surveys conducted during the preceding quarter. Negative replies are required.

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

6. **Submission of Survey Reports to Congress.** Individual security assistance survey reports need not be provided to the Congress unless a specific request is received. Consistent with Section 26(c), AECA upon a request of the chairman of the Committee on Foreign Affairs of the House of Representatives or the Chairman of the Committee on Foreign Relations of the Senate, copies of security assistance surveys will be provided. All such submissions will be forwarded to the Director, DSAA, for submission to the Congress. DOD components will not submit survey reports directly to the Congress. DOD reports should consider the possibility of further dissemination of the report during the preparation of the report. Accordingly, necessary staffing should be accomplished before finalization of the survey report to assure that the report reflects a staffed USG position. Coordination with the DSAA Operations Directorate is required for each draft survey report within 30 days of its preparation.

M. **Non-U.S. Administrative Support Costs.** The USG does not serve as the disbursing agent for funds received under FMS cases unless those funds are required for materiel or services provided by DOD, other Federal agency, or through a DOD procurement contract. Therefore, FMS cases will not include transportation, lodging, per diem, or other administrative expenses of foreign government representatives, even though such expense may be relatable to the materiel or service being provided under FMS cases. In exceptional situations, DSAA may specifically authorize an FMS case to include the payment of travel and living allowances for International Military Students. (See also Paragraph 70103.H.2.u)

**TABLE 600-1**  
**SECURITY ASSISTANCE SURVEYS AUTHORIZED**  
[Sample Format]

(date/quarter)

RCS: DSAA(Q) 1137

[illegible]

TABLE 600-1. Security Assistance Surveys Authorized.

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

<u>AFRICA</u>	<u>EUROPE</u>	<u>NEAR EAST &amp; SOUTH ASIA</u>	<u>WESTERN HEMISPHERE</u>
Benin	Austria	Algeria	Antigua & Barbuda
Botswana	Belgium	Bahrain	Argentina
Burkina Faso	Denmark	Bangladesh	Bahamas
Cameroon	Finland	Egypt	Barbados
Cape Verde	France	India	Belize
Central African Rep.	Germany (Fed. Rep.)	Israel	Bolivia
Chad	Greece	Jordan	Brazil
Djibouti	Iceland	Kuwait	Canada
Equatorial Guinea	Ireland	Lebanon	Chile
Gabon	Italy	Morocco	Colombia
Gambia	Luxembourg	Nepal	Costa Rica
Ghana	Malta	Oman	Dominica
Guinea	Netherlands	Pakistan	Dominican Republic
Guinea-Bissau	Norway	Qatar	Ecuador
Ivory Coast	Portugal	Saudi Arabia	El Salvador
Kenya	Spain	Sri Lanka	Grenada
Liberia	Sweden	Tunisia	Guatemala
Madagascar	Switzerland	United Arab Emirates	Haiti *
Malawi	Turkey	Yemen Republic	Honduras
Mali	United Kingdom		Jamaica
Mauritania	(incl Crown Agents)		Mexico
Mauritius	Yugoslavia		Panama
Mozambique			Paraguay
Niger			Peru
Nigeria			St. Christopher/Nevis
Rwanda			St. Lucia
Sao Tome and Principe			St. Vincent & the Grenadines
Senegal			Suriname
Seychelles			Trinidad & Tobago
Sierra Leone			Uruguay
Somalia			Venezuela
Sudan			
Tanzania			
Togo			
Uganda			
Zaire			
Zimbabwe			

**EAST ASIA  
AND PACIFIC**

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

**INTERNATIONAL TREATY ORGANIZATIONS**

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

Also see Appendix D, Table D-5

Sales to certain countries may have been suspended for legal or policy reasons. Any questions relative to eligibility should be referred to DSAA Operations. \*

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

**TABLE 600-3**  
**GENERAL TERMS OF REFERENCE**  
 (FOR SECURITY ASSISTANCE SURVEY TEAMS)

- A. Teams will report to the U.S. Ambassador, or in his absence, the *charge d'affaires*, upon arrival in country, and will serve under the overall supervision of the Ambassador. All formal consultations with the host country will be conducted subject to the concurrence of the U.S. Ambassador, with the participation of such Embassy staff as he may direct. Prior to departure the team will brief the Ambassador on its preliminary conclusions.
- B. The team recommendations should reflect the "total package" concept: end-item, ancillary equipment, training and logistics. Recommendations should not mirror-image U.S. force solutions. At least three levels of funding alternatives should be presented in the report.
- C. The team should evaluate the military manpower base, its absorptive capacity, the existing logistics and maintenance support capability, the capability of the country to prevent compromise of sensitive data and equipment, training requirements, and compatibility of recommended equipment with that currently in the host country inventory.
- D. The team will make no comment to host governments concerning possible availability of U.S. Government resources in any form.
- E. The team will not give host government any price and availability data, DOD lead times on equipment, or indicate any prospects for accelerated deliveries. The team, however, may provide general orders of magnitude information concerning cost and availability for illustrative purposes. Firm estimates can be provided only through normal channels and only in response to specific requests conveyed through the U.S. Embassy, not through the survey team.
- F. The team will not oblige the USG to the sale of any specific defense article or service.
- G. The team will not provide any kind of independent assessment or confirmation of the external threat as perceived by the host country. Release of classified information will be in accordance with NDP-1.
- H. The team will not provide military advice concerning tactics, doctrine, basing, combat planning, or operations.
- I. The team will avoid any possible indication that USG would assist in construction of airfields, camps, or other military facilities.
- J. The team will make no commitment to follow-on technical discussions or further surveys.
- K. The team will not undertake to provide the host country with an interim report.
- L. The team will debrief the appropriate Unified Commander on its preliminary findings prior to its return to Washington.

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**TABLE 600-3. General Terms of Reference for Security Assistance Survey Teams.**

**TABLE 600-4**  
**SECURITY ASSISTANCE SURVEY TEAM CHECKLIST**

A. Consideration of providing a security assistance survey is a result of a foreign government presenting the USG with a significant arms sale request, or requesting the USG to survey host country defensive capabilities and requirements. Also, the USG may, at its own initiative, propose a survey team.

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

C. State Department, DOD, and ACDA shall review the arms request list within the context of the President's policy on conventional arms transfers and other policy guidance, highlighting areas requiring policy decisions. The DOD will prepare a preliminary assessment of the availability of the requested equipment or services, as well as the requesting nation's requirement for and technical ability to absorb the items in question. State Department will review the FMS financing situation for the host country. Any statement regarding FMS financing beyond the current fiscal year's approved budget must receive Executive Office clearance by NSC and OMB. Future financing commitments can only be made in accordance with prevailing procedures.

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

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

F. The Director of Central Intelligence will be requested to produce inter-agency threat assessment.

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

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

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**TABLE 600-4. Security Assistance Survey Team Checklist.**

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

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

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

K. Within ten duty days after return to Washington, a preliminary briefing by the team chief will be given for relevant State Department, DOD, ACDA, AID, NSC, OMB, and CIA/DIA personnel, with particular attention to highlighting issues requiring high level policy review.

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

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

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

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TABLE 600-4. (Continued)

**Section 601 - Contractor Preference for Direct Commercial Sales**

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

**60102 GENERAL.**

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

4. Ammunition above 40mm.

5. Article which includes GFE, including GFE manufactured in a Government-Owned, Government-Operated (GOGO) facility, unless authorized for sale to U.S. firms under DODD 4175.1. Controls for these items needed to sustain a surge production capacity are more difficult to manage under direct preference.

6. Article where supply exclusively through commercial channels could reasonably be expected to adversely affect:

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

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

7. Article required in conjunction with a system sale.

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

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

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

**60104 COMMERCIAL SOURCE RESPONSIBILITIES.** The manufacturer must inform DSAA Operations Directorate that it believes it is the sole U.S. producer and prefers to sell an SME item on a direct commercial basis. The notification must provide the following: Article designation or nomenclature, military model number and NSN (if available), date and number of the most recent contract with DOD, and the DOD recipient under the contract.

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

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

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

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

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

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

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

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

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

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

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

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

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

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## Section 602 - SAO - Industry SA Relations

**60201 PURPOSE.** This section contains policy and guidelines for SAO assistance to industry representatives marketing U.S.-produced defense articles or services in the host country. It also summarizes actions which the commercial marketer can take to help assure success of these efforts.

### **60202 SAO GUIDELINES.**

A. Individuals marketing U.S. defense products should receive the same courtesies and support offered to persons marketing any other U.S. product. The principal point of contact for most U.S. defense industry representatives marketing defense equipment in U.S. missions is normally the SAO, rather than the commercial attache.

B. If a country intends to purchase a defense article it is in both the U.S. national security and economic interests that the purchase be a U.S. product. Consequently, SAOs should support the marketing efforts of U.S. companies while maintaining strict neutrality between U.S. competitors. In general and subject to releasability considerations, including export licensing, the SAO should facilitate the flow of information regarding U.S. systems to allow countries to make acquisition decisions, commercially or through FMS, while avoiding advocacy of a program with a specific U.S. producer (Also see Paragraph 7.)

C. DSAA is working closely with industry representatives to develop a mutually supportive relationship. The following guidance for SAOs is designed to supplement that provided from the State Department and to define the appropriate relationship that the SAOs should have with representatives of U.S. industry.

1. **Providing Country Information.** An important function of the SAO is to be well informed about, and properly responsive to, U.S. defense industry interests in the host country. Upon request, and subject to such factors as availability of resources and country sensitivity to release of specific data, the SAO should be prepared to provide industry representatives with the following kinds of unclassified information:

a. Data on the defense budget cycle in the host country including the share of that budget devoted to procurement. Industry representatives may also be made aware of the country's current FMS and MAP budgets.

b. Information on the national decision making process, both formal and informal, and on decision makers in the MOD and military services.

c. Information on the national procurement process, to include bidding procedures, legal or policy impediments to procurement from U.S. sources, and other information needed for the American commercial competitor to deal effectively with the country.

d. Estimates as to the kind of equipment the country currently needs to fill defense requirements and that it is likely to need in the future, as well as procurement plans for this equipment as known and appropriate to reveal.

e. Information as to the marketing efforts of foreign competitors.

f. Information on the major in-country defense firms and their products. This can assist U.S. firms when trying to identify possible subcontract support services needed or for exploring teaming, licensing, or other cooperative arrangements.

In providing this information the SAO should attempt to draw on any expertise resident in the Embassy. As an example, it might be useful for industry representatives to be aware of the overall financial position of the country, any International Monetary Fund (IMF) controls/restrictions on credit, and the relationship between the MOD and other branches of the government. This might mean drawing on the expertise of the Commercial, Economic, or Political Officers in the Embassy.

2. **Reciprocal Procurement Agreements.** The countries that have entered into reciprocal procurement agreements with the DOD (covering mutual cooperation in R&D, production, procurement, and logistics) have agreed to provide equal access by each party to the defense market of the other. Based on these agreements, SAOs should have a working knowledge of the host country's acquisition system and, in conjunction with the Embassy Commercial Attache, have a process for obtaining advance procurement information on bid solicitations which is simultaneous with the bid solicitations provided to in-country suppliers. The information on the reciprocal agreement and on the host country's defense solicitations should be provided to appropriate U.S. industry representatives. The exchange of information between the SAO and the industry representative can be used to monitor host country compliance with the reciprocal agreement. If it is suspected that U.S. companies are not being provided equal access to the defense market of the host country or if U.S. industry representatives can provide information which indicates that the agreement is not being honored, the SAO should work with the Embassy Commercial Attache to resolve the issue as well as advise the host country procurement officials and appropriate OSD activities.

3. **Appointments.** The SAO should assist industry representatives with visit appointments elsewhere in the Embassy and, as time and circumstances permit, facilitate appointments in the host country MOD and services. This will normally be accomplished by advising industry representatives of the proper country individuals/offices to contact. In order to avoid the impression of SAO endorsement of a given item or service, making calls for appointments with country officials will normally be done by the industry representatives involved in a marketing effort, unless the host country prefers to deal with SAOs for appointments and the SAO concurs with the approach. If requested by the industry representatives and the host government, the SAO may sit in on key meetings to help assess defense requirements and the extent of U.S. industries' ability to meet those requirements.

4. **U.S. Competitors.** Unlike most other countries that sell defense equipment, the U.S. is likely to have more than one producer of any given weapons system. An SAO obviously should maintain neutrality between such competitors. When more than one U.S. competitor is involved, the SAO should still be able to explain to host country personnel why the purchase of a U.S. system would be to the country's advantage. If asked by a representative of one U.S. company, the SAO can acknowledge whether and when other U.S. vendors have come through the country, but he should not divulge any marketing strategy or other proprietary information of any U.S. competitor. In cases where it is clear that there is only one U.S. source or producer marketing a system, the SAO may endorse a specific American product to the host government. If it has not already been communicated to the SAO that a specific product or capability is to be supported, the SAO may inquire from DSAA whether DOD can actively participate in supporting a specific sale.

## 5. **Commercial Versus FMS Sales.**

a. DOD policy is that it generally has no preference as to whether a foreign country fills its valid defense needs through FMS or commercial channels. Moreover, DOD policy provides that DOD should try to accommodate a U.S. contractor preference for direct sales if such a preference is indicated by the contractor, unless the host country requests to make the purchase

60202.C.5.b.

through FMS. DOD policy also provides that price quotes will not normally be provided for comparison of FMS with direct sales.

b. A particular concern of industry is that SAOs may be requested to provide pricing data on an informal basis, and that the planning data provided may be unfavorable to a commercial sale because the data does not reflect a considered response prepared by a MILDEP procurement activity. All inquiries on pricing should be referred back to the appropriate MILDEP and/or DSAA in accordance with the procedures elsewhere in this manual. This is the only way to assure that an SAO response will provide the most accurate P&A data possible. Even then it will be noted that a particular sale, either FMS or commercial, may include marked differences in delivery schedules, equipment modifications, spare parts, and training packages, and the recipient should exercise considerable caution in comparing FMS and commercial data.

c. The SAO should endeavor to be of assistance to a broad spectrum of U.S. defense industry marketing efforts. The SAO should endeavor to see that defense industry representatives marketing less complex, less expensive equipment receive attention just as do representatives marketing more sophisticated equipment. It is not uncommon for various levels of any Embassy to be involved in promoting particularly large sales of American equipment. While smaller vendors cannot expect this level of support, they should receive as much attention from the SAO and the mission staff as time and the specific case permits.

6. **Follow-Up.** The SAO should encourage visiting U.S. contractors to debrief him and other relevant members of the mission staff on their experiences in country. The SAO should also be prepared to respond to possible follow-up inquiries from industry representatives with respect to any reactions from host country officials or subsequent marketing efforts by foreign competitors. Embassy staff may also be alerted by the SAO about obtaining reactions from the host country officials and passing these on to industry representatives.

7. **Exceptional Circumstances.** It is reaffirmed that, in general, industry representatives are to receive assistance for defense materiel or service marketing efforts when requested. In the unusual event that assistance is requested but, in the judgement of the SAO, marketing efforts do not coincide with overall U.S. defense interests (e.g., the product is wrong for the country), or have potential for damaging U.S. credibility and relations with the country, SAO concerns should be relayed to the appropriate MILDEP and/or DSAA along with a request for instructions on how to proceed.

### **60203 GUIDELINES FOR INDUSTRY INTERFACE WITH SAOs**

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This subsection is directed toward representatives of U.S. industry. It is included as information in recognition of overlapping DOD and commercial interests in the area of defense sales and as a courtesy to the commercial organizations which purchase and use this manual as a reference document in their marketing efforts. It shows actions which U.S. commercial marketers may take which, when working with SAOs, will support U.S. interests while improving the opportunities for marketing success.

#### **A. Background.**

1. It is the mutual responsibility of the USG and U.S. industry to understand the merits of transferring U.S. military items and services in furtherance of U.S. objectives, including enhancement of U.S. defenses through support to friendly countries. It is to the advantage of both parties to build these defenses through both FMS and commercial channels and, in the process, to support U.S. policy and foster U.S. trade.

2. In order to carry defense marketing efforts out effectively, a working knowledge of the major differences between FMS and direct commercial sales should be helpful. A DOD booklet, *A Comparison of Direct Commercial Sales and Foreign Military Sales for the Acquisition of U.S. Defense Articles and Services*, as well as other DOD publications pertaining to security assistance, are available from the Defense Institute of Security Assistance Management (DISAM/DIR), Building 125, Area B, Wright-Patterson Air Force Base, OH 45433-5000; telephone (513) 255-2994/3669.

B. SAO-Host Country-Industry Interface. Representatives of U.S. industry should take into consideration that SAOs are responsible for long-term mutually beneficial relationships between the U.S. and host countries. This "honest broker" role has, as one important aspect, the need to stress maximum defensive capability within available resources. This and other factors are weighed by SAOs, who give their overall mission precedence over the benefits of a specific prospective sale.

C. Contacts with Country Representatives. When dealing with international customers for the first time, it will be found that ethics, customs, policies, and laws sometimes vary from those which are accepted or in force in the United States. It is important to become aware of these distinctions before consequential problems develop; therefore, industry representatives should familiarize themselves with U.S. laws which have a bearing on the conduct of international business.

D. Quality of Products and Support.

1. Industry representatives should be knowledgeable and forthright concerning follow-on support arrangements and should assist customer countries in using the available logistics infrastructure to operate and maintain marketed equipment. This is especially important in less developed countries.

2. In any direct sale, but particularly those for items which are not in the DOD inventory, industry should make every effort to provide a total package, including concurrent and follow-on spare parts, special tools, publications, training, and a repair and return program.

3. Quality control and customer service should be carried to delivery and acceptance since small nations often have great difficulty in correcting even minor problems.

E. Administration Actions. Thirty days in advance of initial visits, defense industry representatives should provide SAOs:

1. A synopsis of equipment and services proposed for sale.
2. Current export license information, including restrictions and provisos.
3. Dates of planned in-country travel.
4. Non-proprietary information already provided to the host country, or other contacts concerning this equipment or service.
5. Specific support (briefings, appointments) requested.

In order to help insure program continuity, industry representatives should also backbrief SAOs before departure.



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## CHAPTER SEVEN

### PREPARATION AND PROCESSING OF FMS CASES

#### SECTION 700 - GENERAL INFORMATION, FMS AGREEMENTS

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

**70002 BACKGROUND/DEFINITIONS.**

\*\*

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

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

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

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

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

3. **LOI.** Letters of Intent authorize expenditures for a relatively small portion of a major LOA which has not yet been implemented. Examples of use might include early purchase of castings or start of training to allow a program to proceed on schedule. Since LOIs entail a risk that the program of which they are part may not proceed, LOIs should be used only when clearly required. The DD Form 2012 is designed to finance procurement of items prior to issuance of an LOA. The DD Form 2012-1 is used for the same types of items during the period between issuance of an LOA and signed acceptance of the LOA by the purchasing country. "Items" in this context are extracts from LOA line items, and not necessarily items of hardware. If Congressional notification must be completed before the LOA can be issued, the following note should be added to the LOI: '6. It is understood that United States law requires that the United States Congress must be afforded a formal opportunity to review the proposed sale before the sales offer may be issued to the Purchaser and that a law may be enacted to prohibit such issuance. The Purchaser shall bear the risk that the offer may not be issued for reasons such as enactment of a prohibition.'

**B. Categories of Items and Services.**

1. **Defense Articles and Defense Services.** Categories of defense articles and services are identified in the *International Traffic in Arms Regulations (ITAR)*, Part 121, "Arms, Ammunition and Implements of War." Items thus identified constitute the United States Munitions List (Reference Chapter 2, Table 202-1, this manual). The import and export of such items is under the control of the Office of Munitions Control, Bureau of Politico-Military Affairs of the Department of State. The munitions list is not all inclusive nor are FMS limited solely to those items.

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

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

C. **Standard FMS Cases.** Standard FMS cases are divided into Defined Order Cases, Blanket Order Cases, and CLSSAs. These cases are used to provide major weapon systems, training, design and construction services, and related defense articles and services on a government-to-government basis from the USG.

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

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

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

(1) System/Package Sales including major items and weapon systems and any related requirements to activate and operate the item or system for an initial period of time,

(2) Munitions, ammunition and other explosives,

(3) Transportation services,

(4) Aircraft ferry,

(5) Cartridge Activated Devices/Propellant Activated Devices (CAD/ PAD),  
and

(6) TDPs.

2. **Blanket Order Cases.** Blanket Order FMS cases represent an agreement between a foreign country or international organization and the U.S. Government for a category of

materiel or services (normally identifiable to one or more end items) with no definitive listing of items or quantities.

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

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

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

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

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

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

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

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

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

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

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

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

or by correspondence courses, technical, educational, or informational publications and media of all kinds. Some examples are: established DOD management, language, technical, maintenance or supply subjects/courses. OJT is generally structured to suit individual purchaser requirements related to some form of experience which the student seeks. Contractor training is used to supplement or replace training which may not be available in the U.S. Government at the time the training is required; i.e., flight training at contractor's facilities. Correspondence courses cover the range of courses being offered by each of the military departments.

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

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

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

- (1) Classified materiel (except Air Force).
- (2) Classified publications (Navy only).
- (3) Explosive ordnance items.
- (4) MDE (see Table 700-6) and initial logistics support which is normally ordered for concurrent delivery with such items.
- (5) SME.
- (6) Lumber and other type commercial materiel.
- (7) TDPs.
- (8) Non-MDE excess defense articles (except DLA).

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

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

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

[Note: DSAA is the central point for CLSSA policy guidance within DOD. DOD Instruction 2000.8 prescribes the policies and criteria for establishing CLSSAs. Further details regarding CLSSAs may be found in Chapter 8, this manual. CLSSA policy questions may be referred to DSAA/OPS-E.]

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

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

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

### **70003 PROCEDURES.**

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

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

a. The LOR must specify what is desired. For BO LOAs, the required level of funding must also 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 U.S. 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 U.S. response.

2. **Channels of Submission of LOR.** The Department of State has statutory responsibility for approving all requests for Foreign Military Sales to eligible countries and international organizations. All requests for P&A or an LOA are divided into one of two categories: "Significant Military Equipment" as defined in the ITAR and "all other Foreign Military Sales." The Department of State has established the following procedures for the submission of requests:

a. **SME.** Requests to purchase SME, which originate in country should be transmitted by the U.S. Embassy (rather than by the SAO or similar military element of the Embassy) and should be addressed to the cognizant DOD component (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 unified command. Requests to purchase SME which originate with purchaser country representatives in the United States should also be addressed to the cognizant DOD component with an information copy to the Bureau of Politico-Military Affairs, Department of State, and DSAA. For MDE items, the cognizant DOD component will provide the applicable

unified command and SAO with a copy or details of the purchaser's request, as appropriate. The following must be addressed in transmission of the request by the U.S. Embassy:

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

b. All other FMS (non-SME). Requests for P&A or an LOA which originate in the purchaser's country should be transmitted either by the customer country's authorized representative or the DOD element of the U.S. country team directly to the cognizant DOD component (see Paragraph 70103.N), with an information copy to the Unified Command; Bureau of Politico-Military Affairs, Department of State; and DSAA. Requests originated by foreign representatives of the customer country in the U.S. should be sent directly to the cognizant DOD component with an information copy to the Bureau of Politico-Military Affairs, Department of State, and DSAA.

c. Exceptions.

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

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

(3) Unknown DOD Component. When the cognizant DOD component cannot be readily determined by the purchaser or the SAO/U.S. embassy, the P&A or LOA request should be submitted to SECSTATE/PM and SECDEF/DSAA for further dissemination.

d. DSAA and State Department Approval. Based upon receipt of the information copy of the P&A or LOA request, DSAA and the State Department will, within five working days, initiate the necessary coordination to determine if the request is approved.



disapproved, or if further correspondence by the DOD component with the requestor should be suspended until completion of the required coordination. For MDE items, DSAA will immediately advise the DOD component of the initial approval or if difficulties are foreseen. For any MDE or non-MDE request that is not approved, DSAA will immediately advise the cognizant DOD component to stop further processing on the purchaser's request, the rationale for the decision, and of the further actions required with regard to a response to the purchaser. In the absence of such notification by DSAA, all requests will be processed for DSAA final coordination and countersignature in accordance with Chapter 7, Section 701, paragraphs 70103.I. and 70103.J.

e. DOD Component Recommendations. In the event the cognizant DOD component recommends that the purchaser's request be disapproved, the DSAA Operations Directorate will be notified. DSAA will coordinate the disapproval with the Bureau of Politico-Military Affairs, Department of State.

## B. Responses to Letters of Request.

1. General. Normally, when preliminary data are required by a foreign country or international organization for planning or in anticipation of a purchase under FMS, P&A data will be provided.

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

3. Format for P&A Data. P&A data will not be used to develop an LOA. The following format must be used in responding to a request for P&A data; e.g., list the:

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

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

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

d. Estimated accessorial charges.

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

f. Estimated availability of the articles/services.

g. Key assumptions used in developing the data, for example:

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

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

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

(1) Current contract for this item expires on (indicate date) and an LOA must be accepted by (indicate date) so that options can be added to the current contract. \*

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

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

i. Validity: The above information is not valid for purposes of preparing an LOA and may not be adequate for budgetary purposes. It is planning information for review purposes only, to assist in your government's determination of the feasibility of requesting an LOA. \*

j. The DD Form 1513 will not be used to provide P&A data. \*

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

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

6. DD Form 1513 - LOA.

a. Purpose. The DD Form 1513 will be used for all FMS of defense articles and services and sales of design and construction services by all DOD components. Annex A of the LOA contains the General Conditions which are an official part of every offer issued. \*\*

b. Periods of Effectiveness. The LOA will itemize the defense articles and services offered, and when executed becomes an official tender by the USG. An accepted LOA is effective until all articles offered are delivered and all services completed. BO LOAs remain in effect until the purchaser has requisitioned articles or services up to funds available on the LOA (also see Section 130503).

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

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

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

b. Whether a USG procurement is planned for the near future, the anticipated price of such procurement and the anticipated delay in supply the item if the requirement were held

pending such procurement in conjunction with USG procurement. All such responses to a foreign country or international organization must be coordinated with DSAA Operations.

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

- a. Denial of requests within established policy (e.g., training courses closed to all foreign nationals; information not cleared for release; training for support equipment not in the purchaser's inventory).
- b. Notification of class cancellations for previously approved quotas.
- c. Quota requests which cannot be accommodated within desired timeframe.
- d. Senior officer courses where annual foreign participation is limited and restricted to those invited by chiefs of services.

### C. **Coordination of Requests for P&A or an LOA.**

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

- a. All requests for Coproduction or Licensing Agreements for MDE as defined in paragraph 70002.B.1.(b) above.
- b. All other requests for MDE which are expected to result in a notification to the Congress or those determined by the Director, DSAA Operations to be of a sensitive nature.

2. The receipt of the information copy by DSAA of the P&A or LOA request required by paragraph 70003.A.2. will be the basis for the above notification.

[**Note:** All requests for information, no matter how informal the request, e.g., oral, letter, message, etc., are considered to be P&A requests and require the same channels of submission as outlined in paragraph 70003.A.2. above.]

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

1. **Types of LOI.** There are two Formats for LOIs: The DD Form 2012, used to finance procurement of long leadtime items prior to the issuance of an LOA (Table 700-3); and the DD Form 2012-1 (Table 700-4), used to finance procurement of long leadtime items during the period between issuance of an LOA and acceptance by the purchasing country or international organizations. Also see Section 70002.A.3.

★★

2. **Limitation of Cost or Funds.** As both forms contemplate a specified dollar limitation upon the liability of the purchaser for the procurement of long lead time items, in order to comply with the requirements of the AECA, it is necessary that all cost-reimbursement contracts awarded to implement an LOI include a Limitation of Cost or Funds contract clause (see FAR 52.232-20 and 52.232-21). That clause may be deleted by contract amendment after the purchaser's acceptance of the LOA. \*

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

4. **LOI Preparation.** The LOI uses the same designator as the parent LOA. Items to be provided should include the line item number and line data from the LOA. Terms of payment, financial annex, payment schedule, and terms of financing information should also be included in the defense articles and services field. If available space is inadequate, an attachment should be used. \*\*

5. **DSAA Countersignature.** DSAA countersignature is required prior to the submission of any DD Form 2012, DD Form 2012-1, and DD Form 2012-2 to the purchaser.

6. **Amendment to the LOI.** DD Form 2012-2, Amendment to Letter of Intent (Table 700-5), should be used for amending LOIs as provided for in paragraph 2(c) of DD Form 2012 and DD Form 2012-1. \*\*



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

TABLE 700-1. (Continued)

## TABLE 700-2

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MEMORANDUM FOR THE CHAIRMAN, JOINT CHIEFS OF STAFF  
DEPUTY UNDER SECRETARY OF DEFENSE  
(INDUSTRIAL AND INTERNATIONAL PROGRAMS) OUSD(A)

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

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

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

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

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

Attachment[s]:  
[Identify letter, message, or other request]

Copy Furnished:

OJCS, Director, J-5  
DUSD(TSP)  
Applicable SAO  
Applicable DOD Component  
Applicable Unified Command  
Applicable ASD (ISA or ISP)

\*Memoranda will normally be classified Confidential.

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

**TABLE 700-3**  
**UNITED STATES DEPARTMENT OF DEFENSE LETTER OF INTENT**  
**(DD Form 2012)**

<b>UNITED STATES DEPARTMENT OF DEFENSE</b> <b>LETTER OF INTENT</b>	<small>PURCHASER (Name and address)</small>
---	---

(Purchaser's Reference)
(Cost Identifier)

The Government of \_\_\_\_\_ acting through its Ministry of Defense (hereinafter referred to as the "Purchaser") hereby declares its firm intent to procure, under United States Arms Export Control Act (AECA) procedures, from the Government of the United States, the following defense articles and defense services.

1. It is understood that the United States Department of the \_\_\_\_\_ plans to present to the Purchaser a Letter of Offer and Acceptance (DD Form 1513) within \_\_\_\_\_ days after signature of this Letter of Intent. Purchaser intends to sign said Letter of Offer and Acceptance not later than \_\_\_\_\_ days after receipt. Except to the extent directly inconsistent with the provisions hereof, the terms and conditions set forth on Annex A of DD Form 1513 will apply to all activities undertaken pursuant to this Letter of Intent, and the estimated costs of such activities will be included in the Letter of Offer and Acceptance. In particular, Conditions B.8, B.9, and C on Annex A of DD Form 1513 are hereby incorporated by reference and made an integral part of this Letter of Intent. This Letter of Intent shall be superseded upon Purchaser's signature of the Letter of Offer and Acceptance.

2. In anticipation of the Purchaser's signature of the above-mentioned Letter of Offer and Acceptance the Purchaser commits his Government to the following:

(a) In order to permit the United States Government to proceed immediately with the purchase of long lead time items and to cover associated administrative expenses, the United States Department of the \_\_\_\_\_ is herewith authorized to incur obligations and expend up to the sum of \$ \_\_\_\_\_ (which includes all estimated termination costs) on an FMS dependable undertaking basis, to be exceeded only in the event of a decision by either a Court or Board which increases the contractor's entitlement.

(b) The Purchaser agrees to pay the full amount of such authorized obligations and to make funds available in such amounts and at such times as may be requested by the United States Government for expenditures against such obligations.

(c) It is estimated that the cost of the long lead time items, associated administrative expenses and estimated termination costs will not exceed the amount set forth in subparagraph (a) of this paragraph. However, if at any time prior to Purchaser's signature of the above-mentioned Letter of Offer and Acceptance, the United States Department of the \_\_\_\_\_ has reason to believe that the costs which it expects to incur in the performance of this Letter of Intent will exceed the amount set forth in subparagraph (a) of this paragraph, it shall promptly notify the Purchaser in writing to that effect. The notice shall state the estimated amount of and the date by which

DD FORM 2012  
1 MAR 79

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**TABLE 700-3. U.S. Department of Defense Letter of Intent (DD Form 2012).**



the additional obligational authority (*by a new or modified Letter of Intent*) will be required from the Purchaser in order to continue performance under this Letter of Intent. If, after such notification, the additional obligational authority is not granted by the date set forth in the notification, the United States Government is authorized, in its discretion, to terminate any and all activities under this Letter of Intent at Purchaser's expense, in accordance with subparagraph (b) above, in an amount not to exceed the amount set forth in subparagraph (a) of this paragraph.

3. This Letter of Intent does not prejudice the Purchaser's decision on the acceptance of the Letter of Offer. Moreover, the Purchaser may cancel all or any part of this Letter of Intent at any time by notifying the United States Government. Upon receipt of such notification the United States Government is authorized to terminate any and all activities initiated hereunder, at Purchaser's expense, in accordance with paragraph 2(b), in an amount not to exceed the amount set forth in paragraph 2(a).

4. In the event of such cancellation or termination, the United States Government will use its best efforts to minimize any termination costs.

5. Certain items for which procurements may be initiated hereunder are normally the subject of definitization or provisioning conferences, at which specific items and quantities are agreed upon. If it is necessary to place any such items on order prior to any such conference, the United States Department of the \_\_\_\_\_ is authorized to do so, using its best judgment, and will furnish a list of the items so ordered at the conference.

Dated \_\_\_\_\_

\_\_\_\_\_  
(Typed Name and Title)

Accepted this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_\_.

\_\_\_\_\_  
U.S. Department of the \_\_\_\_\_

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

TABLE 700-3. (Continued).

**TABLE 700-4**  
**UNITED STATES DEPARTMENT OF DEFENSE LETTER OF INTENT**  
**(DD Form 2012-1)**

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

(Purchaser's Reference)

(Case Identifier)

The Government of \_\_\_\_\_ acting through its Ministry of Defense (hereinafter referred to as the "Purchaser") hereby declares its firm intent to procure, under United States Arms Export Control Act (AECA) procedures, from the Government of the United States, the following defense articles and defense services.

1. A Letter of Offer and Acceptance (DD Form 1513) for such defense articles and defense services was issued to the Purchaser by the United States Department of the \_\_\_\_\_ on \_\_\_\_\_, 19\_\_\_\_. Purchaser intends to sign said Letter of Offer and Acceptance not later than \_\_\_\_\_ days after receipt. Except to the extent directly inconsistent with the provisions hereof, the terms and conditions set forth on Annex A of DD Form 1513 will apply to all activities undertaken pursuant to this Letter of Intent, the estimated costs of which activities have been included in the Letter of Offer and Acceptance. In particular, Conditions B.8, B.9, and C on Annex A of DD Form 1513 are hereby incorporated by reference and made an integral part of this Letter of Intent. This Letter of Intent shall be superseded upon Purchaser's signature of the Letter of Offer and Acceptance.

2. In anticipation of the Purchaser's signature of the above-mentioned Letter of Offer and Acceptance the Purchaser commits his Government to the following:

(a) In order to permit the United States Government to proceed immediately with the purchase of long lead time items and to cover associated administrative expenses, the United States Department of the \_\_\_\_\_ is hereby authorized to incur obligations and expend up to the sum of \$ \_\_\_\_\_ (which includes all estimated termination costs) on an FMS dependable undertaking basis, to be exceeded only in the event of a decision by either a Court or Board which increases the contractor's entitlement.

(b) The Purchaser agrees to pay the full amount of such authorized obligations and to make funds available in such amounts and at such times as may be requested by the United States Government for expenditures against such obligations.

(c) It is estimated that the cost of the long lead time items, associated administrative expenses and estimated termination costs will not exceed the amount set forth in subparagraph (a) of this paragraph. However, if at any time prior to Purchaser's signature of the above-mentioned Letter of Offer and Acceptance, the United States Department of the \_\_\_\_\_ has reason to believe that the costs which it expects to incur in the performance of this Letter of Intent will exceed the amount set forth in subparagraph (a) of this paragraph, it shall promptly notify the Purchaser in writing to that effect. The notice shall state the estimated amount of and the date by which the additional obligational authority (by a new or modified Letter of Intent) will be required from the Purchaser in

DD FORM 2012-1

EDITION OF 1 FEB 76 IS OBSOLETE.

**TABLE 700-4. U.S. Department of Defense Letter of Intent (DD Form 2012-1).**

order to continue performance under this Letter of Intent. If, after such notification, the additional obligational authority is not granted by the date set forth in the notification, the United States Government is authorized, in its discretion, to terminate any and all activities under this Letter of Intent at Purchaser's expense, in accordance with subparagraph (b) above, in an amount not to exceed the amount set forth in subparagraph (a) of this paragraph.

3. This Letter of Intent does not prejudice the Purchaser's decision on the acceptance of the Letter of Offer. Moreover, the Purchaser may cancel all or any part of this Letter of Intent at any time by notifying the United States Government. Upon receipt of such notification the United States Government is authorized to terminate any and all activities initiated hereunder, at Purchaser's expense, in accordance with paragraph 2(b), in an amount not to exceed the amount set forth in paragraph 2(a).

4. In the event of such cancellation or termination, the United States Government will use its best efforts to minimize any termination costs.

5. Certain items for which procurements may be initiated hereunder are normally the subject of definitization or provisioning conferences, at which specific items and quantities are agreed upon. If it is necessary to place any such items on order prior to any such conference, the United States Department of the \_\_\_\_\_ is authorized to do so, using its best judgment, and will furnish a list of the items so ordered at the conference.

Dated \_\_\_\_\_

\_\_\_\_\_  
(Typed Name and Title)

Accepted this \_\_\_\_\_ day of \_\_\_\_\_, 19 \_\_\_\_.

\_\_\_\_\_  
U.S. Department of the \_\_\_\_\_

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

TABLE 700-4. (Continued)

**TABLE 700-5**  
**UNITED STATES DEPARTMENT OF DEFENSE LETTER OF INTENT**  
**(DD Form 2012-2)**

**UNITED STATES DEPARTMENT OF DEFENSE**  
**AMENDMENT TO LETTER OF INTENT**

\_\_\_\_\_  
 (Date)

Dear Sirs:

Reference is made to the Letter of Intent between the Government of \_\_\_\_\_  
 \_\_\_\_\_ and the United States Department of the \_\_\_\_\_  
 \_\_\_\_\_, dated \_\_\_\_\_, identified by Case  
 Designator \_\_\_\_\_. The Government of \_\_\_\_\_  
 desires to increase the amount set forth in paragraph 2(a) of said Letter of Intent and herewith author-  
 izes the Department of the \_\_\_\_\_ to incur obligations  
 and expend up to the sum of \$\_\_\_\_\_ on FMS dependable undertaking basis for  
 said Case.

\_\_\_\_\_  
 (Typed Name and Title)

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

**DD FORM 2012-2**  
 1 FEB 76

**TABLE 700-5. U.S. Department of Defense Letter of Intent (DD Form 2012-2).**

**TABLE 700-6**  
**MAJOR DEFENSE EQUIPMENT LIST**

	<b>DSAA Approved Pro Rata Nonrecurring Cost (NC) <u>Recoupment Charge \$</u></b>	<b>Date N Charge <u>Approved</u></b>
<b><u>CATEGORY I - FIREARMS</u></b>		
Rifle, 5.56mm M-16 Series (A)	[No Charge]	
Gun, Machine, 7.62mm, M240 (A)	65.07	28 Mar 89
<b><u>CATEGORY II - ARTILLERY AND PROJECTILES</u></b>		
Gun, M-61, 20mm (AF)	1,342.00	6 Dec 84
Gun, GAU-8, 30mm (AF)	27,881.00	22 Jan 81
Gun, Pod, GPU-5/A, 30mm (AF)	60,239.00	11 Aug 82
Gun, Machine, 50 CAL, M-2 (A)	1.82	28 Mar 89
Howitzer, Towed, 105mm, M101A1 (A)	850.00	11 Jun 87
Howitzer, Med, Towed, 155mm, M-198 (A)	47,483.00	14 Feb 86
<b><u>CATEGORY III - AMMUNITION</u></b>		
Cartridge, 20mm (A)	(a)	
Cartridge, 30mm (GAU-8) (AF)	.50	28 Mar 89
Cartridge, 40mm, HE (A)	.11	28 Mar 89
Cartridge, 40mm, HE, M406 (A)	(a)	
Cartridge, 60mm, HE (A)	.47	28 Mar 89
Cartridge, 60mm, HE, M49A2/A3/A4 (A)	(a)	
Cartridge, 81mm, ILLUM (M301)(only) (A)	.04	7 May 81
Cartridge, 81mm, HE, M374A2/A3 (A)	(a)	
Cartridge, 105mm, HE, HEP-T, M393A2 (A)	(a)	
Cartridge, 105mm, HEAT-T MP M456 (A)	3.59	7 May 81
Cartridge, 105mm, M490 (A)	.57	7 May 81
Cartridge, 105mm, M724A1 (A)	1.42	7 May 81
Cartridge, 105mm, APFSDS-T M735 (A)	68.00	28 Mar 89
Cartridge, 105mm, APFSDS-T M774 (A)	(a)	
Cartridge, 105mm, APFSDS-T M833	(a)	
Cartridge, 120mm, APFSDS-T M829 (A)	126.60	2 Dec 88
Cartridge, 120mm, HEAT MP-T M830 (A)	293.59	2 Dec 88
Cartridge, 120mm, HEAT TP-T M831 (A)	83.03	2 Dec 88
Cartridge, 120mm, TPCSDS-T M865 (A)	37.82	2 Dec 88
Cartridge, 4.2", HE (A)	(a)	
Cartridge, 4.2", HE, M329 (A)	(a)	
Cartridge, 4.2", ILLUM (M335) (includes M577 fuze) (A)	4.03	
Projectile, 5"/38 CAL (N)	15.60	9 Jul 84
Projectile, 5"/54 CAL (N)	74.42	4 May 84
Projectile, 155mm, M107 (A)	3.22	21 May 79
Projectile, 155mm, M483/M483A1 (A)	2.20	2 Mar 82
Projectile, 155mm, HE RAP (M549) (A)	13.76	5 Feb 81
Projectile, 155mm, CLGP, M-712 COPPERHEAD (A)	4,152.00	17 Sep 81
Projectile, 155mm, ADAM M692/M731 (A)	111.00	30 May 86
Projectile, 155mm, HE, RAAMS M718/M741 (A)	57.00	30 May 82
Projectile, 175mm, HE, M437 (A)	2.33	26 Mar 80
Projectile, 8", HE, M106 (A)	.04	21 May 79

\*

**TABLE 700-6.**

Projectile, 8", HE, ICM (A)	15.48	21 May 79
Projectile, 8", HE, ICM M509 (A)	(a)	
Projectile, 8", HE, M650 (A)	83.04	21 May 79

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

Bomb, BLU-109 w/FMU-143/B Fuze	1,097.00	18 May 89
Bomb, Anti-Armor Cluster Munition CBU-90 (AF)	3,351.00	
Bomb, Combined Effects Bomblet, CBU-87 (AF)	1,080.00	6 Dec 84
Bomb, Cluster, TMD/Gator Mines, CBU-89 (N)	(a)	
Bomb, MK-20, Cluster Bomb, Rockeye (N)	117.39	25 Mar 83
Bomb, MK-82, 500#, General Purpose (N)	3.29	25 Mar 83
Bomb, MK-83, 1,000#, General Purpose (N)	10.40	25 Mar 83
Bomb, MK-84, 2,000#, General Purpose (N)	12.80	25 Mar 83
Bomb, M-117, 750#, General Purpose (AF)	20.00	6 Dec 84
Bomb, Guided, Walleye Series (N)	6,183.00	6 Dec 84
Fuel Air Explosive Weapon, FAE II (N)	(a)	
Gun Mount, 5"/54, MK-45 MODI (N)	142,566.00	1 Oct 84
Gun Mount, 76mm Gun, MK-75 (N)	62,749.00	6 Dec 84
Launcher, HARPOON Shipboard Command and Launch Control System, AN/SWG-1 (V) (N)	80,562.00	20 Jan 78
Launcher, HARPOON Shipboard Command and Launch Control System, AN/SWG-1A (V) (N)	109,603.00	11 Dec 86
Launcher, HELLFIRE (A)	14,715.00	14 May 85
Launcher, TOW (A)	3,029.00	16 Sep 77
Launcher, MK-13 (MODO thru 4) (N)	78,125.00	17 Nov 78
Launcher, PATRIOT (A)	214,782.00	18 Nov 78
Launcher, ROLAND (A)	324,828.00	24 Sep 80
Launcher, Multiple Launch Rocket System (MLRS) (A)	173,000.00	2 Dec 85
Launcher, Vertical, MK-41(w/o canister) (N)	1,232,863.00	14 Dec 87
Launcher, Vertical, MK-41(w/ canister) (N)	1,239,246.00	14 Dec 87
Launcher, Vertical, MK-41 (8 Cell) (w/o canister) (N)	154,108.00	24 Nov 89
Launcher, Vertical, MK-41 (8 Cell) (w/ non-standard canister) (N)	160,491.00	24 Nov 89
Light, Antitank Weapon, 66mm, LAW M72 Series (A)	1.32	28 Mar 89
Missile, AIM-120, AMRAAM (AF)	(a)	
Missile, AIM-4A-G, FALCON (AF)	3,321.00	12 Mar 82
Missile, AIM-7, SKYFLASH Portion (N)	820.30	7 May 81
Missile, AIM-7C/D/E SPARROW (N)	2,733.00	7 May 81
Missile, AIM/RIM-7F/M, SPARROW (N)	7,646.00	2 Jun 82
Missile, NATO SEASPARROW Surface Missile System (NSSMS) (N)	(a)	
Missile, AIM-9H SIDEWINDER (N)	3,457.00	26 Oct 78
Missile, AIM-9 J/P/N, SIDEWINDER (AF)	134.00	12 Mar 82
Missile, AIM-9L SIDEWINDER (N)	2,604.00	18 May 78
Missile, AIM-9M SIDEWINDER (N)	6,368.00	25 Mar 83
Missile, AGM-45, SHRIKE (N)	4,890.00	11 Aug 78
Missile, AIM-54A-C, PHOENIX (N) (Includes Front End - 35,019; Aft End - 36,276)	71,295.00	10 Jan 83
Missile, AGM-65A/B, MAVERICK (AF)	3,722.00	3 Feb 81
Missile, AGM-65D (AF)	5,343.00	3 Nov 87

TABLE 700-6. (Continued)

Missile, AGM-65E, LASER MAVERICK (AF)	24,213.00	6 Dec 84
Missile, AGM-65F/G (AF)	6,331.00	3 Nov 87
Missile, AGM-88, HARM (N)	21,249.00	20 Apr 82
Army Tactical Missile System (ATACMS)(A)	148,275.00	1 Oct 88
Missile, MIM-72 CHAPARRAL Series (A)	2,099.91	16 Dec 88
Missile, MIM-72 CHAPARRAL (w/Smokeless Motor) (A)	2,102.91	16 Dec 88
Missile, DRAGON, HEAT and Practice (A)	378.00	24 Mar 80
Missile, R/U/AGM-84 HARPOON (N)	44,083.00	20 Jan 78
Missile, HELLFIRE, HEAT (A)	4,124.00	14 May 85
Missile, HELLFIRE, Dummy (A)	531.00	14 May 85
Missile, HELLFIRE, Training (A)	2,719.00	14 May 85
Missile, I-HAWK Series (A)	7,053.00	12 Nov 80
Missile, LANCE (A)	76,205.00	21 May 79
Missile, NIKE HERCULES (A)	448,055.00	
Missile, MIM-104 PATRIOT (includes canister) (A)	82,836.00	18 Nov 82
Missile, PERSHING Series (A)	128,378.00	
Missile, REDEYE (A)	(a)	
Missile, ROLAND (A)	4,422.00	24 Sep 80
Missile, Shore Defense, RBS-17 (Derivative of HELLFIRE) (A)	3,300.00	20 May 87
Missile, AGM-78, STANDARD ARM (N)	(a)	
Missile, RGM-66D, STANDARD ARM, MR (N)	(a)	
Missile, RIM-66B-2--66B, RIM-66E(MR), RIM-67A-13(ER), Block V STANDARD SM-I (N)	12,602.00	15 Sep 77
Missile, RIM-66D and RIM-67B STANDARD II, MR, ER, SM-2 Block I (N)	89,651.00	6 Dec 84
Missile, RIM-66D and RIM-67B STANDARD II, MR, ER, SM-2 Block II (N)	40,253.00	21 Apr 89
Missile, 5" Rolling Airframe, RAM, X-RIM-116A (N)	(a)	
Missile, STINGER (Basic)(A)	7,600.00	20 Dec 88
Missile, STINGER (Post)(A)	302,200.00	20 Dec 88
Missile, STINGER (RMP)(A)	3,700.00	20 Dec 88
Missile, TOMAHAWK (N)	(a)	
Missile, BGM-71A, Basic TOW HEAT and Practice (A)	293.00	16 Sep 77
Missile, I-TOW (A)	487.00	3 Nov 81
Missile, BGM-71D, TOW 2 (A)	658.00	19 Dec 83
Missile, M-65 Subsystem, Airborne TOW (A)	28,578.00	7 May 81
Rocket, Antisubmarine, ASROC (N)	855.00	20 Dec 84
Rocket, 2.75" Series (A)	.87	26 Mar 80
Rocket, M-77, Multiple Launch Rocket System (MLRS) Tactical, Practice, and Training (A)	615.00	2 Dec 85
Rocket, Vertical Launch Antisubmarine (N)	98,926.00	14 Dec 88
Torpedo, MK-46 MOD 2 (N)	8,993.00	
Torpedo, MK-46, NEARTIP O/A Kit (Converts MK-46 MODs 1/2 to MOD 5) (N)	3,795.00	26 Jan 80
Torpedo, MK-46 MOD 5 (N)	9,308.00	
Torpedo, MK-48 (N)	86,255.00	21 Jul 77
Torpedo, MK-48 ADCAP Kit (N)	103,322.00	25 Nov 80

TABLE 700-6. (Continued)

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

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

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

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

### CATEGORY VII - TANKS AND MILITARY VEHICLES

Carrier, Armored Personnel, M-113 Series (A)	688.00	11 Sep 78
Carrier, Mortar, M-106A1/2 (A)	688.00	11 Sep 78
Carrier, Mortar, M-125A1 (A)	688.00	11 Sep 78
Carrier, Cargo, M-548 Series (A)	688.00	11 Sep 78
Carrier, Command Post, M-577 Series (A)	688.00	11 Sep 78
Carrier, LANCE, M-667 (A)	688.00	11 Sep 78
Carrier, HAWK, M-727 (A)	688.00	11 Sep 78
Carrier, CHAPARRAL, M-730 (A)	688.00	11 Sep 78
Carrier, VULCAN, M-741 (A)	688.00	11 Sep 78
Gun, Self-propelled, 175mm, M-107 (A)	40,258.00	26 Mar 80
Howitzer, Self-propelled, 8", M-110 (A)	14,371.00	26 Mar 80
Howitzer, Self-propelled, 8", M-110A1 (A)	16,975.00	26 Mar 80
Howitzer, Self-propelled, 8", M-110A2 (A)	21,069.00	26 Mar 80
Howitzer, Self-propelled, 155mm, M-109A1-A3 (w/cannon assembly) (A)	8,771.00	23 Jun 87
Howitzer, Self-propelled, 155mm, M-109A1-A3 (w/o cannon assembly) (A)	7,447.00	23 Jun 87
Tank, M-48A1 (A)	1,479.00	
Tank, M-48A3 (A)	5,521.00	
Tank, M-48A5 (A)	12,849.00	
Tank, M-60A1 (A)	14,083.00	3 Mar 80
Tank, M-60A3 w/TTS (A)	31,427.00	3 Mar 80

TABLE 700-6. (Continued)



Tank, M-60A3 w/o TTS (A)	21,939.00	3 Mar 80	
Tank, M-1, ABRAMS (A)	114,443.00	27 Oct 88	
Tank, M-1A1 (A)	226,725.00	27 Oct 88	
Tank Engine, AVDS-1790 Series (A)	2,066.00	3 Mar 80	
Vehicle, Assault Amphibian, AAV7A1 (N)	91,426.00	20 Apr 82	
Vehicle, Armored Reconnaissance Assault, M-551 (A)	33,213.00		
Vehicle, Combat Engineering Vehicle (CEV), M-728 (A)	(a)		
Vehicle, Fire Direction Control Center (FDCV) (A)	3,382.00	21 May 86	
Vehicle, Fire Support Team (FISTV), M-981 (A)	68,476.00	3 Feb 86	
Vehicle, Field Artillery Ammunition Support (FAASV), M992 (including M109 chassis)	12,805.00	22 Nov 89	*
Vehicle, Infantry Fighting (IFV), M2 (A)	51,989.00	22 Nov 89	*
Vehicle, Infantry Fighting (IFV), M2A1 (A)	74,937.00	22 Nov 89	*
Vehicle, Infantry Fighting (IFV), M2A1 (A) w/o 25mm Cannon	57,580.00	22 Nov 89	*
Vehicle, Cavalry Fighting (CFV), M3 (A)	50,549.00	22 Nov 89	*
Vehicle, Cavalry Fighting (CFV), M3A1 (A)	73,497.00	22 Nov 89	*
Vehicle, Cavalry Fighting (CFV), M3A1 (A) w/o 25mm Cannon	56,140.00	22 Nov 89	*
Vehicle, Cavalry Fighting (CFV), M3A2 (A)	106,113.00	22 Nov 89	*
Vehicle, Light Armored (LAV) (A)			
LAV 25 (w/o M242 Gun)	69,965.00	24 Aug 88	
LAV Anti-Tank	69,965.00	24 Aug 88	
LAV Command and Control	69,965.00	24 Aug 88	
LAV Logistics	69,965.00	24 Aug 88	
LAV Mortar	69,965.00	24 Aug 88	
LAV Recovery	69,965.00	24 Aug 88	
Vehicle, Mechanized Infantry Combat, M-723 (A)	(a)		
Vehicle, Recovery, M-88/M88A1 (A)	8,460.00	1 Nov 88	
Vehicle, Recovery, M578 (A)	(a)		
Vulcan Air Defense System, M-163 and M-167 Series (A)	29,439.00	26 Mar 80	
High Mobility Multi-Purpose Wheeled Vehicle (HMMWV) (A)	660.00	6 Apr 88	
M966 Tow Carrier BSC Armor	660.00	6 Apr 88	
M996 Ambulance, 2 Litter	660.00	6 Apr 88	
M997 Ambulance, 4 Litter	660.00	6 Apr 88	
M998 Cargo Troop Carrier	660.00	6 Apr 88	
M1025 Armament Carrier BSC Armor w/o Weapons	660.00	6 Apr 88	
M1026 Armament Carrier BSC Armor w/Weapons	660.00	6 Apr 88	
M1027 GLLD Carrier	660.00	6 Apr 88	
M1035 Soft Top Ambulance, 2 Litter	660.00	6 Apr 88	
M1036 Tow Carrier BSC Armor w/Weapons	660.00	6 Apr 88	
M1037 Shelter Carrier w/Weapons	660.00	6 Apr 88	
M1038 Cargo Troop Carrier Soft Top	660.00	6 Apr 88	
M1042 Shelter Carrier w/Weapons	660.00	6 Apr 88	
M1044 Armament Carrier Supp Armor w/Weapons	660.00	6 Apr 88	
M1045 Tow Carrier Supp Armor w/o Weapons	660.00	6 Apr 88	
M1046 Tow Carrier Supp Armor w/Weapons	660.00	6 Apr 88	

TABLE 700-6. (Continued)

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

A-4A (w/o engine) (N)	15,165.00	20 Oct 83
A-4B (w/o engine) (N)	12,864.00	20 Oct 83
A-4C (w/o engine) (N)	15,523.00	20 Oct 83
A-4E (w/o engine) (N)	27,929.00	20 Oct 83
A-4F (w/o engine) (N)	32,226.00	20 Oct 83
A-4M (w/o engine) (N)	132,000.00	20 Oct 83
A-6 (N)	(a)	
A-7 (w/o FLIR) (N)	243,881.00	8 Sep 83
A-10 (w/o TF-34 Engine) (AF)	388,786.00	12 Mar 82 *
A-37 (AF)	19,651.00	
AH-1S COBRA w/T-53-L-705 Engine, M-65 TOW & C-NITE Systems	163,860.00	17 May 89
AH-1J SEACOBRA (w/o engine) (N)	52,245.00	11 Oct 85
AH-1T SEACOBRA (w/o engine) (N)	486,665.00	11 Oct 85
AH-64 APACHE (w/o 2 T-700 engines)	1,006,272.00	30 Dec 83
AV-8B (w/o UK Assessment) (N)	867,373.00	26 Jun 81
C-5A, GALAXY (AF)	12,661,728.00	12 Mar 82
C-130, HERCULES w/4 T-56 Engines (AF)	102,520.00	3 Aug 83
C-141A/B, STARLIFTER (AF)	892,254.00	12 Mar 82
CH-47A/B/C w/2 T-53-L-11A engines (A)	100,000.00	
CH-47D CHINOOK (A)	(a)	
CH-53E/MH-53E (w/o T64 Engine) (N)	1,023,097.00	12 May 83
E-2B (N)	298,400.00	22 Jun 89
E-2C (N)	2,625,904.00	18 May 78
E-3A, SENTRY (U.S./NATO Standard) (AF)		
(Total U.S. NRC charge \$27.43M;		
Total NATO NRC charge \$5.59M)	33,021,000.00	26 Oct 81
EA-6 (N)	(a)	
F-4A (w/o engines) (N)	129,712.00	20 Oct 83
F-4B (w/o engines) (N)	70,450.00	20 Oct 83
F-4E (N) (w/engines) (25% discounted for useful life) (N)	159,408.00	20 Oct 83
F-4G WILD WEASEL (MOD only) (AF)	667,241.00	12 Mar 82
F-4J (w/o engines) (N)	122,089.00	20 Oct 83
F/RF-5A, TIGER (w/o 2 J-85 engines) (AF)	40,000.00	1 Nov 71
F/RF-5E, TIGER II (w/o 2 J-85 engines) (AF)	68,000.00	1 Nov 71
F/RF-5F, TIGER II (w/o 2 J-85 engines) (AF)	207,000.00	25 Nov 75
F-8 (N)	56,859.00	12 May 81
F-14 (N)	1,600,000.00	29 Nov 76
F-15, EAGLE (AF)	1,600,000.00	29 Nov 76
F-16 A/B(w/J-79 engine) (AF)	456,934.00	1 May 81
F-16 A/B FIGHTING FALCON (w/o EPG special NRC) (AF)	640,000.00	4 Jun 80
F-16A Simulated Aircraft Maintenance Trainer (SAMT) (AF)	172,220.00	3 Jul 85
F-16 C/D (w/o engine) (AF)	554,000.00	24 Feb 89
F-18 (N)	1,117,281.00	30 Mar 87
F-100A (AF)	37,840.00	6 Dec 84
F-100C (AF)	25,800.00	6 Dec 84

TABLE 700-6. (Continued)

F-100D (AF)	25,440.00	6 Dec 84	
F-100F (AF)	27,840.00	6 Dec 84	
F-101B/F (AF)	65,560.00	6 Dec 84	
F-102 (AF)	38,320.00	6 Dec 84	
F-104A STARFIGHTER (AF)	42,080.00	6 Dec 84	
F-104B/C/D (AF)	91,040.00	6 Dec 84	
F-104G/J (AF)	54,360.00	27 Nov 87	
F-105B, THUNDERCHIEF (AF)	168,000.00	6 Dec 84	
F-105D/F (AF)	78,400.00	6 Dec 84	
F-106A/B, DELTA DART (AF)	159,200.00	6 Dec 84	
F-111A/C/D/E/F (AF)	605,320.00	6 Dec 84	
H-3E (N)	(a)		
H-46 (N)	(a)		
H-53 (S-65) (N)	166,029.00	27 Feb 79	
KC-10, EXTENDER (AF)	1,176,667.00	12 Mar 82	
KC-135A, STRATOTANKER (AF)	217,034.00	12 Mar 82	
OH-6, CAYUSE (A)	18,000.00	11 Jun 87	
OH-58A, KIOWA (A)	22,000.00	11 Jun 87	
OH-58C, KIOWA (A)	48,000.00	11 Jun 87	
OH-58D, AHIP (A)	755,379.00	26 Mar 90	*
OV-1A/B/C, MOHAWK (A)	119,229.06	23 Jun 82	
OV-10 (w/o engine) (N)	41,930.00	9 Jun 78	
P-3A/B (N)	382,750.00	20 Oct 83	
P-3C (N)	592,219.00	3 Jan 78	
P-3C AEW&C (N)	1,761,974.00	25 Feb 87	
P-3C Update III Configuration (N)	1,044,128.00	17 May 89	
Remotely Piloted Vehicle (RPV), ACQUILA (A)	(a)		
RF-4B (w/o engines) (N)	104,566.00	20 Oct 83	*
RF-4C, PHANTOM II (AF)	108,000.00	6 Dec 84	
S-2A (w/o engines) (N)	18,987.00	20 Oct 83	
S-2C (w/o engines) (N)	23,497.00	20 Oct 83	
S-2D (w/o engines) (N)	38,448.00	20 Oct 83	
S-2E (w/o engines) (N)	35,950.00	20 Oct 83	
S-3 (N)	3,502,643.00	26 Jun 81	
SH-2/2D/2F LAMPS, MARK I) (w/2 T-58-GE Engines) (N)	325,423.00	6 Dec 84	
SH-60B (LAMPS, MARK III Airframe without 2 T-700-GE-401 Engines (N)	859,636.00	15 Oct 82	
SH-60B Minimum Avionics Suite (N)	366,236.00	15 Oct 82	
SH-60B Mission Avionics Suite (N)	1,063,400.00	15 Oct 82	
SH-60B Ship Electronics (N)	1,131,227.00	15 Oct 82	
SH-70C (w/o engine) (N)	855,284.00	23 Jun 87	
T-2 (N)	39,968.00	10 Jan 78	
TA-4F (w/o engine) (N)	28,110.00	20 Oct 83	
TA-4J (w/o engine) (N)	51,176.00	20 Oct 83	
T-33 (AF)	2,857.00	12 Mar 82	
T-37 (AF)	19,651.00	28 Mar 89	
T-38A (AF)	80,972.00	12 Mar 82	
TH-55, OSAGE (A)	6,000.00	11 Jun 87	
UH-1H, IROQUOIS (A)	4,501.00	1 May 81	
UH-1N (N)	48,032.00	12 Jul 85	

TABLE 700-6. (Continued)

UH-60A BLACKHAWK (w/o 2 T-700-GE-700 engines) (A)	169,692.00	3 Oct 81
<b>Engines</b>		
CFM-56 (AF)	20,000.00	17 May 89
CT7-2A/2D (derivative of T-700 eng.) (N)	29,697.00	21 Dec 88
CT7-5A/7A (derivative of T-700 eng.) (A)	25,777.00	21 Dec 88
CT7-6/9 (derivative of T-700 eng.) (N) (A)	9,236.00	21 Dec 88
CT-58 (Derivative of T-58) (N)	20,045.00	11 Jun 87
F-100-PW-100/200 (AF)	221,705.00	12 Mar 82
F-100-PW-220 (AF)	464,050.00	24 Feb 89
F-101 (AF)	(a)	
F-101X (AF)	(a)	
F-107 (N)	(a)	13 Mar 87
F-110-GE-100 (AF)	464,050.00	24 Feb 89
F-404 (N)	63,840.00	30 Mar 87
J-47 (AF)	2,168.00	12 Mar 82
J-52P-6A/B (N)	7,370.00	8 Sep 83
J-52P-8A/B (N)	30,658.00	8 Sep 83
J-52P-408 (N)	33,106.00	8 Sep 83
J-57P-6B (N)	4,600.00	8 Sep 83
J-57P-10 (N)	4,120.00	8 Sep 83
J-60P-3/3A (N)	2,520.00	8 Sep 83
J-75 (AF)	28,999.00	12 Mar 82
J-79-GE-8/10 (N)	6,400.00	8 Sep 83
J-79-GE-17/17A/119 (AF)	27,464.00	1 Oct 83
J-85 (AF)	17,901.00	23 Mar 83
PW-1120 (Derivative of F-100-PW-200) (AF)	155,194.00	20 Oct 83
T-33-P-100 (AF)	(a)	
T-53 (N)	1,542.00	7 May 81
T-53-L-703 (A)	2,626.00	7 May 81
T-55 (A)	6,400.00	
T-56 (N)	13,313.00	12 May 83
T-58 (N)	20,045.00	11 Jun 87
T-64 (N)	38,578.00	12 May 83
T-700-GE-401/401A (N)	29,697.00	21 Dec 88
T-700-GE-401C (N)	25,450.00	21 Dec 88
T-700-GE-700 (A)	29,697.00	21 Dec 88
T-700-GE-701/701A/701A1 (A)	29,697.00	21 Dec 88
T-700-GE-701C (A)	25,450.00	21 Dec 88
TF-30 (N)	43,866.00	20 Jun 79
TF-34 (N)	20,705.00	12 Mar 82
TF-39 (AF)	441,707.00	12 Mar 82
TF-41-A-2A/-2B/-400/-402/-402B (N)	48,249.00	6 Dec 84

**Other**

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

TABLE 700-6. (Continued)

**CATEGORY IX - MILITARY TRAINING EQUIPMENT**

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

**CATEGORY X - PROTECTIVE PERSONNEL EQUIPMENT**

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

**CATEGORY XI - MILITARY AND SPACE ELECTRONICS**

Avionics Intermediate Shop (AIS) (F-16A/B) (AF)	1,190,000.00	12 Apr 84	
Avionics Intermediate Shop (AIS) (F-16C/D) (AF)	2,400,000.00	12 Apr 84	
Countermeasure System Torpedo Ex Set 1 (N)	(a)		
Countermeasures, AN/ALQ-126, SPJ System (N)	26,631.00	5 Jun 85	
Countermeasures, AN/ALQ-165, ASPJ (N)	111,425.00	6 Dec 84	
Countermeasures, ALQ-119 (AF)	6,138.09	9 Dec 75	
Countermeasures, ALQ-131 w/receiver (AF)	26,970.00	28 Sep 79	
Countermeasures, ALQ-131 w/o receiver (AF)	24,108.00	28 Sep 79	
Countermeasures, AN/SLQ-32(V)1 (N)	115,000.00	25 Apr 86	
Countermeasures, AN/SLQ-32(V)2 (N)	250,350.00	25 Apr 86	
Countermeasures, AN/SLQ-32(V)3 (N)	381,803.00	25 Apr 86	
Engagement Control System (ECS), Patriot, AN/MSQ-104 (A)	548,311.00	15 Nov 82	
Joint Tactical Information Distribution System, JTIDS (AF)	50,828.00	30 Oct 82	
Digital Mapping System, MK 90, (DMA)			
Product Generation Module	91,898.00	18 May 89	
Source Preparation Module	432,291.00	18 May 89	
Data Services Module	34,254,561.00	18 May 89	
Data Extraction Module	324,248.00	18 May 89	
Have Quick A-NETS	166,121.00	5 Apr 90	*
Memory Upgrade Modification, E-3 A/C	1,674,841.00	8 Nov 89	*
NAVSTAR Global Positioning System (GPS) (AF)	1,000.00		
Ocean Surveillance Information System (OSIS)			
Baseline Upgrade (OBU) (N)	11,586,364.00	11 Sep 87	
Radio, AN/ARA-54 (A)	39.84		
Radio, AN/VRC-12 Series (12, 43 through 49) (A)	70.00	15 Feb 84	
Radio, AN/VRC-87/88/89/90/91 (A)	803.00	26 Jan 90	*
Radio, AN/PRC-119 (A)	803.00	26 Jan 90	*
Radio, AN/TRC-170 (AF)	60,622.00	15 Feb 84	
Receiver/Transmitter, RT-1439 (A)	296.00	26 Jan 90	
Sonar, AN/SQR-18A (N)	267,069.00		
Sonar, AN/SQR-18A (CV) 1(N)	601,837.00	24 May 84	
Sonar, AN/SQR-19 (N)	1,756,900.00	21 Mar 90	*
Sonar, AN/SQR-19, Towed Array Group only (N)	359,400.00	21 Mar 90	*
Sonar, AN/SQR-19, Shipboard Electronics only (N)	1,071,800.00	21 Mar 90	*
Sonar, AN/SQS-56 (N)	173,193.00	19 Jul 88	
SURTASS, AN/UQQ-2(V)1 (N)	3,029,374.00	28 Aug 89	
SURTASS, AN/UQQ-2(V)1 (Shipboard System) (N)	1,785,000.00	28 Aug 89	
Tactical Flag Command Center (N)	(a)		
Tactical Air Operations Center, AN/TYQ-23 (N)	198,600.00	17 May 89	

TABLE 700-6. (Continued)

Tactical Air Operations Center, TAOC-85 (N)	(a)
Tactical Air Operations System (TOS)	
AN/UYQ-19 and AN/UYQ-36 (A)	121,128.00
Telephone, AN/TTC-38, Central (A)	(a)
Telephone, AN/TTC-39, (A)	(a)
Telephone, AN/TTC-42, Unit Level Circuit Switch (N)	(a)
Versatile Avonics Shop Test (VAST),	
AN/USM-247(V) (N)	(a)

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

AEGIS Weapon System (N)	16,288,000.00	25 Feb 87
(Note: NRC for AEGIS does not include the NRC for the Standard Missile nor the Vertical Launch System)		
Close in Weapon Systems, CIWS, PHALANX		
(NRC is per gun mount) (N)	287,842.00	28 Oct 78
Computer, Fire Control, MK1A (N)	(a)	
Director, Fire Control, MK51-2 (N)	(a)	
Fire Control Gun System, MK-37 (N)	24,800.00	6 Dec 84
Fire Control System, Missile MK-74 MOD 4 (N)	(a)	
Fire Control Gun System, MK-56 (N)	15,400.00	6 Dec 84
Fire Control Gun System, MK-68 (N)	60,000.00	6 Dec 84
Fire Control, System, ROLAND AN/GSG-11 (A)	324,828.00	24 Sep 80
Fire Control System, MK-86 (N)	(a)	
Fire Direction System, AN/GSG-10 TACFIRE (A)	740,331.00	
Goggles, Night Vision, AN/PVS-5 (A)	157.49	31 Jan 80
Guided Bomb Unit, GBU-10/12 w/o fuze (AF)	203.00	15 Jun 87
Guided Bomb Unit, GBU-10/12 w/FMU-81 fuze (AF)	243.00	15 Jun 87
Guided Bomb Unit, GBU-10/12 w/FMU-139A		
A/B fuze (AF)	217.00	15 Jun 87
Guided Bomb Unit, GBU-15 (AF)	12,528.00	
Guided Bomb Unit, GBU-16 (N)	(a)	
Laser Target Designator, AN/AVQ-26,		
PAVE TACK (AF)	643,071.00	11 Jun 87
MFCS MK-92 (N)	(a)	
Manpack System, Single Channel UHF, AN/PSC-1		
and AN/PSC-7 (A)	(a)	
Manpack, LOREN, AN/PSN-6 (A)	(a)	
Marine Integrated Fire and Air Support System		
(MIFASS) (N)	(a)	
Missile Minder, AN/TSQ-73 (A)	715,687.00	
Mission Payload Subsystem (MPS), Daylight (A)	(a)	
MPS, Forward Looking InfraRed (FLIR) (A)	(a)	
Modular Tactical Communications Center (MTCC) (A)	(a)	
Navigation Pod, AN/AAQ-13 (LANTIRN) (AF)	217,453.00	18 May 89
Pathfinder (Derivative of AN/AAQ-13) (AF)	32,618.00	12 Jul 89
PATRIOT Antenna Mast Set (A)	131,906.00	18 Nov 82
PATRIOT Electrical Power Plant (EPPII)(A)	339,464.00	18 Nov 78
Position Location Reporting System,		
AN/TSQ-129 Master Station (A)	1,179,261.00	30 Nov 88
RT 1343/TSQ-129 Basic User Unit (A)	41,298.00	30 Nov 88

**TABLE 700-6. (Continued)**

Radar, AN/APG-63, (AF)	410,407.00		
Radar, AN/APG-65 (F-18)	29,471.00	30 Mar 87	
Radar, AN/APG-65 (EFA Configuration)	23,543.00	21 Apr 89	
Radar, AN/APG-66 (F-16A/B) (AF)	30,400.00	12 Apr 84	
Radar, WX-66 (Derivative of AN/APG-66)	13,437.00	24 Nov 89	*
Radar, AN/APG-68 (F/16C/D) (AF)	101,120.00	12 Apr 84	
Radar, AN/APS-145 (N)	1,078,582.00	25 Feb 87	
Radar, Antenna, AN/APS-138 (AN/APS-145) (N)	162,047.00	25 Feb 87	
Radar, AN/AWG-9 (PHOENIX) (AF)	338,403.00		
Radar, AN/FPS-117 (AF)	883,053.00	20 Apr 89	
Radar, AN/MPQ-53, (PATRIOT) (A)	2,383,426.00	18 Nov 82	
Radar, AN/SPS-46 (N)	(a)		
Radar, AN/SPS-40B (N)	216,746.00	7 May 82	
Radar, AN/SPS-48E (N)	(a)		
Radar, AN/SPS-49(V)1/2/3/4/6 (N)	143,460.00	12 Apr 90	*
Radar, AN/SPS-49(V)5/7 (N)	149,146.00	12 Apr 90	*
Radar, AN/SPS-49 ATD Modification	82,186.00	12 Apr 90	*
Radar, AN/TPQ-36 (A)	344,261.00	17 May 79	
Radar, Low Altitude Surveillance Radar (LASR) (Derivative of AN/TPQ-36 Radar) (A)	73,361.00	1 Oct 84	
Radar, AN/TPQ-37 (A)	1,236,126.00	17 May 89	
Radar, AN/TPS-43 w/basic antenna (AF)	27,462.00	5 Feb 86	
Radar, AN/TPS-63 (USMC Baseline) (N)	45,557.00	7 May 87	
Radar, AN/TPS-63 (Derivative configuration) (N)	31,890.00	7 May 87	
Radar, Fire Control, MK-25 (N)	(a)		
Targeting Pod, AN/AAQ-14 (AF)	201,057.00	18 May 89	
Targeting Pod Support Equipment (FMS) (AF)	1,418,320.00	18 May 89	
SHF System, Multichannel, AN/TSC-85 and AN/TSC-93 (A)	(a)		
SATCOM GND System, AN/TSC-86 (A)	(a)		
Target Acquisition Designation Sight (TADS) (A)	202,591.00	30 Dec 83	
Target Acquisition System (TAS), MK-23 Mods 0-8 (N)	(a)		
Terminal, Light for AN/TSC-86 (A)	(a)		
Terminal, Medium, AN/GSC-39(V) DSCS (A)	(a)		
Terminal, Single Subscriber (SST) (A)	(a)		

### CATEGORY XIII - AUXILIARY MILITARY EQUIPMENT

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

#### NOTES:

- \* Indicates added, changed, revised, or new information.
- (a) Approval for pro rata nonrecurring cost recoupment charge will be requested from the Director, DSAA at a time of actual demand for FMS or commercial sales proposals.
- (b) For older ship designs, a percentage charge (3.5%) nonrecurring cost recoupment charge will be established at the time of actual request for an FMS or commercial sales proposal.

TABLE 700-6. (Continued)

**SECTION 701 - PREPARATION AND PROCESSING OF FMS AGREEMENTS**

**70101 PURPOSE.** The purpose of this section is to provide specific instructions for responding to approved foreign country or international organization requests for a firm FMS offer from the DOD. It also prescribes normal processing times and allowable timeframes between release and expiration of the offers.

**70102 POLICY.****A. DD Form 1513 - LOA.**

1. The DD Form 1513, LOA, will be used for all foreign military sales of defense articles and services by the MILDEPs and Defense Agencies. (See Table 701-1.)

2. The offer will itemize the defense articles and services offered and when executed becomes an official tender by the USG.

3. The acceptance constitutes the agreement of the foreign government to the offer and with applicable funding completes the contract.

4. Annex A of the DD Form 1513 contains "General Conditions" which is an official part of every offer issued. (See Table 701-2.)

5. In all FMS cases involving major systems/end items, the LOA will include all complementing/supporting materiel and services as opposed to negotiating separate cases for each of these items/services. Exceptions to this requirement must have the prior approval of DSAA/Operations.

6. If all line items cannot be listed on the first page of an offer and acceptance, show only the program total and list the remaining line items on DD Form 1513c continuation sheets. (See Table 701-3.)

7. Such additional terms and conditions as may be appropriate for a particular sales case shall be set forth in one or more attachments or continuation sheets to the DD Form 1513. All attachments (including DD Form 1513-C continuation sheet with notes) are an integral part thereof. Each page should indicate the case identifier at the top of the page and be numbered consecutively from the first page of the LOA to the end of all information provided with this LOA. Thus the number on the DD Form 1513 would reflect the total number of pages in the LOA.

8. The percentage rate used for determining packing, crating, and handling costs, general administrative costs, and supply support arrangement costs should not be indicated in the applicable blocks. (This guidance also pertains to Other Estimated Costs (Block 25) should a percentage rate be applicable.)

9. See Table 701-4 for detailed instructions on the filling in of the blocks on the LOA.

**70103 PROCEDURES.**

A. Consistent with the provisions of Chapter 7, Section 700, paragraph 70003.A.2., the DOD component should proceed with the development of the LOA upon receipt of the LOR from an FMS customer, American embassy, or SAO.



repair and return FMS cases. It is the responsibility of the cognizant DOD component to assure that the LOA for the repair and return of materiel is complete and provides all information required by the purchaser. A complete CONUS address for return of each item or category of items must be identified in the LOA.

(5) **Aircraft Transportation.** In the interest of public safety, the following policy is established for the materiel condition of U.S. aircraft prior to delivery. The FMS purchaser should advise whether aircraft will be delivered by commercial ferry service (arranged by the customer), DOD ferry, or surface transportation. Sales agreements will contain the stipulation that delivery will be made only under one of the following conditions:

(a) **Flights Delivery/Ferrying.** In the event flight delivery of the aircraft is desired by the purchaser, the aircraft must be placed in safe operating condition consistent with established standards of the military service of origin or Federal Aviation Administration (FAA). Required maintenance may be done through negotiation with the service of origin or a commercial FAA certified facility, and all costs will be borne by the purchaser. Aircraft will be released for flight only after an inspection by the service of origin has determined that the established military service standards have been met except where the purchaser elects to have maintenance performed in an FAA certified facility, in which case release will be accomplished by an FAA or service of origin inspection, as appropriate. See Tables 701-11 and 701-12 for additional terms and conditions for aircraft ferrying. These terms and conditions are provided for illustration and may be amplified to comply with specific sale requirements.

(b) **Surface Transportation.** Aircraft not to be restored to the criteria in paragraph H.1.b.(5) above will be sold with the understanding that they will be delivered to destination by surface transportation only.

(c) **Additional Terms and Conditions.** Additional terms and conditions for transportation and services which may apply in certain cases are at Table 701-13.

c. **Delivery Schedule of Items.** Block (18) of the DD Form 1513 provides the appropriate leadtime from the date of LOA acceptance to the date of delivery. This provides sufficient information for most cases, unless delivery of major end items (i.e., airplanes, ships, missiles, or major combat vehicles) is involved. A schedule of estimated in-country or CONUS equipment deliveries by month, will be provided for major end items. When appropriate, the schedule of deliveries will include required delivery dates for items not to be delivered earlier than a specified date.

d. **Qualifications Regarding P&A Data.** There must be as clear an understanding as possible of the limitations of the validity of data included in the LOA; much of the general conditions of the DD Form 1513 is designed for this purpose. However, any of the following data which is pertinent to the case must be provided as "Notes" to the LOA.

(1) Any deviations or substitutions to quantities or equipment which was included in the foreign country or international organization request for LOA, with explanation for the deviation or substitution.

(2) The last date of validity of either price or availability data included in the LOA, with an explanation of the reason why, if the Offer is time-sensitive. Even though each Offer carries an expiration date, it is important that the purchaser be aware of any criticality in that date.

(3) Any particular reservations regarding the price quoted in the LOA should be noted and explained.

(4) The extent to which either the price or availability quoted is dependent upon an action yet to be taken by the U.S. Government (e.g., the selection of the equipment for U.S. forces).

e. **Personnel Movement to and from Country.** Cases which provide for the provision of technical assistance services, either by contractor or military personnel, should specify to the extent known:

- (1) The number of personnel who will perform the task.
- (2) Planned date of arrival in-country.
- (3) In-country destination and "home station."
- (4) Extent of in-country travel required to perform the mission.
- (5) Planned duration of stay in-country, and planned departure date.

f. **Agreements Regarding Status or Facilities for USG or Contractor Personnel while in the Host Country.**

(1) **General.** The LOA should include those conditions required to insure that U.S. personnel can operate to the extent possible in safety, immunity, and under U.S.-type conditions. Agreements required will vary due to both the nature of the project and the nature of the country involved. The appropriate legal office of the military department concerned should be consulted to provide the salient agreements which protect that status of U.S. personnel in a given country.

(2) **Sample Terms and Conditions.** Table 701-14 sets forth sample terms and conditions which can be used as a guide for negotiating agreements with countries on programs involving the introduction of substantial numbers of contractor personnel. These conditions may be used as a guide in developing similar agreements for countries for which no Status of Forces Agreement (SOFA) exists. Where a SOFA exists, references should be made to the SOFA.

(3) **Statement of Facilities, Services, or Personnel to be Provided by the Purchasing Country.** Table 701-14 also provides examples of certain actions which must be taken by the purchaser to insure success of the program, in terms of facilities, services, or personnel. These actions will vary from program to program. It is essential that the responsibilities of the U.S. Government and the purchasing nation be clearly and completely delineated as a part of the LOA or its attachments.

g. **Memorandum of Understanding or Statement of Work.** Major FMS undertakings may call for a MOU, or detailed Statements of Work (SOW), before they can be undertaken by the USG. Such documents should be made an integral part of the LOA by reference on the DD Form 1513 and, where appropriate, should be attached to thereto.

B. The letter of request must be validated to insure the potential customer is an eligible FMS recipient, that the article or service sought may be sold and that the request was received through proper channels. Approval channels for LORs are included in Chapter 7, Section 700, paragraph 70003.A.2.

C. DOD components must formally acknowledge receipt of approved LORs within five days.

D. Data cards for valid LORs must be submitted to DSAA for input into the 1200 system within ten calendar days of receipt of the request. Further information concerning the DSAA 1200 system requirements can be found in Chapter 15, this Manual.

E. The DOD component is responsible for inserting the appropriate MASL line data for each line item on each LOA. Should there not be any applicable line in the MASL, it is the responsibility of the DOD component preparing the LOA to establish a line in accordance with the procedures outlined in Chapter 15, Section 1503, this Manual. The LOA will not be processed and will be returned to the preparing component if line items are not in the MASL or if they contain incorrect MASL data.

1. Identification of End Items. The LOA will contain a separate line item for each generic item that is measured in quantities; e.g., AH-1 Helicopters, F-15 Aircraft, 155mm Ammunition, Harpoon Missiles.

2. Identification of Dollar Items. The LOA will group generically into a single line item dollar-denominated lines such as spare parts and training, to the extent that common generic codes apply. For example, a series of tool kits with identical NSN and generic codes should be aggregated under a single line in the LOA.

3. Use of Sub-Case Identifier Systems. Sub-cases may be used as separate line items to the extent that they are compatible with the MASL breakout and reporting by generic code identification. End items which are identified by separate generic codes shall not be commingled with dollar-denominated items with a different generic code.

F. DOD components will process LOAs which meet the thresholds for reporting to the Congress in accordance with Section 703 of this chapter.

G. Maximum processing time between the receipt of a request for an LOA and its submission or Amendment thereto to DSAA for coordination and/or countersignature is 60 days. Earlier response will be made whenever possible.

#### H. DD Form 1513 - Information Conveyed.

1. General. The LOA, when signed, is an official agreement between the United States and the purchasing country or international organization regarding terms and conditions pertaining to furnishing certain goods or services. As such, the DD Form 1513 and its enclosures must provide sufficient detailed information so as to make clear the obligations of the United States and the Purchaser. The type and amount of information which must be conveyed will vary depending on the nature of the sale. However, at least some information which is supplemental to the preprinted "General Conditions" of Annex A of the DD Form 1513 must be provided for each sale. The normal method of accomplishing this is in the form of explanatory "Notes" which are cross-referenced to the line item information included on the face of the DD Form 1513. Inclusion of this information as a complete package within the LOA, rather than orally or by separate correspondence, reduces misunderstandings regarding FMS Case commitments.

## 2. Supplemental Information and Coordination for LOAs.

a. Checklist. Table 701-7 provides a summary of supplementary information which must either be addressed or considered when the LOA is developed. The chart indicates that information must be provided to purchasers in the form of Notes or Supplemental Terms and Conditions, depending upon the nature of the articles and/or services being sold. Items indicated by "X" must be addressed in Notes or Supplemental Terms and Conditions to the DD Form 1513; those indicated as being on an "as-required basis (A/R)" should be addressed if the nature of the transaction so warrants. The following subparagraphs include instructions and discussion regarding the nature of this supplementary information. The subparagraphs are aligned to the column "Supplementary Information for Letters of Offer". In addition, the Checklist shown in Table 701-8 may be used for the coordination of selected LOAs.

### b. Transportation Instructions.

(1) Related Chapters. Refer to Chapter 8, Section 802, this Manual, for detailed transportation information and Chapter 5 for export licensing and customs clearance requirements.

(2) Understanding between the U.S. Government and the Purchaser of Method of Shipment. There must be clear understanding between the U.S. Government and the purchaser as to where and how the materiel purchased will be shipped. Blocks (19), (20), (33) and (34) of the DD Form 1513 are designed to fulfill this purpose under the normal FMS method of shipment (i.e., by collect commercial bill of lading to freight forwarders, or by the use of codes prescribed in DOD 4140.17-M). However, supplementary instructions are required to enable purchasers to fill out Blocks (33) and (34) properly. DOD 5105.38-D (MAPAD) identifies transaction instructions furnished by DLA to meet this need; it should be used by all DOD components as a guide.

(3) Method of Transportation. It is DOD policy that to the extent possible, FMS recipients should be self-sufficient in transportation of their materiel. The normal method of movement of FMS materiel is by commercial carrier to the freight forwarder designated by the purchaser. Exceptions to the basic DOD FMS self-sufficiency policy should be noted on the DD Form 1513 on a case-by-case basis and approved by DSAA with concurrence of ASD/P&L. Normally, firearms, explosives, lethal chemicals, other hazardous materiel and occasionally, classified materiel are moved within the DTS. Air cargo that exceeds commercial capability is also delivered through DTS. Any other exceptions must be specifically approved by the DSAA on a case-by-case basis. Use of the DTS, to include all related terms and conditions for movement, must be stated in the LOA. Each request for an exception to use the DTS must be supported with a statement that addresses projected tonnage, special transportation requirements, and other relevant information that would justify the commitment of DOD transportation assets. Upon approval, the extent of authorization must be clearly delineated in the supplementary conditions in the LOA. This would include identification, by specific item, when certain items in the LOA are to be shipped via the purchaser's freight forwarders.

(4) Articles Returned to U.S. Facilities. The transportation of materiel to U.S. facilities for repair and return is normally the responsibility of the FMS purchaser. Use of the DTS for such materiel will be authorized only in exceptional situations. The factors, criteria, and approval channels summarized in paragraph H.2.b.(3) above for authorizing the use of the DTS also apply to such authorizations for the repair and return of foreign country owned materiel. Table 701-10 provides instructions for completing the transportation related blocks of the LOA for

#### h. Schedules of Personnel Training.

(1) Schedules Included in DD Form 1513. LOAs which call for training of foreign personnel, should include firm scheduling of personnel into specific training courses. When this is not feasible, LOAs should set forth training plans and schedules in general terms, and should include information required to arrange for definitization of specific training requirements at a later date.

(2) Purchasing Nation's Responsibilities. LOAs must specify purchasing nation's responsibilities such as providing pay and allowances, housing, qualified students, and any required supervision thereof.

(3) Blanket Order Cases. Blanket Order LOAs for training will include "Notes" to explain scope of coverage, methods for definitizing and requesting specific courses, and duration of applicability of the case. \*

#### i. Logistics Information.

(1) Supplemental Conditions to DD Form 1513. The sale of weapons systems normally requires the establishment of understandings between the USG and the purchaser regarding logistics arrangements and support. This subject must be addressed in the "Supplemental Conditions" to the LOA to delineate USG responsibilities, specify the type of equipment being provided, identify subsequent actions which must be taken by both the USG and the purchaser, and occasionally to advise the purchaser of the nature of procurement action which will be taken.

(2) Configuration. LOAs will specify the configuration of equipment being sold, but will furnish detailed equipment specifications only if required. Variations from standard USG configurations will be noted, together with any risks which might be assumed as a result of the variance. The notes will highlight any purchase of equipment being made of a configuration contrary to that recommended by the USG.

(3) Logistics Conferences or Site Surveys. LOAs will include the requirement for, and scheduling of logistics conferences or site surveys for the purpose of definitizing procurements of spare parts and support equipment, when applicable.

(4) Concurrent Spare/Repair Parts. The DOD components authorized to make offers will assure that at least a one-year supply of "in-country" concurrent (initial) spare/repair parts, through fourth echelon requirements at U.S. peace-time usage rates, shall be included with equipment being offered. Such spare and repair parts packages should be identified by category and total value rather than by item. Normally, pricing of individual repair parts is not done.

(5) Spare Parts Support Availability. For offers of MDE items, the purchaser will be advised of the estimated period that USG spare and repair parts support will be available, providing that a termination of such support can be identified.

(6) Sole Source Procurement. If the purchaser has specifically requested that procurement of a particular item is to be provided from a sole source, the designation will be addressed in the "Notes" to the LOA. (See Chapter 8, Section 801, paragraph 80102, for Sole Source Procurement Provisions.)

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

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

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

j. **Financial Information.** (Also refer to Chapter 13.)

(1) **Financial Annexes.**

(a) **Purpose.** The Financial Annexes specify the purchaser's projected payment dates and amounts, and describe the interface of the payment schedule with the FMS billing system. Through the use of such annexes any misunderstandings are eliminated as to when payments are to be made to the USG. Annexes also provide budgetary planning data for the purchaser. Budgetary planning, like all planning, has an inherent element of uncertainty; however, the data provided by the annexes reduces the level of uncertainty.

(b) **Payment Schedule Requirement.** Each financial annex for LOAs financed under "Terms of Sale" of dependable undertakings, cash prior to delivery, FMS credit, MAP, or any combination thereof will include a payment schedule. This payment schedule will:

1. Include specific calendar dates when each payment is required.
2. Include specific amounts due on each calendar date. These amounts will be equal in total to the amount reflected in the estimated total cost block (26) of the LOA for the case involved.

k. **Condition of Equipment.**

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

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

(a) **Inspection.** It is highly recommended that a purchaser inspect, in advance of receipt of a LOA, major items and quantities of excess equipment being sold in "as-is/where-is" condition. It also is recommended for the USG to obtain written acceptance of the condition of the equipment as a result of this inspection. Any such acceptance should be noted in the LOA.

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

70103.H.2.k.(2).(c).

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

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

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

(1) Description of the nature of the service to be performed, together with its purpose.

(2) Statement of where and how the services will be performed.

(3) Statement of the anticipated result when the service is completed, together with any information of which the purchaser should be aware regarding USG reservations or qualifications as to success of the project.

n. **Single Selling Price.** (See Section 130701.)

\*

o. **Royalties and NRC Recoupment Charges.** FMS cases will not normally be established for the sole purpose of collecting either royalties or pro rata nonrecurring cost recovery charges. FMS cases that sell a TDP must include an obligation for the purchaser to pay the USG a royalty charge to be made per unit of production which may be fixed subsequently by a DD Form 1513-1. However, pro rata NRC recoupment charges assessed for articles sold under FMS will be included in the unit price of the end item being sold and will not be shown separately. Due to inclusion of sensitive U.S. technical production information, data regarding USG cost pool and production quantities used to determine NRC recoupment charges will not be released to foreign governments, international organizations, or domestic requesters.

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

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

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

(3) **Repair and Return.** The LOA will also contain sufficient disposition instructions for articles (owned by the purchaser) being returned by the purchaser to the CONUS for maintenance and repair services. To the extent possible, purchasers will be encouraged to provide estimated repair schedules for inclusion in the LOA.

q. **Indemnification and Assumption of Risk.**(1) **Indemnity Clauses.**

(a) Annex A of the DD Form 1513 contains provisions regarding indemnity which are deemed satisfactory and complete for most FMS programs. Advice should be obtained from the appropriate legal office of the MILDEP concerned when it appears that special circumstances of individual purchases require an expansion of indemnity clauses.

(b) If additional indemnity clauses are required for transportation, Tables 701-11 through 701-13 provide the pertinent clauses which should be used.

(2) **Ammunition Sales.** When a sale of ammunition is requested, DOD components should include the following note on the LOA:

**Note:** The USG is a self-insurer, and in this connection your attention is invited to Conditions A-1 and A-2 of Annex A to this LOA. DOD shall employ the same inspection procedures for this ammunition as would be used in the procurement of this type of ammunition for itself. Lot production of ammunition, however, carries risks associated with the ammunition's resultant performance. This risk is assumed by the USG in procurement for its own use, and this risk is also assumed by the purchaser in procurement for its use under this LOA. Accordingly, financial restitution will not be made for claims made on SF 364 ROD (see Condition B-6 of Annex A) for ammunition deficiencies unless such claims involve damage due to USG actions with respect to compliance with applicable inspection criteria and procedures, or USG actions with respect to packing, crating, handling, or transportation, or unless the USG can obtain equal restitution from its contractor.

r. **Absence of Specific Information.**

(1) **Requirement for Special Notes.** LOAs are sometimes prepared either at purchaser request or in USG interest, before specific details to provide all information covered in the foregoing paragraphs are known. In such cases, "Notes" to LOAs will include general coverage of this information and an estimate of when specific information on these topics can be provided to the purchase.

(2) **Follow-On Communication.** The LOA should include information sufficient to establish follow-on channels of communication between the purchaser and the USG component responsible for implementing the FMS case.

s. **Patent Rights.** In the event that an individual, commercial entity or foreign country should assert ownership of a foreign patent on an item intended for sale or being sold under FMS, and there are reasonable grounds for the belief that a purchasing country or international organization may be subjected to a possible claim for foreign patent infringement, DOD components in coordination with DSAA, are authorized to make such a sale, provided a note is added to the LOA for the FMS case advising the purchaser of the existing allegation of a foreign patent right. The note should read substantially as follows: "*(Name of individual, commercial entity or foreign country, and address,)* has alleged rights in certain components of the *(Name of FMS item)* offered herein. In this connection, the Purchaser's particular attention is invited to Conditions A.3 and C.1 on Annex A to the DD Form 1513."



t. **Security Assurances.** One of the following notes should be included in all LOAs, as appropriate:

(1) **LOAs with Foreign Governments.**

In addition to the assurances contained in Annex A, Paragraph B.9 of this Offer and Acceptance, the Purchaser certifies that it will maintain the security of any classified material/information (to include articles, plans, designs, specifications and technical data) described in this Offer and Acceptance commensurate with existing security agreements between the U.S. Government (USG), and the purchaser. If such security agreements do not exist, the purchaser certifies that: (a) classified United States Government material/information furnished under this Offer and Acceptance will be afforded a degree of security protection at least equal to that afforded it by the U.S. Government; (b) such classified material/information will not be provided to anyone not an officer, employee, or agent of the purchaser, except as specified in this Offer and Acceptance, without the approval of the USG; (c) the material/information will be used only for the purpose specified in this Offer and Acceptance; (d) the purchaser will promptly and fully inform the USG of any compromise, or possible compromise, of U.S. classified material/information furnished pursuant to this Offer and Acceptance; and (e) classified material/information will be provided only to those individuals having an adequate security clearance and a specific need to know in order to carry out the LOA program. The purchaser further certifies that if the U.S. classified material/information is to be furnished to its contractor pursuant to said Offer and Acceptance: (a) such material/information will be exchanged through official government channels; (b) the specified contractor has been granted a facility security clearance by the purchaser at a level at least equal to the classification level of the U.S. information involved; (c) all contractor personnel requiring access to such material/information have been cleared to the appropriate level by the purchaser; and (d) the purchaser will assume responsibility for administering security measures for the protection of such material/information while it is in the possession of its contractor. Additionally, if a commercial transportation agent or freight forwarder is to be used for shipment, the purchaser certifies that such transportation agent or freight forwarder has been security cleared at the appropriate level for handling of classified material.

(2) **LOAs with NATO and NATO Commands and Agencies.**

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

(3) **LOA with Purchaser Who Proposes to Take Delivery and Custody of Classified Materiel.** When the purchaser proposes to take delivery and custody of classified materiel and complies with the provisions of Chapter 5, Section 501, Paragraph 50111.C.1. and Chapter 8, Section 802, Paragraph 80206.B.9.(a) and (b), the DOD component will incorporate the transmission instructions (an alternate for shipment of classified materiel) or the requirement for an approved transportation plan (see Table 503-4) into the security requirements of the U.S. Department of Defense Offer and Acceptance (DD Form 1513).

u. **Travel Costs for Foreign Personnel.** The purchasing country or international organization is responsible for all transportation and travel costs for its personnel on assignment in the United States, or required in conjunction with FMS programs. In no

circumstances are such expenses authorized for reimbursement under FMS LOAs. Instead, the funding of transportation and travel costs must be arranged directly between the foreign traveler and his government without U.S. Department of Defense involvement.

v. **Retransfer of Defense Articles.** All LOAs for the provision of defense articles on the USML will include the note identified below. This requirement also applies to any amendment adding USML defense articles to an existing LOA. LOAs limited to services should not include this note.

**Note.** Effective 22 December 1987 Sec. 562, P.L. 100-202 (FY 88 CR), amended Section 620C of the Foreign Assistance Act of 1961 with the following provision which applies to this Letter of Offer and Acceptance:

(E)(1) Any agreement for the sale or provision of any article on the United States Munitions List (established pursuant to Section 3B of the Arms Export Control Act) entered into by the United States after the enactment of this provision shall expressly state that the article is being provided by the United States only with the understanding that it will not be transferred to Cyprus or otherwise used to further the severance or division of Cyprus.

(2) The President shall report to Congress any substantial evidence that equipment provided under any such agreement has been used in a manner inconsistent with the purposes of this subsection.

### 3. **Documents to be Included with DD Form 1513.**

#### a. **Financial Analysis.**

(1) **Purpose.** The purpose of an analysis is to permit all approval echelons a review for completeness and accuracy of financial data. The Financial Analysis will accompany the LOA or amendment throughout the coordination cycle but will not be submitted to the prospective purchaser. The DSAA Comptroller will provide a copy of the Financial Analysis and LOA to SAAC after countersignature.

(2) **Requirement.** All LOAs and proposed amendments for the sale of end-items or services must be accompanied by a Financial Analysis for each line item which contains one or more of the following:

(a) Pricing based on supply from excess or non-excess stocks, when no replacement is required.

(b) Recoupments of nonrecurring RDT&E and/or production costs.

(c) A total line value of \$14.0 million or more. \*

(3) **Exceptions.** A Financial Analysis is not required for the following:

(a) Individual line items of \$50,000 or less.

(b) The Financial Analysis is not required for training, services, or secondary/stock fund items. \*

(4) **Data Required.** The following information will be included:

(a) Case designator, line item and complete descriptive data relative to the item or service.

(b) Source of the article. Examples are:

1. Excess inventory.
2. Inventory (without replacement).
3. Inventory (replacement with same item).
4. Inventory (replacement with improved item).
5. Production.

(c) Source of price estimates. Examples are:

1. Prime contractor quote.
2. Prime and GFE contractor quotes.
3. Standard price.

4. DOD component estimate without contractor participation, based on recent sale or similar experience, or in accordance with DOD 7290.3-M. [In this connection, notice should be taken of Section 225.7303(b)(2) of the DFARS concerning the participation of the procuring contracting officer in the preparation of LOAs and that the provisions of this section are complied with.]

\*  
\*

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

1. Agent's fees or commissions included in the FMS case and the amount thereof. The DOD component certification of reasonableness in accordance with Subpart 3.4, FAR and DFARS, Section 225.7305(c)(iii)(C) must be attached. If the fee cannot be or has not been certified as reasonable, the DOD component notification or proposed notification to the foreign country or international organization should also be attached for information or coordination. See Chapter 8, Section 801, paragraph 80103, this Manual, for further guidance.

\*

2. Inclusion of nonrecurring RDT&E and production cost recoupment in accordance with DOD Directive 2140.2.

3. Inclusion of adjustments for estimated inflation or other risk factors.

4. Replacement cost in accordance with the provisions of DOD 7290.3-M.

5. First destination transportation costs.
  6. Recurring support costs.
  7. Unfunded costs.
  8. Application of factors for estimating "dollar line items" such as concurrent spare parts.
  9. Adjustments based on anticipation of the receipt of other orders or DOD procurement of the item involved which would likely result in shared overhead costs and a reduced price for the item.
- (e) Sources of data used to make any of the above adjustments and their application to the case.
- (f) A comparison of LOA prices with budgeted or ongoing DOD component procurement prices; e.g., the Selected Acquisition Report (SAR).
- (g) Source for Schedule of Payments, including estimated date of contract award.
- (h) A comparison of LOA prices with all other LOA prices for the same item within the previous twelve months. This comparison should not be limited to sales within the same region.

(5) **Format.** Table 701-4 is a suggested format for use in presenting required Financial Analysis data. The format may be modified to meet the needs of the individual DOD components. The financial analysis must, however, identify methods used in developing costs and provide the information outlined above for each line item in sufficient detail to enable the reviewer to judge the accuracy, completeness, and firmness of the estimated prices.

b. **Termination Liability (T/L) Worksheets to be Included with Selected LOAs.** The purpose of this worksheet is to provide the Director, DSAA with information concerning the implementing agency's determination of and plan for the collection of an appropriate amount of funds to cover the liability that would accrue to the USG should the sales agreement be terminated prior to normal completion. This worksheet is for internal management purposes and normally will not be furnished to the purchaser of the defense article or service.

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

(1) **Offers of \$7 Million or More.** LOAs with a total case value of seven million dollars or more will be accompanied by a TLW as part of the required financial analysis when the LOA is submitted to the DSAA for countersignature. Any modifications or amendments to these cases that contain a revised payment schedule will also contain a revised termination liability worksheet.

(2) Information to be Included. The following information will be included on the worksheet:

(a) Deposit Date. Normally quarterly, in accordance with the schedule of payments.

(b) Total Payment. Amount required to be deposited for both disbursements and reserves.

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

(d) Termination Liability/Contractor Holdback. Amounts required to be collected to cover potential costs during the period covered by the scheduled payment (i.e., the next 3 months after payment date): \*\*

1. Contractor Holdback. A percentage of the amount earned by contractors or suppliers that is retained by the USG to ensure contract compliance.

2. Termination Liability. Estimated amount required to cover the financial liability of the USG should the contract be terminated during the period.

(3) Format for Use. Table 701-5 presents a format for the TLW. Entries for each date should show both the quarterly transactions and the cumulative totals. \*\*

(4) Exclusions. TLWs are not required for cases in the following categories:

(a) CLSSA (FMSO I and II).

(b) Blanket Order.

(c) Other equipment or services; i.e., Source of Supply "S".

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

(e) Cases with payment term "Cash with Acceptance."

(5) Distribution. IA will provide two copies of the TLW with each applicable DD Form 1513, 1513-1, or 1513-2 presented to DSAA/COMPT (FMSCD) for countersignature. The two copies will be attached to the cover letter forwarding the 1513-series document. DSAA/COMPT (FMSCD) will provide one copy of the TLW to DSAA/COMPT (FMD) and forward the other to SAAC/FSRC with the advance copy of the LOA. Upon receipt of the LOA and TLW, SAAC should ensure that the TLW is separated from the advance LOA copy and retained after the purchaser-signed copy is received. The TLW must be loaded into DIFS prior to implementation of the case, amendment, or modification.

**Note:** For amendments and modifications exempt from countersignature, IAs should provide copies of TLW directly to the DSAA Comptroller and SAAC.

(6) Quality Control. IAs must ensure that adequate quality controls exist to assure the mathematical integrity of TLW. Termination liability/contractor holdback collections must be projected to liquidate by the last scheduled payment.

c. NRC Recoupment Summary. A data sheet in the format of Table 701-6 will be included with all LOAs to identify whether NRC Recoupment Charges are included in the LOA. DSAA will review this information and forward a copy to SAAC for information.

**Note:** For amendments and modifications exempt from countersignature, implementing agencies should provide copies of the NRC recoupment summary worksheet directly to DSAA Comptroller and SAAC.

#### I. Coordination of LOAs, Amendments, Notices, and LOIs.

1. DOD Component Coordination. All LOAs and LOIs should indicate a coordination by the comptroller and legal counsel of the appropriate DOD component.

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

J. Countersignature. All LOAs and LOIs require DSAA countersignature. All amendments and notices except as specifically exempted in Chapter 8 also require countersignature. Note that no exemptions will apply to amendments or notices which involve Congressional notification [Sec. 36(b)] or FMS credit, MAP, or third country financing.

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

2. Return to Preparing DOD Component. Subsequent to DSAA coordination and processing, the DSAA Comptroller will: countersign the document and return the original copy to the originating DOD component for onward processing to the prospective purchaser; forward a copy to the SAAC with the TLW, NRC recoupment worksheet, and financial analysis, if applicable; and retain a copy in order to enter the appropriate information into the DSAA FMS data base.

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

**L. DD Form 1513 - Duration of Offer.**

1. **Expiration Date on Offer - Standard.** Each LOA will include the date upon which the offer expires. When the LOA is forwarded to the DSAA, for coordination and/or countersignature, the date (Block 7) should be completed along with the signature and typed name and title of the DOD component authorized representative. Additionally, Block 8 should contain an expiration date of 85 days after the date placed in Block 7. This 85 day period permits a 60 day review period for the country and a 25 day period for the administrative processing required for countersignature and for DOD component issuance of the LOA or Amendment to the purchaser.

2. **Expiration Date on Offer - Exception.** If a shorter expiration period is required because of (1) the validity of contractor quotes comprising the P&A information included on the LOA or Amendment, or (2) the time sensitivity of any information included in the LOA, then the shorter expiration period should appear and a note placed on the LOA which explains why the expiration period is less than 60 days. Offer expiration dates in excess of 85 days require DSAA approval.

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

1. **Requests for Extension.** Requests by the purchasers for extensions to expiration dates will be honored only after a full review by the preparing agency to insure that all data included in the LOA remains valid. The foreign country or international organization should be advised of the new expiration date via message from the preparing DOD component along with authorization to make a pen and ink change to the expiration date listed on the LOA or amendment. SAAC and DSAA should be provided an information copy of the message. All concerned should be advised of the consequence of extensions. Normally, the greater the period of time between offer and acceptance the greater the likelihood of decreased accuracy of data contained in the LOA. \*

2. **Receipt and Recording of Acceptance.** When the LOA is accepted, distribution will be made in accordance with the instructions contained in the LOA.

3. **SAO Notification of Acceptance or Rejection.** Each SAO will immediately advise DSAA (Comptroller), SAAC, and the MILDEP issuing the LOA by priority message when each LOA has been accepted or rejected by the foreign country or international organization. In those instances when the LOAs are processed by the foreign country or international organization not served by SAOs, the LOA will have an annotation requiring the signature authority to immediately notify DSAA-Comptroller, SAAC, and the appropriate issuing organization by message when the LOA is accepted by an authorized representative of the purchaser. Each message must contain the date of acceptance. Within five calendar days of acceptance or rejection of the offer, DSAA, SAAC, and the issuing organization must be notified. If such notice is not received within ten calendar days after the expiration date, the LOA, even though accepted, will be automatically cancelled.

4. **Pen-and-Ink Changes.** See Section 80401.F. \*

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

1. Army:      Action Address -

Department of the Army  
U.S. Army Security Assistance Command  
5001 Eisenhower Avenue  
Alexandria VA 22333-0001

Messages - CDR USASAC Alexandria VA//AMSAC//

Information Address -

Headquarters, Department of the Army  
Directorate for Security Assistance  
Washington DC 20310-0512

Messages - DA Washington DC//DALO-SA//

2. Navy:      Department of the Navy  
Navy International Programs Office  
Washington DC 20350-5000

Messages - Navy IPO Washington DC

3. Air Force:      Department of the Air Force  
Director of International Programs (AF/PRD)  
Headquarters, U.S. Air Force  
Washington DC 20330-5240



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

UNITED STATES DEPARTMENT OF DEFENSE OFFER AND ACCEPTANCE					(1) PURCHASER (Name and Address) (Zip Code)		
(2) PURCHASER'S REFERENCE		(3) CASE IDENTIFIER					
<b>OFFER</b>							
<p>Pursuant to the Arms Export Control Act, the Government of the United States (USG) hereby offers to sell to the above purchaser the defense articles and defense services listed below (hereinafter referred to collectively as "items" and individually as "defense articles" or "defense services"), subject to the terms contained herein and conditions set forth in Annex A, and to such other special terms and conditions which may be a part of, and appended to, this Offer and Acceptance.</p>							
<p>(4) _____ Signature (US Dept./Agency Authorized Representative)</p> <p>(5) _____ Typed Name and Title</p> <p>(6) _____ ADDRESS</p> <p>(7) _____ DATE</p> <p>(8) THIS OFFER EXPIRES _____</p>					<p>(9) _____ CounterSignature (Office of the Comptroller, DASA) (Date)</p> <p>(10) _____ Typed Name and Title</p> <p>(11) DASA ACCOUNTING ACTIVITY _____</p>		
<p><b>NOTE:</b> This offer must be accepted not later than the date shown in block 8. Within five (5) days of its acceptance, you must notify the Office of the Comptroller, DASA. Otherwise, this Offer is cancelled and retention of initial deposit by offeror pending disposition instructions shall not be deemed a waiver of such cancellation. Request prompt notification if this offer is rejected.</p>							
ESTIMATED							
ITEM OR REF. (12)	ITEM DESCRIPTION (Item Number, Item & Principal if applicable) (13)	QUANTITY (14)	UNIT OF ISSUE (15)	UNIT COST (16)	TOTAL COST (17)	AVAILABILITY AND REMARKS (18)	OFFER LEADS CODE (19)
(21) ESTIMATED COST				\$			
(22) ESTIMATED PACKING, CRATING, AND HANDLING COST				\$			
(23) ESTIMATED GENERAL ADMINISTRATIVE COSTS				\$			
(24) ESTIMATED CHARGES FOR SUPPLY SUPPORT ARRANGEMENT				\$			
(25) OTHER ESTIMATED COSTS (Specify)				\$			
(26) ESTIMATED TOTAL COSTS				\$			
(27) TERMS				(28) AMOUNT OF INITIAL DEPOSIT - \$			
<b>ACCEPTANCE</b>							
<p>(29) I am a duly authorized representative of the Government of _____ and upon behalf of _____ said Government, accept this offer under the terms and conditions contained herein (30) this _____ day of _____, 19 _____</p>				<p>(33) MARK FOR CODE _____</p> <p>(34) FREIGHT FORWARDER CODE _____</p> <p>(35) PROCURING AGENCY _____</p> <p>(36) DESIGNATED PAYING OFFICE _____</p> <p>(37) ADDRESS OF DESIGNATED PAYING OFFICE _____</p>			
<p>(31) _____ SIGNATURE</p> <p>(32) _____ TYPED NAME AND TITLE</p>							

## TABLE 701-2 General Conditions

### GENERAL CONDITIONS

Annex A

#### A. THE GOVERNMENT OF THE UNITED STATES:

1. Agrees to furnish such items from its Department of Defense (hereinafter referred to as "DOD") stocks and resources, or to procure them under terms and conditions consistent with DOD regulations and procedures. When procuring for the Purchaser, the DOD shall, in general, employ the same contract clauses, the same contract administration, and the same inspection procedures as would be used in procuring for itself, except as otherwise requested by the Purchaser and as agreed to by the DOD. Unless the purchaser has requested that a sole source contractor be designated, and this Letter of Offer and Acceptance reflects acceptance of such designation by the DOD, the Purchaser understands that selection of the contractor source to fulfill this requirement is solely the responsibility of the Government of the United States (hereinafter referred to as "USG"). Further, the Purchaser agrees that the United States DoD is solely responsible for negotiating the terms and conditions of all contracts necessary to fulfill the requirements in the Letter of Offer.

2. Advises that when the DOD procures for itself, its contracts include warranty clauses only on an exceptional basis. However, the USG shall, with respect to items being procured, and upon timely notice, attempt to the extent possible to obtain any particular of special contract provisions and warranties desired by the Purchaser. The USG further agrees to exercise, upon the Purchaser's request, any rights (including those arising under any warranties) the USG may have under any contract connected with the procurement of any items. Any additional cost resulting from obtaining special contract provisions or warranties, or the exercise of rights under such provisions or warranties, or any other rights that the USG may have under any contract connected with the procurement of items, shall be charged to the Purchaser.

3.a. Shall, unless the condition is otherwise specified herein (e.g., "As is"), repair or replace at no extra cost defense articles supplied from DOD stocks which are damaged or found to be defective in respect of material or workmanship, when it is established that these deficiencies existed prior to passage of title, or found to be defective in design to such a degree that the items cannot be used at all for the purpose for which they were designed. Qualified representatives of the USG and of the Purchaser, upon notification pursuant to paragraph B.8. below, shall agree on the liability of the USG hereunder and the corrective steps to be taken.

b. With respect to items being procured for sale to the Purchaser, the USG agrees to exercise warranties on behalf of the Purchaser pursuant to A.2. above to assure, to the extent provided by the warranty, replacement or correction of such items found to be defective.

3.c. In addition, the USG warrants the title of all items sold to the Purchaser hereunder. The USG, however, makes no warranties other than those specifically set forth herein. In particular, the USG disclaims any liability resulting from patent infringement occasioned by the use or manufacture by or for the Purchaser outside the United States of items supplied hereunder.

4. Agrees to deliver and pass title to the items to the Purchaser at the initial point of shipment unless otherwise specified in this Offer and Acceptance. With respect to defense articles procured for sale to the Purchaser, this will normally be at the manufacturer's loading facilities; with respect to defense articles furnished from stocks, this will normally be at the U.S. Depot. Articles will be packed, crated or otherwise prepared for shipment prior to the time title passes. If "Point of Delivery" is specified otherwise than the initial point of shipment, the supplying (Military) Department or Defense Agency will arrange movement of the items to the authorized delivery point at reimbursement service but will pass title at the initial point of shipment. The USG disclaims any liability for damage or loss to the items incurred after passage of title irrespective of whether transportation is by common carrier or by the U.S. Defense Transportation System.

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

b. The price of items to be procured shall be at their total cost to the USG. Unless otherwise specified, the cost estimates of items to be procured, availability, determination, payment schedule, and delivery projections quoted are estimates based on current available data. The USG will use its best efforts to advise the Purchaser or its authorized representatives by DD Form 1511-2:

- (1) of any identifiable cost increase that might result in an increase in the "Estimated Total Costs" in excess of 10 percent;
- (2) of any changes in the payment schedule(s); and
- (3) of any delays which might significantly affect the estimated delivery dates;

but its failure to so advise of the above shall not affect the Purchaser's obligation under paragraphs B.1. and B.3. below.

c. The USG will, however, use its best efforts to deliver items or render services for the amount and at the times quoted.

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

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

8. Advises that personnel performing defense services provided under this Offer and Acceptance will not perform any duties of a combatant nature, including any duties relating to training, advising, or otherwise providing assistance regarding combat activities, outside the United States in connection with the performance of these defense services.

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

10. Advises that, notwithstanding Purchaser's agreement to pay interest on any net amount by which Purchaser may be in arrears on payments (as provided for in paragraph B.3.g. below), USG funds will not be used for disbursements by DOD to its contractors in the event of any such arrears in payments. Accordingly, failure by the Purchaser to make timely payments in the amounts due may result in delays in contract performance by DOD contractors, claims by contractors for increased costs (including the above mentioned interest costs), claims by contractors for termination liability for breach of contract or termination of contracts by the USG under this or other open Offers and Acceptances of the Purchaser at Purchaser's expense.

#### B. THE PURCHASER:

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

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

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

b. Agrees if "Terms" specifies payment to be "cash prior to delivery" to pay to the USG such amounts at such times as may be specified from time to time by the USG (including any initial deposit set forth under "Terms") in order to meet payment requirements for articles or services to be furnished from the resources of the US Department of Defense. USG requests for funds may be based on estimated requirements to cover forecasted deliveries of articles or costs to provide defense services. It is USG policy to obtain funds 90 days in advance of the time DOD plans such deliveries or incurs such expenses on behalf of the Purchaser.

c. Agrees, if "Terms" specify payment by "dependable undertaking" to pay to the USG such amounts at such times as may be specified from time to time by the USG (including any initial deposit set forth under "Terms") in order to meet payments required by contracts under which items are being procured, and any damages and costs that may accrue, or have accrued, from termination of contracts by the USG because of Purchaser's cancellation of this Offer and Acceptance under paragraph B.7. hereof. USG requests for funds may be based upon estimated requirements for advance and progress payments to suppliers, estimated termination liability, delivery forecasts or evidence of constructive delivery, as the case may be. It is USG policy to obtain such funds 90 days in advance of the time USG makes payments on behalf of the Purchaser.

d. Agrees, if "Terms" specify "payment on delivery" that bills may be dated as of the date(s) of delivery of the defense articles or rendering of the defense services, or upon forecast(s) of the date(s) thereof.

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

f. Agrees, that requests for funds or billings under paragraphs B.3.a. through e. above are due and payable in full on presentation, or, if a payment date is specified in the request for funds or bill, on the payment date so specified, even if such payment date is not in accord with the estimated payment schedule, if any, contained in this Offer and Acceptance. Without affecting Purchaser's obligation to make such payment(s) when due, documentation concerning advance and progress payments, estimated termination liability or evidence of constructive delivery or shipment in support of request for funds or bills will be made available to the Purchaser by DOD upon request. When appropriate, Purchaser will request adjustment of any questioned billed items by subsequent submission of required discrepancy reports in accordance with paragraph B.6. below.

g. Agrees to pay interest on any net amount by which it is in arrears on payments, determined by considering collectively all of the Purchaser's open Offers and Acceptances with the DOD. Interest shall be calculated on a daily basis. The principal amount of the arrearage shall be computed as the excess of cumulative financial requirements of the Purchaser over total cumulative payments after quarterly billing payment due dates. The rate of interest paid shall be a rate not less than a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding short-term obligations of the USG as of the last day of the month preceding the net arrearage and shall be computed from the date of net arrearage.

## General Conditions (Continued)

- Annex A
- a. Shall designate the Procuring Agency and responsible Paying Office and address thereof to which the USG shall submit requests for funds and bills under this Offer and Acceptance.
  4. Shall furnish shipping instructions for the items with its acceptance of this Offer and Acceptance. Such instructions shall include (a) Offer/Release Code, (b) Freight Forwarder Code, and (c) the Mark for Code, as applicable.
  5. Shall be responsible for obtaining the appropriate insurance coverage and customs clearance, and, except for items exported by the USG, appropriate export licenses.
  6. Shall accept title to the defense articles at the initial point of shipment (see A.4, above). Purchaser shall be responsible for in-transit accounting and settlement of claims against common carriers. Title to defense articles transported by parcel post shall pass to the Purchaser on date of parcel post shipment. Standard Form 104 shall be used in submitting claims to the USG for overage, shortage, damage, duplicate billing, item deficiency, improper identification or improper documentation and shall be submitted by Purchaser promptly. Claims of \$100.00 or less will not be reported for overage, shortage, or damage. Claims received after one year from date of passage of title or billing, whichever is later, will be disallowed by the USG, unless the USG determines that unusual and compelling circumstances involving latent defects justify consideration of the claim.
  7. May cancel this Offer and Acceptance with respect to any or all of the items listed in this Offer and Acceptance at any time prior to the delivery of defense articles or performance of services (including training). It shall be responsible for all costs resulting from cancellation under this paragraph.
  8. Shall, except as may otherwise be mutually agreed in writing, use the items sold hereunder only:
    - a. For the purposes specified in the Mutual Defense Assistance Agreement, if any, between the USG and the Purchaser;
    - b. For the purposes specified in any bilateral or regional defense treaty to which the USG and the Purchaser are both parties, if subparagraph a. of this paragraph is inapplicable; or
    - c. For internal security, individual self-defense, and/or civic action, if subparagraphs a. and b. of this paragraph are inapplicable.
  9. Shall not transfer title to, or possession of, the defense articles, components and associated support material, related training or other defense services (including any plans, specifications or information) furnished under this Offer and Acceptance to anyone not an officer, employee or agent of the Purchaser (excluding transportation agencies), and shall not use or permit their use for purposes other than those authorized by this Offer and Acceptance, unless the USG has first been obtained. To the extent that any item, plans, specifications, or information furnished in connection with this Offer and Acceptance may be classified by the USG for security purposes, the Purchaser shall maintain a similar classification and employ all measures necessary to preserve such security, equivalent to those employed by the USG, throughout the period during which the USG may maintain such classification. The USG will use its best efforts to notify the Purchaser if the classification is changed. The Purchaser will ensure, by all means available to it, respect for proprietary rights in any defense article and any plans, specifications, or information furnished, whether patented or not.
- C. INDEMNIFICATION AND ASSUMPTION OF RISKS:**
1. It is understood by the Purchaser that the USG in procuring and furnishing the items specified in this Offer and Acceptance does so on a nonprofit basis for the benefit of the Purchaser. The Purchaser therefore undertakes, subject to A.3, above, to indemnify and hold the USG, its agents, officers, and employees harmless from any and all loss or liability (whether in tort or in contract) which might arise in connection with this Offer and Acceptance because of: (i) injury to or death of personnel of Purchaser or third parties; (ii) damage to or destruction of (A) property of the USG furnished to Purchaser or suppliers specifically to implement this Offer and Acceptance, (B) property of Purchaser (including the items ordered by Purchaser pursuant to this Offer and Acceptance, before or after passage of title to Purchaser), or (C) property of third parties; or (iii) patent infringement.
  2. Subject to any express, special contractual warranties obtained for the Purchaser in accordance with A.1, above, the Purchaser agrees to release the contractors and subcontractors of the USG from liability for, and will assume the risk of, loss or damage to: (i) Purchaser's property (including the items procured pursuant to this Offer and Acceptance, before or after passage of title to Purchaser) and (ii) property of the USG furnished to suppliers specifically to implement this Offer and Acceptance, to the same extent that USG would assume for its property if it were procuring for itself the item or items procured pursuant to this Offer and Acceptance.
- D. ACCEPTANCE:**
1. To accept this Offer and Acceptance, the Purchaser will not later than the expiration date of the Offer and Acceptance, as set forth herein, return three copies properly signed to the security assistance accounting center designated herein, accompanied by such initial deposit or other payment as may be required by the terms herein. In addition, Purchaser will concurrently return three copies properly signed to the U.S. Military Department or Defense Agency making the offer. When properly accepted and returned as specified herein, the provisions of this Offer and Acceptance shall be binding upon the USG and the Purchaser.
  2. It is understood that implementation of the Offer and Acceptance cannot proceed without a proper acceptance. Failure to comply with Terms and Conditions required for acceptance, as, for example, delay in submission of any required initial deposit or payment of full estimated cost, as the case may be, may require termination or rescission of the Offer and Acceptance.
  3. Unless a written request for extension is made by the Purchaser and granted in writing by an authorized representative of the appropriate U.S. Military Department or Defense Agency, this Offer and Acceptance shall terminate on the expiration date set forth herein.
- E. ENCLOSURES.**
- Enclosures attached hereto are, by this reference, incorporated herein and are made a part hereof as though set forth in full.
- F. PUBLIC INSPECTION.**
- This Offer and Acceptance will be made available for public inspection to the fullest extent possible consistent with the national security of the United States.
- EXPLANATORY NOTES**
1. The item or reference numbers appearing in the "ITEM OR KEY NO." column may not correspond with references used in Purchaser's original request. However, this number, together with the case identifier shown should always be used as a reference in future correspondence.
  2. Availability leadtime quoted is the estimated number of months required to complete delivery of the item(s) in accordance with the terms of delivery after receipt of acceptance of this Offer pursuant to Section D, of the Conditions, and the consummation of appropriate financial arrangements. Phased deliveries are shown by quantity and leadtime for each increment, where applicable. Items for which delivery leadtime is not shown are listed in column headed "Item Description" as items to be installed in the applicable end item prior to shipment.
  3. The planned source of supply for each item is expressed in the following codes:
 

S	(*)	Service Stocks
P	(*)	Procurement
R	(*)	Rebuild/Repair/Modification
X	(*)	Stock and procurement, e.g., initial repair parts
E	(*)	"Miscellaneous" repair items in long supply or excess

\*Availability is stated in months.
  4. Condition of the defense articles shown in the "AVAILABILITY AND REMARKS" column is expressed in the following codes:
 

A1	-	Items to be provided in existing condition without repair, restoration or rehabilitation which may be required. (Condition indicated in item description.)
M	-	Articles of mixed condition (new, reworked, and rehabilitated) may be commingled when issued. Example: repair parts, equipment, set assemblies, etc., tool sets and shop sets.
U	-	Serviceable defense articles.
B	-	(Obsolete or non-standard item in an "AS IS" condition for which repair parts support may not be available from USG).
S	-	Substitute. Suitable substitutions may be shipped for unavailable defense articles unless otherwise advised by the Purchaser.
U	-	Reworked or rehabilitated defense articles possessing original appearance insofar as practicable, including all Modification Work Orders and Engineering Change Orders as applied to such defense articles when issued but defense articles should not be considered as having had total replacement of worn parts and/or assemblies. Only parts and components not meeting US Armed Forces serviceability tolerances and standards will have been replaced; in all instances such defense articles will meet US Armed Forces standards of serviceability.
  5. Training notes:
 

AP	-	Annual Training Program.
SP	-	Special Training designed to support purchase of US equipment.
NC	-	This offer does not constitute a commitment to provide US training.
SC	-	US Training concurrently being addressed in separate Offer and Acceptance.
NR	-	No US training is required in support of this purchase.
  6. For meaning of delivery codes, see Military Assistance Program Address Directory (MAPAD).
  7. The use of Offer/Release Codes "Y" and "Z" will incur a storage fee of .125% per month for shipment delays in excess of 15 days.

**TABLE 701-3**  
**United States Department of Defense Continuation Sheet**

UNITED STATES DEPARTMENT OF DEFENSE CONTINUATION SHEET FOR DD FORMS 1513, 1513-1 AND 1513-2				CASE IDENTIFIER				
ITEM OR REF. NO.	ITEM DESCRIPTION <small>(Including Stock Number if applicable)</small>	QUANTITY	UNIT OF ISSUE	ESTIMATED		AVAILA- BILITY AND REMARKS	OFFER RE- LEASE CODE	DE- LIVERY TERM CODE
				UNIT COST	TOTAL COST			

DD FORM 1513c

PREVIOUS EDITIONS MAY BE USED UNTIL EXHAUSTED.

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**TABLE 701-4**  
**Financial Analysis Worksheet**

CC _____	Case Manager _____
Case _____	Organization _____
System _____	
Case Line _____	Date Prepared _____

**PRICING TECHNIQUE**

A. NSN \_\_\_\_\_

B. QTY \_\_\_\_\_

C. Source of Item (Check One):

1. \_\_\_\_\_ Excess Inventory
2. \_\_\_\_\_ Inventory (without replacement)
3. \_\_\_\_\_ Inventory (replacement with same item)
4. \_\_\_\_\_ Inventory (replacement with improved item)
5. \_\_\_\_\_ Production
6. \_\_\_\_\_ Other

D. Source of Price (Check One):

1. \_\_\_\_\_ Prime Contractor
2. \_\_\_\_\_ Price and GFE Contractor
3. \_\_\_\_\_ Standard Price
4. \_\_\_\_\_ Major Subordinate Command Estimate
5. \_\_\_\_\_ Other (explain)

E. Source Unit Price \_\_\_\_\_

F. Adjusted Price (explain source and computations in Remarks)

1. \_\_\_\_\_ Agent's Fees or Commissions
2. \_\_\_\_\_ Nonrecurring Costs (RDT&E) Recoupment Charges
3. \_\_\_\_\_ Nonrecurring Costs (production) Recoupment Charges
4. \_\_\_\_\_ Replacement Costs
5. \_\_\_\_\_ Adjusted for Inflation
6. \_\_\_\_\_ Contractor Rental Payments for USG-Owned Plant and Production Equipment \*
7. \_\_\_\_\_ CAS/Audit \*
8. \_\_\_\_\_ Recurring Support Costs \_\_\_\_\_ Contract \_\_\_\_\_ Government \*
9. \_\_\_\_\_ First Destination Transportation \*
10. \_\_\_\_\_ Other (explain) \*
11. \_\_\_\_\_ Total Adjustment \*

G. Adjusted Unit Price \_\_\_\_\_

## H. Source for Schedule of Payments

1. \_\_\_\_\_ Prime Contractor
2. \_\_\_\_\_ Prime and GFE Contractor
3. \_\_\_\_\_ Major Subordinate Command Estimate
4. \_\_\_\_\_ Other (explain)
5. \_\_\_\_\_ Estimated date of contract award

## I. Comparison with other cases (12 months)

<u>CC</u>	<u>CASE</u>	<u>UNIT PRICE</u>	<u>RATIONALE FOR EVALUATION*</u>
(1)	_____	_____	_____
(2)	_____	_____	_____

## J. Remarks (use continuation sheets, as necessary):

\* If different from above adjusted unit price.

**TABLE 701-5**  
**Termination Liability Worksheet**

Case Identification: \_\_\_\_\_ Date: \_\_\_\_\_  
(Agency, Country, Case Designator)

Payment Date	(a) Total Qtr	(b) Payment Cum	(c) Estimated Disbursements Qtr	(d) Cum	(e) Termination Contractor Qtr	(f) Liability/ Holdback Cum
Initial Deposit	88,000	88,000	88,000	88,000	0	0
15Jun85	216,000	304,000	124,800	212,800	91,200	91,200
15Sep85	344,000	648,000	208,400	421,200	135,600	226,800
15Dec85	528,000	1,176,000	343,200	764,400	184,800	411,600
15Mar86	752,000	1,928,000	488,800	1,253,200	263,200	674,800
15Jun86	1,000,000	2,928,000	737,840	1,991,040	262,160	936,960
15Sep86	1,192,000	4,120,000	1,016,560	3,007,600	175,441	1,112,400
15Dec86	1,256,000	5,376,000	1,400,720	4,408,320	(144,720)	967,680
15Mar87	1,128,000	6,504,000	1,640,400	6,048,720	(512,400)	455,280
15Jun87	816,000	7,320,000	1,124,880	7,173,600	(308,880)	146,400
15Sep87	472,000	7,792,000	618,400	7,792,000	(146,400)	0
15Dec87	208,000	8,000,000	208,000	8,000,000	0	0

- Notes:**
- (a) Columns a and b must be identical to payment schedule in LOA financial annex.
  - (b) Column a = c + e.
  - (c) Column b = d + f.
  - (d) At end of worksheet, column b = column d; column f must be zero (0).
  - (e) In initial deposit, columns e and f are zero (0) unless contract will be let before first scheduled payment.

**TABLE 701-6**  
**Nonrecurring Cost Recoupment Charges Summary**

FMS CASE \_\_\_\_\_

NRC CHARGES INCLUDED: YES \_\_\_\_\_ NO \_\_\_\_\_

**IF NO,**

REASON CHARGES NOT INCLUDED (CHECK APPLICABLE BLOCK):

1. NOT APPLICABLE TO ANY LINE ITEM \_\_\_\_\_
2. CHARGES WAIVER (OR REDUCED) BY DSAA  
(IDENTIFY SOURCE OF WAIVER NOTIFICATION) \_\_\_\_\_

**IF YES,** NRC CHARGES BY LINE/SUB-LINE ITEM:

<u>Line/Sub-Line</u> <u>Nomenclature</u>	<u>Identify</u> <u>MDE/Non-MDE</u>	<u>Pro Rata</u> <u>Charge</u>	<u>Quantity</u>	<u>Total</u> <u>Included</u>
---	---------------------------------------	----------------------------------	-----------------	---------------------------------

\_\_\_\_\_  
Signature of MILDEP  
Case Manager  
(Office/Telephone/Date)



**TABLE 701-7**  
**Supplementary Information for Letters of Offer**

SUPPLEMENTARY INFORMATION	Weapons Systems Package Sale	Communications Systems Package Sale	Co-production/Co-assembly	End Item	SSA Stock Level Case	Requisition Cases Incl SSA Req	Qualified Spare Parts or Supplies (incl ammunition)	Excesses "As-Is, Where-Is"	Modifications	Publications, Charts, Film	Training	Maintenance and Overhaul	Contractual Services Q/Ts	Military Services Overseas, e.g., IMF	Military Services In COMUS Zone (Project Management Office)	Aircraft Flight Delivery	Transportation Services MAC & HSTS	RF&E Services	Technical Data Package	Products RUD or Repair - Items	Non-Standard Military Equipment
Made and Destination of Shipments	X	X	X	X		X	X	X	X	X		X	A/R			X	X		X		X
Delivery Schedule of Items	X	X	A/R	X				X	A/R			A/R				X	X		A/R		A/R
Personnel Movement to and from Country	A/R	A/R	A/R						A/R		A/R	A/R	X	X		A/R					A/R
Qualifications Regarding Validity of Price and Availability Data	X	X	X	X			X		X		X	X	X	X		X	X	X	X		X
Agreements to Safeguard Status of U.S. Government or Contractor Personnel While in Host Country	A/R	A/R	A/R		A/R				A/R				X	X		A/R	A/R				A/R
Statement of Facilities, Services, or Personnel to be Provided by Purchasing Nation	A/R	A/R	A/R		A/R		A/R	A/R	A/R		A/R		A/R	A/R		A/R		A/R			A/R
Separate Memorandum of Understanding or Detailed Statement of Work	A/R	A/R	A/R		A/R						A/R		A/R	A/R				A/R			
Schedule of Personnel Training	A/R	A/R	A/R								X		A/R	A/R							A/R
Logistical Information	X	X	X	A/R	A/R	A/R	A/R	A/R	A/R	A/R		A/R				A/R		A/R	A/R		X
Explanation of Condition of Equipment	X	X	X	X				X	A/R			A/R									A/R
Identification of Equipment Supportable/Non-Supportable Under Case, as appropriate	A/R	A/R	A/R	A/R	X	X		A/R	A/R			A/R						A/R			A/R
Description of Services to be Provided	A/R	A/R	A/R						A/R		X	X	X	X	X	X	X	X			A/R
Description of Components of Pricing	A/R	A/R	A/R	A/R				A/R	A/R		A/R	A/R	A/R	A/R	A/R	A/R	A/R	A/R	A/R	A/R	A/R
Responsibility for Initiation of Requisitions	X	X	X	X		X	X		A/R	A/R		X									A/R
Payment Schedules	X	X	X	A/R			A/R	A/R	A/R	A/R	A/R	A/R	A/R	A/R	A/R	A/R	A/R	A/R	A/R	A/R	A/R
Administrative Charge in Event of Cancellation	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X

**TABLE 701-8**  
**Offer and Acceptance Preparation Checklist**

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

REMARKS:

**TABLE 701-9**  
**Instructions for Preparing the United States Department of Defense**  
**Offer and Acceptance (DD Form 1513)**

**A. Block (1), Purchaser.**

1. For a country, enter "Government of (name of country)" and show the office and address of the purchaser's activity designated to receive the LOA (e.g., Defense Attache, 1111 24th Street, N.W., Washington, D.C. 20301-2800).

2. For an international organization, enter the title of the organization along with the appropriate office and address.

**B. Block (2), Purchaser's Reference.** A reference will always be shown. The reference may be a letter, telegram, conference, meeting, oral request, etc. The reference will always include any pertinent data (e.g., letter serial, number, message date time group (DTG)). In the event that the reference is from other than the purchaser, indicate the source of the request made on behalf of the purchaser.

**C. Block (3), Case Identifier.** Enter the appropriate country or organization code, implementing agency code and case designator (e.g., UK-P-DLG).

**D. Block (4), Signature.** This block should be filled in by an authorized U.S. Military Department or Defense Agency representative prior to forwarding the LOA to the DSAA Comptroller for the required countersignature.

**E. Block (5), Typed Name and Title.** Type or stamp the name and title of the U.S. representative who signed Block (4).

**F. Block (6), Address.** Enter the name of the issuing organization along with the address.

**G. Block (7), Date.** Enter the day, month and the year that the LOA is submitted to DSAA for countersignature.

**H. Block (8), This Offer Expires.** Enter the appropriate expiration date, normally 85 days from the date in Block (7).

**I. Block (9), Countersignature.** The authorized representative within the DSAA Comptroller for Countersignature of the LOA should sign in this block. Signature will not occur unless all the necessary information is contained on the DD Form 1513.

**J. Block (10), Typed Name and Title.** Type the name and title of the DSAA Comptroller authorized representative for countersignature who signed Block (9).

**K. Block (11), DSAA Accounting Activity.** The following address should be placed in this block. AFAFC-SAAC, Lowry AFB, Denver, Colorado 80279-5000.

**L. Block (12), Item or Reference Number.** For programs which involve more than one item, enter a separate number for each item. Commence with number 1 and number consecutively to the last item; for reference to another description enter the exact reference number. In the case of weapons systems procurement, the reference identifier will relate to an attachment to the DD Form 1513. This attachment will include descriptive information on the generic items procured.

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

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

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

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

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

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

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

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

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

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

W. **Block (27). Terms.** Enter appropriate terms of sale in accordance with the guidance contained in Chapter 13, Section 1301, paragraph 130104.C. Enter the amount of the initial deposit in Block 28. In all cases where DOD direct or guaranteed FMS credit or MAP funding is used, insert the words "FMS credit" or "MAP merger" as appropriate. If the sales agreement is wholly financed by non-repayable FMS credit, insert the words "FMS credit (non-repayable)." If the sales agreement is financed by a combination of sources, each term of sale and the applicable amount will be cited. However, if the combination of sources includes FMS credit and FMS credit (non-repayable), these amounts will be totalled and the terms will only state FMS credit. The reasoning behind this combination of terms is that the pricing benefits will not apply unless the sales agreement is wholly financed by non-repayable FMS credit or by a combination of non-repayable FMS credit and MAP merger. It is incumbent upon the FMS purchaser to identify the type of financing (MAP, FMS credit, FMS credit non-repayable, or cash) when requesting an LOA. The MILDEPs should enter the type and amount of funds in the appropriate block. DSAA will either adjust the type and amount of funds at the time of countersignature, consistent with

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availability of funds, or return it to the military department for repricing as required. When processing a DD Form 1513-1 or 1513-2, the terms of sale on the original LOA should be perpetuated unless otherwise directed by DSAA or the purchaser. It is the purpose of the "Fair Pricing" legislation to reduce, to the maximum extent practicable, prices charged to MAP and FMS credit (non-repayable) recipients. Consequently, MILDEPs should counsel such recipients to use these funds, to the maximum extent practicable, to wholly finance cases which include non-recurring costs or military pay costs.

X. **Block (28). Amount of Initial Deposit.** If by the terms of this LOA an initial deposit is required and has been stated in Block (27), the dollar amount in whole dollars of this initial deposit should be entered.

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

**Note the Following Information before Submission  
of this Notice for Countersignature**

1. The DSAA Comptroller (FMS CD) is the point of entry within DSAA for coordination and countersignature of LOAs, LOIs (and amendments thereto), and notices to LOAs. In connection with the countersignature process, DSAA coordination will be accomplished by DSAA-OPS. See Paragraphs 70103.I. and 70103.J.

2. Submit for countersignature to the FMS CD, DSAA/Compt all DD Forms 1513 in original and 2 copies (one extra copy for credit cases).

3. Attach a Financial Annex to all DD Forms 1513 except FMSO I cases.

4. Before notifying the customer of a change to cost or scope prior to acceptance, obtain approval from DSAA/OPS.

5. Attach a termination liability worksheet for each case of \$7 million or more and those which meet any other of the criterion in paragraph 70103.H.3.b.

6. Attach a financial analysis worksheet for each line item in accordance with paragraph 70103.H.3.a.

7. All DD Forms 1513 must be listed in the LOR system for at least seven days prior to countersignature.

8. LOAs reported under the AECA Section 36(b) will include below Block 11 the identifying DSAA Transmittal Number used in the Statutory Congressional Notification (e.g., 83-15).

9. The name and telephone number of the MILDEP action officer responsible for the preparation of the DD Form 1513 should appear at the bottom of all copies submitted to the DSAA for countersignature, excluding the original.

**TABLE 701-10**  
**Transportation Instructions, DD Form 1513**

**A. Sale of Materiel.**

1. When all items on the Offer and Acceptance document (DD Form 1513) require a single code in Blocks 19, 20, 33, and 34, the appropriate code as determined below will be entered in the respective blocks of the DD Form 1513:

a. **Block (19), Offer Release Code.** Enter one of the following codes opposite each materiel line item, as applicable:

<b><u>Code</u></b>	<b><u>Explanation</u></b>
A	Freight and parcel post shipments will be released automatically by the shipping activity without advance notice (Notice of Availability).
Y	Advance notice is required before release of shipment, but shipment can be released automatically if release instructions are not received by shipping activity within 15 calendar days. Parcel post shipments will be automatically released.
Z	Advance notice is required, before release of shipment. Shipping activity will follow-up on the notice of availability until release instructions are furnished. Parcel post shipments will be automatically released.
X	The U.S. Service and country representative have agreed that the: <ul style="list-style-type: none"> <li>• U.S. Service will sponsor the shipment to a country address. Under this agreement Block (34) (Freight Forwarder Code) must contain "X" and a CC Code must be entered in Block (33) (MARK FOR Code). The MAPAD must contain the CC Code and addresses for each type of address required, i.e., parcel post, freight, documentation.</li> <li>• Shipments are to be made to an assembly point or staging area as indicated by clear test instructions on exception requisitions. Under this agreement Block (34) must contain Code "W". A MARK FOR Code may be entered in Block (33) and the MAPAD must contain the MARK FOR Code if the MARK FOR Address is to be used on the shipment to the assembly point or staging area.</li> </ul>

b. **Block (20), Delivery Term Code (for other than repair and return procedures).** Enter one of the following codes opposite each materiel line item, as applicable: \*\*

<b><u>Code</u></b>	<b><u>Explanation</u></b>
2	FOB destination--inland origin to inland destination within CONUS or inland origin to inland destination within the same overseas geographical area. U.S./DOD is responsible for inland transportation to named inland point. Recipient country is responsible for unloading at named point and subsequent arrangements and costs.
3	FAS (free alongside) vessel CONUS port of exit. U.S. DOD is responsible for transportation to point alongside vessel. Recipient country is responsible for loading aboard the vessel and subsequent arrangements and costs.

- 4 Collect Commercial Bill of Lading for movement within CONUS, or contractor delivery of materiel procured offshore to designated freight forwarder or country representative.
- 5 FOB port of exit. U.S./DOD is responsible for inland transportation to the CONUS port of exit. Recipient country is responsible for unloading from inland carrier at port of exit and subsequent arrangements and costs.
- 6 FOB overseas port of discharge. U.S./DOD is responsible for transportation from CONUS point of origin to and including ocean transportation to the overseas port of discharge. Recipient country is responsible for vessel discharge, port handling and subsequent arrangements and costs.
- 7 FOB destination (named inland point in recipient country). U.S. DOD is responsible for transportation from CONUS point of origin to and including overseas inland carrier delivery to named inland point. Recipient country is responsible for unloading at named point and subsequent arrangements and costs.
- 8 FOB vessel--CONUS port of exit. U.S./DOD is responsible for transportation from CONUS point of origin to and including unloading, handling, and storage aboard vessel at port of exit. Recipient country is responsible for ocean transportation and subsequent arrangements and costs.
- 9 FOB port of discharge (Landed). U.S./DOD is responsible for transportation from CONUS point of origin to and including vessel discharge and port handling at overseas port of discharge. Recipient country is responsible for loading on inland overseas carrier equipment and for subsequent arrangements and costs.
- 0 Services performed (e.g., training and special assignment airlift mission).

c. **Block (33). "Mark For" Code.** Enter the "Mark For" Code from the MAPAD (DOD 5105.38-D), that identifies the organization in-country which is to receive the materiel. This address will be added to the "Ship To" address on all freight containers. The "Mark For" Code will appear on all materiel forwarded by parcel post/small parcel delivery service. As a minimum, it should consist of the port of discharge name and designator (water or air); street, city, and state/province address of organization; country name; and country service name.

(1) If DTCS and addresses are not published, the U.S. shippers are not authorized to apply these markings. This causes containers to be received at the freight forwarder or U.S. military representative in-country unmarked for onward shipment with resultant shipping delays, misdirected and lost shipments, and unnecessary work at the freight forwarder port of exit and/or the port of discharge. The U.S. Government will sponsor shipment of this materiel to FOB U.S. Point of Origin.

#### **B. Repair and Return of Foreign Country Owned Materiel.**

1. The LOA document (DD Form 1513) will be annotated in Blocks 19, 20, 33 and 34, to reflect the appropriate Code as determined below:

a. **Block (19). Offer Release Code.** The appropriate Code from paragraph A.1.a. above should be entered opposite each materiel line item. This Code provides instructions for the return shipment to the customer.

b. **Block (20) Delivery Term Code (for repair and return procedures).**  
Enter one of the following Codes opposite each materiel line item as applicable:

<u>Code</u>	<u>Explanation</u>
A	U.S./DOD is responsible for transportation from a designated overseas POE to a CONUS destination, and return to a designated overseas POD. Customer country is responsible for overseas inland transportation of materiel to/from the overseas POE/POD and overseas port handling.
B	U.S./DOD is responsible for transportation from a designated overseas POE to a CONUS destination, return to a CONUS port of embarkation and CONUS port handling. Customer country is responsible for overseas inland transportation to the overseas POE, overseas port loading, and overocean transportation from the CONUS POE to ultimate destination.
C	U.S./DOD is responsible for CONUS port unloading of country arranged carrier, transportation to and from a designated CONUS destination and CONUS port loading of country arranged carrier. Customer country is responsible for movement of materiel to and from the CONUS POE/POD.
D	U.S./DOD is responsible for CONUS port unloading of country arranged carrier, transportation to a CONUS destination and return to an overseas designated POD. Customer country is responsible for overocean transportation to a CONUS POD, overseas port unloading and overseas inland transportation to ultimate destination of returned materiel.
E	Customer country is responsible for all transportation from overseas point of origin to CONUS activity and return to an overseas destination.
F	U.S./DOD is responsible for transportation from an overseas inland location to an overseas POE, overseas port handling, overseas transportation to a CONUS POD, CONUS port handling, inland transportation to be a designated CONUS destination, and return to an overseas destination.
G	U.S./DOD is responsible for overseas port handling through an overseas POE, overseas transportation to a CONUS POD, CONUS port handling, inland transportation to a CONUS destination, and return to an overseas port of debarkation and overseas port handling. Customer country is responsible for overseas inland transportation to and from the overseas port.
H	Customer country is responsible for all transportation from overseas point of origin to CONUS activity. U.S./DOD is responsible for return transportation from CONUS activity to CONUS POE. Customer country is responsible for return CONUS port handling and all transportation to overseas destination.
J	Customer country is responsible for all transportation from overseas point of origin to CONUS activity. U.S./DOD is responsible for all transportation from CONUS activity to overseas destination.

(1) The LOA will provide a complete CONUS address for each item identified for repair and return. The customer must assure this complete address is clearly identified on all containers and documentation when materiel is returned.

c. **Block (33).** Enter the "Mark For" Code from MAPAD, that identifies the organization in the customer country which is to receive the materiel after repair by the U.S. This address will be added by the U.S. installation to the "Ship To" address on all freight containers.



The "Mark For" Code will appear on all materiel forwarded by parcel/small parcel delivery service. As a minimum, it should consist of the port of discharge name and designator (water and air); street, city, and state/province address of organization; country name; and country service name.

d. **Block (34).** See Section C, below.

C. The following applies to LOAs for both the sale of materiel and repair and return of customer owned items:

1. All data necessary to personnel at the port of exit or entry, port of discharge, in-country or U.S. custom authorities, and overseas or CONUS inland carriers to route materiel after receipt at port of exit or entry should be included in this address. It should be brief, to the extent possible, and still retain clarity to all users. It should be in the language of the country, when this is possible, using English characters. Addresses should not be punctuated and should be properly blocked.

2. If the "Mark For" addresses are not published in MAPAD, or are incomplete, submit new or changed addresses with a request for expedited publication to the Defense Automatic Addressing System Office, ATTN: MAPAD Custodian, Gentile Air Force Station, Dayton, Ohio 45444-0001. (Furnish a copy to Commander, U.S. Army Security Affairs Command, ATTN: AMSAC, New Cumberland Army Depot, New Cumberland, PA 17070-5096.)

3. When Code "X" is authorized and entered in Blocks 33 and 34, a CC Code must be entered in Block 33. The MAPAD must contain the CC Code and address for each type address required, i.e., parcel post, freight, documentation.

4. Block (34). Enter the appropriate freight forwarder code contained in MAPAD. When Code "X" is authorized and entered in Block 19, a Code "X" or "W" must be entered in Block 34.

5. When the Offer and Acceptance document (DD Form 1513) contain items which require multiple codes in Blocks 19, 20, 33, and 34 (example: explosives, classified, different priorities, others), the appropriate blocks will be completed as indicated below:

- a. **Block 19.** If more than one offer/release code is applicable, Block 19 will contain "See Note \_\_\_\_" and appropriate explanatory notes will be included in the DD Form 1513.
- b. **Block 20.** If more than one Delivery Term Code is applicable, Block 20 will contain "See Note \_\_\_\_" and appropriate explanatory notes will be included in the DD Form 1513.
- c. **Block 33.** If more than one "Mark For" Code is applicable, Block 26 will contain "See Note \_\_\_\_" and appropriate explanatory notes will be included in the DD Form 1513.
- d. **Block 34.** If more than one Freight Forwarder Code is applicable, or a Freight Forwarder Code and a Code "X" is applicable, Block 34 will contain "See Note \_\_\_\_" and appropriate explanatory notes will be included in the DD Form 1513.

**TABLE 701-11**  
**Additional Terms and Conditions**  
**[Aircraft]**

- A. The U.S. Government will provide for movement of aircraft to point of delivery specified on the reverse of the DD Form 1513.
- B. In order to carry out the purpose of this agreement, the U.S. Government will accept title to the aircraft from the contractor, and title to the aircraft will remain with the U.S. Government until arrival at the point of delivery, at which time title passes to the purchaser.
- C. The aircraft will be marked with appropriate U.S. Government markings. The purchaser is liable for the cost of placing such markings on the aircraft and is responsible for removing such markings upon passage of title to the purchaser.
- D. The U.S. Government will not be subject to or held liable for any import fees, duties, or other charges levied by the purchaser.
- E. Date of delivery to destination will be contingent upon the receipt of necessary overflight and other clearances.
- F. The purchaser is liable for all enroute costs including, but not limited to, any maintenance required to insure that the aircraft are in a safe condition, in accordance with current U.S. Government regulations, prior to flight.
- G. It is agreed that there will normally be no USG/purchaser splits in crews. Any USG/Purchaser split in crew composition must be approved by \_\_\_\_\_ based upon a request submitted by the Purchaser setting forth the reasons for the request, the desired crew composition, and the aircraft qualifications of proposed crew members of the Purchaser. If split crews are used, the aircraft commander must be an officer of the USG who will have command and control over the aircraft. If more than one aircraft is being ferried, the designated flight leader will be an officer of the USG and will have command and control over all aircraft.

**TABLE 701-12**  
**Additional Conditions**  
**Aircraft Ferrying (Purchaser-Owned)**

- A. The USG will provide for movement of aircraft to point of delivery specified on the reverse of the DD Form 1513.
- B. In order to carry out the purpose of this agreement, the purchaser grants the USG possession of the aircraft. The title to the aircraft will remain with the purchaser.
- C. The aircraft will be marked with appropriate USG markings. The purchaser is liable for the cost of placing such markings on the aircraft and is responsible for removing such markings.
- D. The USG will not be subject to or held liable for any import fees, duties, or other charges levied by the purchaser.
- E. Date of delivery to destination will be contingent upon the receipt of necessary overflight and other clearances.
- F. The purchaser is liable for all enroute costs, including but not limited to, any maintenance required to insure that the aircraft are in a safe condition, in accordance with current USG regulations, prior to flight.
- G. It is agreed that there will normally be no USG/purchaser splits in crews. Any USG/Purchaser split in crew composition must be approved by \_\_\_\_\_ based upon a request submitted by the Purchaser setting forth the reasons for the request, the desired crew composition, and the aircraft qualifications of proposed crew members of the Purchaser. If split crews are used, the aircraft commander must be an officer of the USG who will have command and control over the aircraft. If more than one aircraft is being ferried, the designated flight leader will be an officer of the USG and will have command and control over all aircraft.

**TABLE 701-13**  
**Additional Terms and Conditions**  
**Transportation and Services**

- A. USG agrees to provide transportation services for the items identified on the case of this LOA to the Point of Delivery. Purchasers property will be transported at the Purchaser's risk.
- B. Purchaser will accept USG delivery listings as the basis for billing and proof of shipment.
- C. Purchaser will accept responsibility for clearance of materiel through its customs at the POD, and for movement of the materiel from its POD to the ultimate in-country destination.
- D. Purchaser will appoint a duly authorized official to accept and sign for materiel at the POD, and submit outturn message and report.
- E. Purchaser will absorb losses of materiel the USG does not in fact recover from an independent carrier or handler, including where the USG is self-insured.
- F. Purchaser will self-insure such shipments, or obtain commercial insurance without any right of subrogation of any claim against the United States.
- G. The USG will assist the purchaser in processing any claims that may arise for lost or damaged shipments, in the same manner it processes claims for USG-owned materiel. Collection of revenue, if any, resulting from approved claims will be credited to the purchaser's account.
- H. If the purchaser proposes to take delivery and custody of the classified matter in this case in the United States and use its own facilities and transportation for onward shipment to its territory, the purchaser agrees to submit a transportation plan as outlined in the *Security Assistance Management Manual*, Chapter 5, Section 503, Table 503-4. Further, the purchaser agrees to notify the cognizant DOD Component of any changes as they occur to the transportation plan. The purchaser will be notified of the approval or disapproval of this plan. If disapproved, the purchaser will be notified of the reason for disapproval and be required to provide a revised transportation plan that will be acceptable to the USG or the USG will ship the classified materiel by the Defense Transportation Service.

**TABLE 701-14**  
**Additional Terms and Conditions**  
**Safeguards for Contractor Personnel**

**A. Passports, Visas, Licenses, and Permits.**

1. The Contractor shall be responsible for timely and complete submittal of the necessary information and forms directly to the appropriate government agency for the required passports, visas, licenses, or permits.

2. To ensure the effective and timely performance of this contract, the Government of [country] (GO\_\_), [e.g., Government of Turkey (GOT)] will, within the framework of the laws of GO\_\_, ensure the timely issuance of work visas, multiple entry visas, exit visas, work permits, vehicle operator permits, residence permits, in-country travel permits, and any other appropriate licenses or permits as may be required of the Contractor, and its subcontractors, or their personnel and dependents. The Contractor and his subcontractors shall be responsible for the sponsorship of their employees and their dependents and shall process said permits directly with the appropriate GO\_\_ agency.

3. The GO\_\_ will receive, without regard to race, religion, sex, or ethnic or national origin, persons of other than [country] nationality imported into [country], under proper authority, to work exclusively on efforts covered by the provisions of this contract, who have U.S. Government issued passports, provided they are technically qualified for the work and meet the security requirements of the GO\_\_, and will impose on such person no fee or charges for entry, exit, quarantine, nor will they require work or residence permits for personnel working under this contract.

4. If, notwithstanding the above agreements, [company] incurs costs arising out of any of the conditions described above, the price of the contract implementing this LOA shall be increased accordingly and the costs reimbursed to the Contractor out of funds which will be provided by the GO\_\_ under this LOA, and the contract delivery schedule shall be appropriately adjusted. Reimbursement shall be limited to those costs incurred, including applicable overhead and General and Administrative (G&A) costs but excluding profit.

**B. Access.**

1. Contractor and subcontractor personnel in [country] in connection with this Program shall be authorized reasonable access to all information (data, plans, and reports) and all existing and proposed offices, sites, and areas within [country] as required to accomplish this effort. The GO\_\_ shall provide permits, licenses, visas, rights of entry, and any necessary arrangements to insure prompt access by Contractor and subcontractor personnel.

**C. Export of Data.**

1. The Contractor or subcontractor shall not be required to deliver to the Government of [country] nor to any person or entity not a citizen of the United States of America, any technical data produced or utilized under this Program until the Country has been furnished with evidence acceptable to it that such delivery of the data is (1) approved by the Office of Munitions Control of the U.S. State Department pursuant to the International Traffic in Arms Regulations of that Agency, or (2) approval is not required.

**D. Currency Revaluation.**

1. The financial procedures in this Program are based on the principle that neither the United States nor any U.S. or foreign subcontractors shall realize financial benefit nor incur financial loss by reason of fluctuation in the official rate of currency exchange or currency revaluation. For the purpose of this Program, a currency revaluation is defined as a change in the official rate of exchange between the U.S. dollar and the [country currency] which occurs as a direct result of sovereign decree.

2. If a currency revaluation, or a fluctuation in the exchange rate results in a financial gain or loss to the Contractors, the price of the contract(s) shall be adjusted upward or downward. Such adjustment in contract price shall be negotiated based upon a proposal submitted by the Contractor.

3. [Country] currency required by the Contractor for non-United States expenditures in the performance of this Program will be purchased by the Contractor from the GO \_\_\_\_.

**E. Taxes, Duties, and Charges for Doing Business.**

1. It is agreed that the contract implementing this LOA will include the clause entitled "Taxes, Duties, and Charges for Doing Business (1977 JAN)" set forth in DAR Section 7-103.10(d).

2. The GO \_\_\_\_ further agrees with respect to the [company] (hereinafter referred to as "the Contractor"):

a. All property, materiel, equipment, household furniture, appliances and supplies imported into [country] by the Contractor or its subcontractors exclusively for use in support of the Contractor and its personnel and consigned and marked, as required or approved by the U.S. Government shall be exempt from import and export duties, taxes, licenses, excises, imposts, and any other identifiable charges. Duty-free import of major appliances for personnel support shall be limited to one (1) each: stove, refrigerator, freezer, washing machine, clothes dryer, and two (2) each televisions per family, plus a reasonable number of spare and replacement major appliances for use as maintenance requirements dictate. Any of the foregoing which does not become a part of the completed work or otherwise consumed, may at the Contractor's discretion, be removed from [country] or disposed of in [country] free of any restrictions or claims which may arise by reasons of such removal or disposal, except that any applicable custom duty, tax or charges will be paid in the event of sale or disposal in [country] to a purchaser other than an agency of the GO \_\_\_\_ or other person entitled to duty-free importation. The Contractor shall maintain any inventory control and accounting system adequate to reflect the usage and disposition of all Contractor-owned property which has entered [country] duty-free under this contract.

b. The GO \_\_\_\_, its agencies, and political subdivisions shall levy no taxes or fees (including taxes on individual or corporate income or property, customs or import duties and other taxes on employee personal household goods, supplies and personal effects imported into [country] for personal use) on the Contractor, its subcontractors, the employees of either and the dependents of such employees. Duty-free entry of employee/dependent personal household goods, supplies or personal effects shall be limited to (1) the shipment of personal household goods, supplies and personal effects identified by [company] as the employees' initial shipment; (2) the personal household goods, supplies and personal effects shipped or carried by an employee or his dependents when returning from leave or duty outside [country] to the extent such items are allowed duty-free entry under the GO \_\_\_\_ customs laws in effect on 1 June 1977; and (3) the shipment of an additional 100 pounds per family member of personal household goods, supplies and personal effects identified by [company] as the employees' employment extension shipment.

Duty-free import of major appliances for personnel support is limited to those items described above and imported in the name of the Contractor. In their individual capacity, contractor employees are not authorized duty-free import of major appliances or automobiles. Furthermore, this tax exclusion does not apply to the GO\_\_\_ taxes levied on the purchase of personal household goods, supplies or personal effects or automobiles in the country of [country] by the employees of the Contractor or employees of its subcontractors. This paragraph does not apply to [country] employees of the Contractor or [country] subcontractors or their employees.

3. If, notwithstanding the above agreements, taxes, duties, or similar charges are imposed by the GO\_\_\_ under the excepted circumstances described above, costs thereby incurred by the Contractor shall serve to increase the contract price and will be reimbursed to the Contractor at cost, including applicable overhead and G and A, but excluding profit, out of national funds (not FMS Credit or MAP funds) to be provided by the GO\_\_\_ under this LOA.

4. The GO\_\_\_ agrees that the appropriate agency of the GO\_\_\_ will implement any policy guidance necessitated by this provision.

#### F. Limitation of Contractor Liability.

1. The GO\_\_\_ agrees, with respect to the Contractor:

a. To waive any or all claims which it has or may have against the Contractor, its agents, officers, and employees, for damage, loss or destruction of property, or for injury to or death of persons, arising out of the Contractor's participation in this Program in the absence of gross negligence or willful misconduct on the part of the Contractor, its agents or employees.

b. To indemnify and hold harmless the Contractor, its agents, and employees against all claims arising directly or indirectly by reason of injury to or death of persons or loss or damage to property, out of the Contractor's participation in this Program, in the absence of gross negligence or willful misconduct on the part of the Contractor, its agents or employees.

c. In the event any other Contractor or party asserts any claim or commences any action in the [country] courts or elsewhere against the Contractor because of program efforts, the GO\_\_\_ agrees to cooperate fully in the defense of such claim or action including the furnishing of witnesses and evidence at the GO\_\_\_ expense. Except for claims or losses arising out of any breach of this contract or subcontractors thereunder or violations of any statute of the United States by the Contractor, the GO\_\_\_ agrees to indemnify the Contractor against any judgments or losses which may result from claims or litigation and to reimburse the Contractor for the expense resulting from any such action.

d. To accept full responsibility for the security and safekeeping of GO\_\_\_ real and personal property located on its military bases or installations. The Contractor, its agents, officers, or employees shall not be liable for any damage arising directly out of a breach or failure of the GO\_\_\_ security procedures, however caused.

e. The GO\_\_\_ shall provide adequate security to protect the personnel and property of the U.S. Government, and its Contractors or subcontractors located on GO\_\_\_ military bases or installations.

f. The term "agents" as used in this paragraph includes subcontractors.

2. If, notwithstanding the above agreements, [company] incurs costs arising out of any of the conditions described above, the price of the contract implementing this LOA shall be increased accordingly and the costs reimbursed to the Contractor out of funds which will be provided by the

GO\_\_\_ under this LOA. Reimbursement shall be limited to those costs incurred, including applicable overhead and G&A, but excluding profit.

**G. Special Contingencies Provision.**

1. It is understood that no contingency pricing has been included in this LOA for items a. through d. set forth in paragraph 2, below.

2. The GO\_\_\_ agrees, with respect to the Contractor, that in the event of the following situation(s) occurring as a result of effort performed in support of this LOA in [country], an adjustment to the resulting contract(s) will be made for:

a. Costs incurred due to actions brought against the Contractor or subcontractors under [country] Labor or Social Insurance Laws, provided such actions were not caused by conduct prescribed by other laws or willful contravention of [country] Labor or Social Laws.

b. Additional costs incurred resulting from GO\_\_\_ prevention of shipment of Contractor or employee belongings in or out of [country] within 120 days of the date such property is made available for shipment where transportation is otherwise reasonably available.

c. An increase or decrease in costs incurred by the Contractor resulting from war, armed conflict, insurrection, nationalization, civil or military strife, or similar conditions, or acts of God where the safety of the Contractor and subcontractor personnel is threatened, and where retention or replacement of such personnel is required; and damage or loss as a result of conditions listed above to property owned by the Contractor, subcontractor, or employees. Whether to retain or replace such personnel shall be within the sole discretion of the U.S. Government.

d. An increase or decrease in costs incurred by the Contractor or its subcontractors resulting from the GO\_\_\_ changing any laws, regulations, or policy in effect on the acceptance date of this LOA.

3. It is understood that no adjustment shall be made due to the above situations:

a. To the extent that performance would have been delayed or interrupted or that costs would have been incurred due to any circumstances not set forth in 2, above.

b. To the extent that performance would have been delayed or interrupted or that costs would have been incurred due to the fault or negligence of the Contractor; or

c. For which any adjustment is otherwise provided or excluded under any other provision of the resulting contract, such other provision shall be enforced in accordance with its terms.

4. The adjustments provided for in this provision may be made in the delivery or performance dates and any other provision of the contract implementing this LOA, affected by the above conditions. Upward or downward adjustments may also be made in the contract price, but shall be limited to actual costs, including overhead and G&A, but excluding profit. FAR, Part 31, Contract Cost Principles and Procedures, shall be used in determining the amount of any price adjustment, and is not superseded by any provision herein. Costs reimbursed to the Contractor under this provision shall be paid out of funds which will be provided by the GO\_\_\_ under this LOA.

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**SECTION 702 - PROGRAM MANAGEMENT LINES**

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

**70202 GENERAL.**

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

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

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

**70203 FMS PROGRAM MANAGEMENT GUIDELINES.**

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

1. System sales of aircraft, ships, shipboard equipment, missiles, combat vehicles, radars, or communications electronics which include the major end item and necessary logistical and training support.

2. Modifications and upgrades which improve the operational capability of systems already in purchaser inventories.

3. Non-standard equipment, systems, or services sales.

4. Sales which include program acceleration.

5. Complex LOAs for services that may require effort outside of or in addition to that normally provided by dedicated security assistance offices.

6. Coproduction programs.

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

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

2. Administrative LOA program management services which demonstrably are executed at a level of effort beyond that generally performed on routine FMS LOAs. (Administrative case management functions are identified in Chapter 7, paragraph 70402.A.2 and, when performed at routine levels, are properly charged to FMS administrative funds.) Such over-and-above levels of management effort are normally found in LOAs which include program

acceleration, non-standard procurements, special program tracking or reporting, program reviews, or extensive integration.

3. Configuration management.
4. System integration.
5. Integrated logistics management.
6. CONUS or overseas program management reviews. (TDY costs of all U.S. participants may be included.)
7. TDY costs to support program management line functions. Administrative travel expenses, to include salary, which can be identified to the LOA or LOAs supported by a program management line also may be included.

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

1. Sales from stock other than weapon systems.
2. Follow-on support cases.
3. Cases entirely for services other than those described in A.3 and 5 above.
4. Sale of individual major items.
5. Publications, maps, and charts.
6. Modifications other than those which improve the operational capability of systems. See A.2 above.
7. Routine non-MDE sales.

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

1. Other services requested by the purchaser (such as management services, including non-routine reporting; technical assistance; TAFTs; overseas CAS units; training; or overhead management services) but not required by the IA.
2. TDY costs not in direct support of the program management line. See exceptions in B.6 and 7 above.
3. Any costs incurred overseas by PCS personnel, including PCS costs. These costs are to be charged "above the line" in a separate technical assistance or services line.
4. Routine administrative charges, which must be charged to the FMS administrative budget.

**70204 PROCEDURES.**

A. In order to properly differentiate between the cost of articles and services sold to which the FMS administrative surcharge legally must be applied and program management services,

which are a condition of sale, the following modifications to DD Forms 1513, 1513-1, and 1513-2 are required for all LOAs which include program management lines:

1. A narrative stub entry must be included in Column 13 entitled "Subtotal Cost of Ordered Articles and Services" with the corresponding subtotal dollar value in Column 17.
2. The program management line(s) and value(s) is to be entered in Columns 13 and 17 following the above subtotal cost.
3. Line 21 will be the total of the entries required in 1 and 2 above.

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

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

D. Program management costs do not start until LOA implementation. FMS workload prior to LOA implementation is to be charged to the FMS administrative budget. Costs incurred for communications, utilities, ADP, office supplies and equipment, and rental charges may be charged to a program management line to the extent that they directly result from program management efforts.

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

F. For LOAs in which program management lines are justified by the non-standard nature of the program, the non-standard administrative fee should not be charged in accordance with Paragraph 70502.b.2 of DOD 7290.3-M.

**SECTION 703 - CONGRESSIONAL SECTION 36(b) NOTIFICATIONS  
AND REPORTS OF FOREIGN MILITARY SALES**

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

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**70302 STATUTORY PROVISIONS, EXECUTIVE REQUIREMENTS, AND EXCEPTIONS.**

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**A. Statutory Provisions.**

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

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

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

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

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

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

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

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

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

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

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

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

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

or design and construction services which are the subject of such sale would be delivered and whether other countries in the region have comparable kinds and amounts of defense articles, defense services, or design and construction services;

j. An estimate of the levels of trained personnel and maintenance facilities of the foreign country or international organization to which the sale would be made which are needed and available to utilize effectively the defense articles, defense services, or design and construction services proposed to be sold;

k. An analysis of the extent to which comparable kinds and amounts of defense articles, defense services, or design and construction services are available from other countries;

l. An analysis of the impact of the proposed sale on United States relations with the countries in the region to which the defense articles, defense services, or design and construction services which are the subject of such sale would be delivered;

m. A detailed description of any agreement proposed to be entered into by the United States for the purchase or acquisition by the United States of defense articles, defense services, or design and construction services or defense equipment, or other articles, services, or equipment of the foreign country or international organization in connection with, or as consideration for, such LOA, including an analysis of the impact of such proposed agreement upon United States business concerns which might otherwise have provided such articles, services, or equipment to the United States, an estimate of the costs to be incurred by the United States in connection with such agreement compared with costs which would otherwise have been incurred, an estimate of the economic impact and unemployment which would result from entering into such proposed agreement, and an analysis of whether such costs and such domestic economic impact justify entering into such proposed agreement;

n. The projected delivery dates of the defense articles, defense services, or design and construction services to be offered;

o. A detailed description of weapons and levels of munitions that may be required as support for the proposed sale; and

p. An analysis of the relationship of the proposed sale to projected procurements of the same item.

#### **B. Executive Requirements.**

1. **Preparation and Submission of Notifications and Reports.** Under Executive Order 11958, the SECDEF is delegated the responsibility of implementing Section 36(b) of the AECA in consultation with the Secretary of State. DSAA is responsible for preparing and submitting Congressional notifications and reports under AECA, Sec 36(b). To minimize delays in processing such notifications, consistent with the legislative and other requirements, the procedures in this section are placed into effect.

2. **Advance Section 36(b)(1) Notification.** In order to provide Congress with sufficient time to review the proposed sale about to be notified under Section 36(b)(1), DSAA has agreed to provide Congress with advance notification of such offer at least 20 days prior to the submission of the statutory notification. Offers to NATO, any NATO member country, Japan, Australia, and New Zealand are exempt from the advance notification agreement.

### 3. Sensitivity of Technology.

a. The AECA, Section 36(b)(1), as amended by Section 20(b) of the International Security Assistance Act of 1979, and the International Security and Development Cooperation Act of 1985 require a Sensitivity of Technology Statement concerning the extent to which the items to be included in the proposed sale contain sensitive technology or classified information and a justification for the proposed sale in view of the sensitivity of such technology.

(1) For purposes of this requirement, the term "sensitivity of technology" will be construed to mean the extent to which the unauthorized disclosure or diversion of any equipment, technical data, training, services, or documentation required to be conveyed in connection with the proposed sale could be detrimental to the national security interests of the U.S. The evaluation will address not only sensitive technological information contained in equipment components or technical documentation related to the sale, whether classified or not, but also restricted information contained in classified components or classified documentation required to be released in connection with the sale.

(2) It should be noted that the evaluation of sensitivity is to be made solely with reference to unauthorized disclosure or diversion of the defense equipment, technical data, training, services, and documentation to be provided and need not address either the risk of such unauthorized disclosure or diversion (covered by NDP-1 procedures and OUSD (A) review) or the foreign policy implications of authorized use by the proposed recipient (covered by Arms Export Control Board (AECB) procedures).

(3) Whenever the transfer of sensitive technological information is involved, the equipment components, types of documentation, or technical data containing the sensitive information are to be identified, and the reasons for considering them as sensitive information must be provided. Whenever the transfer of classified defense equipment or classified documentation is required, the classified components or types of documentation containing the classified information must be identified and the reasons for the classification are to be provided.

(4) When release of the classified or sensitive technology is within classification guidelines for disclosure to a specific government as stipulated in NDP-1, a separate paragraph should be included in the Sensitivity of Technology Statement (Table 703-6A) to show that a determination has been made that the recipient government can provide substantially the same degree of protection for the technology being released as the USG. That paragraph should also include a statement to the effect that the sale is necessary in furtherance of the U.S. foreign policy and national security objectives as outlined in the policy justification portion of the notification.

(5) When an exception to NDP-1 has been granted for release of the classified or sensitive technology, a separate paragraph on the Sensitivity of Technology Statement (Table 703-6A) should provide information to the effect that the sale is necessary in furtherance of the U.S. foreign policy and national security objectives outlined in the policy justification. Moreover, the benefits to be derived from the sale, as outlined in the policy justification of the notification, outweigh the potential damage that could result if the sensitive technology were revealed to unauthorized persons. Additional justification for granting the exception to NDP-1, such as that included in the request for the exception, should also be provided in that paragraph when that information is available.

(6) DSAA will forward the required Sensitivity of Technology Statement by a separate classified annex since the public disclosure of such information could adversely affect the foreign and defense policy interests of the United States.

b. Section 36(b)(5)(A) of the AECA requires that a report will be sent to Congress when the sensitivity of technology or the capability of major defense articles (including electronic devices, which, if upgraded would enhance the mission capability of a weapons system), MDE, or services are enhanced or upgraded from the level of sensitivity or capability described in the original Section 36(b)(1) certification. This legislation also provides a continuing requirement for ten years following the original certification unless deliveries are completed sooner. Only such changes in the levels of sensitivity or capability as previously described in the Section 36(b)(1) certification provided to the Congress are required to be reported to Congress and this action must be performed at least 45 days prior to delivery of the article or equipment or the furnishing of the service. Accordingly, it is necessary for the MILDEPs and other agencies to monitor programs before deliveries are made to determine whether enhancements or upgrades have occurred. Copies of the original Section 36(b)(1) certification may be obtained from the DSAA Comptroller. Should reportable enhancements or upgrades be identified, military departments and agencies will submit a report to DSAA (FMSCD):

(1) Describing the manner in which the technology or capability has been enhanced or upgraded, including the significance of such enhancement or upgrade, and

(2) Providing a detailed justification for the sale of such enhancement or upgrade.

This report will be sent to DSAA (FMSCD) in the format provided in Table 703-4 with a copy of the original Section 36(b)(1) certification attached. A minimum of an additional 15 days prior to delivery of the items to the purchaser (a total of 60 days) is required for DSAA review and transmittal to the Congress. Rather than submitting multiple 36(b)(5)(A) reports to DSAA, the MILDEPs and agencies should consolidate and provide these reports to DSAA not less than 60 days prior to the forecast delivery of the affected equipment or services. Note that it is essential for the MILDEPs and agencies to maintain adequate documentation of each decision that justifies non-submission of Section 36(b)(5)(C) reports. A Section 36(b)(5)(A) report is not required before delivery of enhancements or upgrades previously identified in a Section 36(b)(5)(C) notification.

c. Section 36(b)(5)(C) of the AECA requires that any enhancement or upgrade, the net cost of which meets or exceeds dollar thresholds for Section 36(b)(1) certification, as outlined in Paragraph 70302.A.1.(a) of this chapter, must be treated as though it were a separate LOA. Accordingly, if the net cost of an enhancement or upgrade of the previously described sensitivity of technology or capability of major defense equipment or defense articles as well as defense services or design and construction services meets or exceeds Section 36(b)(1) thresholds, the MILDEP or agency will provide 36(b)(1) input that clearly describes the enhancement or upgrade, explains the level of sensitivity or capability that the change produces, and provides the estimated net cost of the change. The requirement to report enhancement or upgrade of previously described capability or sensitivity of technology applies only to items or services that have not been delivered or performed. When the capability was clearly described in the Section 36(b)(1) certification and there is a current request to purchase an enhancement or upgrade thereof, data will be provided on Table 703-6C only when the net cost of the enhancement or upgrade portion reaches the Section 36(b)(1) dollar threshold as follows:

Equipment/Services To Be Enhanced	Net Cost of Enhancement (Millions)
Major Defense Equipment	\$ 14
Other Defense Equipment/Services	\$ 50
Design and Construction Services	\$200



Statutory notification for enhancements or upgrades of sensitivity of technology should be submitted within 30 days of the request to purchase in the format provided in Table 703-6C to DSAA (FMSCD) for review and submission to Congress. Such changes in enhancement or upgrade requiring 36(b)(5)(C) certification may not be implemented nor may a corresponding DD Form 1513, DD Form 1513-1, or DD Form 1513-2 be issued until the certification has been processed to the Congress and the required time period pursuant to Section 36(b)(1) has elapsed. Deliveries of unmodified items on a case for which other items are to be enhanced or upgraded, such as unmodified spare parts, are unaffected and may continue to be delivered without interruption. Advance 20-day notifications prior to the statutory certifications will not be required for enhancement certifications.

C. Price and Availability.

Exception. No Sec 36(b) notification is required for the provision to a prospective purchaser of separately stated P&A data even though applicable notification thresholds are met or exceeded.

70303 CRITERIA AND RESPONSIBILITIES FOR CONGRESSIONAL SUBMISSIONS.

A. Processing Letters of Offer for \$50 Million or More or for Major Defense Equipment of \$14 Million or More, or for Design and Construction Services for \$200 Million or More.

1. In compliance with the AECA, Section 36(b)(1), Congress must be provided with a notification of all "Letters of Offer" to sell any defense articles or services for \$50 million or more, any MDE of \$14 million or more, or for design and construction services for \$200 million or more, before such LOA is issued. DSAA has been designated to submit this notification to the Congress.

2. The DOD General Counsel has determined that the term "Letter of Offer" used in the AECA pertains to any proposed sale of defense articles or services to any foreign government or entity, whether or not the initial document (or set of documents) to be used to consummate the sale is a DD Form 1513 "Letter of Offer and Acceptance," or a document bearing another name. If a document other than a DD Form 1513 is used for this purpose, a DD Form 1513 shall be subsequently executed to conclude the final details of the agreement unless an exception is authorized by the Director, DSAA. If there is a conflict between the terms of the agreement and the DD Form 1513, the agreement shall provide that the DD Form 1513 will govern. \*

3. The statutory requirement for notification, as well as the requirement for advance notification to Congress, extend to any undertaking by DOD to establish an FMS transaction. This includes, but is not limited to FMS transactions embodied in the following:

- a. MOU for Coproduction of military items,
- b. Cooperative Research and Development Agreements, and
- c. Providing specific items or services under any existing general agreements, such as the Engineering Assistance Agreement entered into between the Army Corps of Engineers and the Saudi Arabian Government in 1965.

4. AECA, Section 36(b)(1), notifications to Congress are to be made when:

- a. An LOA under preparation is expected to meet or exceed the thresholds;
- b. An LOI, meeting or exceeding the thresholds, is authorized to be accepted by a DOD component; or
- c. An LOA amendment is prepared adding \$50 million or more to an existing FMS case unless such amendment results solely from identifiable inflationary cost increases, and to any amendment adding MDE valued at \$14 million or more. These provisions also apply to any amendment which would increase the value of an existing case from under \$50 million to a value of \$50 million or more, and any amendment which would increase the value of MDE in an existing case from under \$14 million to a value of \$14 million or more. New LOAs will be processed to cover the new requirements unless such amendments are absolutely necessary and justified, in writing, to the Director, DSAA.

5. The following are examples of MDE FMS cases that must be notified under Section 36(b)(1):

- a. An FMS case for a single line item of MDE totalling \$14 million or more.
- b. An FMS case for two or more line items of MDE totalling \$14 million or more.
- c. An amendment to an FMS case for additional units of MDE if that portion of the amendment totals \$14 million or more.

6. MDE FMS cases that do not require notification under Section 36(b) are:

- a. An FMS case for one line item of MDE totalling less than \$14 million. The case does not contain any other MDE; however, other defense items are included which bring the total case value to more than \$14 million but less than \$50 million.
- b. An FMS case for one line item of MDE totalling less than \$14 million. The case does not contain any other MDE; however, spare parts, publications, and training associated with the MDE are included which bring the total case value to more than \$14 million but less than \$50 million.

7. The following special considerations apply to FMSO cases:

- a. An amendment to an LOA for a FMSO I transaction, the result of which brings the total case value of that LOA and related amendments to \$50 million or more, does not require prior Section 36(b) notification to Congress.
- b. A FMSO I transaction for \$50 million or more, or an amendment to a FMSO I transaction which adds \$50 million or more to the previous case total, or a LOA for a FMSO II transaction for \$50 million or more does require prior Section 36(b)(1) notification to Congress.

8. The above exception to Section 36(b)(1) notification of FMSO I amendments is based on the following:

- a. FMSO I cases must be amended each year to adjust the dollar values based on requisition activities and new LOAs for this purpose are not practicable, and

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 concurrent resolution objecting to a proposed sale, the Director, DSAA will promptly notify the applicable DOD component of that fact, seek the guidance of the President as to the course of action which should be taken, and advise the cognizant DOD component of the action to be taken (see paragraph B.2.d. above).

**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 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 \*

(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).

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-FMSCD as early as possible but no later than ten days after the start of the 20 day advance notification period so that the follow-on statutory notification will not be delayed. Should it be impractical to meet the ten day deadline, approval for extension must be sought from Chief, FMS Control Division, DSAA.

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 component of that fact, seek the guidance of the President as to the course of action which should be taken, and advise the cognizant DOD component of the action to be taken.

9. DOD components will submit signed LOAs to the DSAA/Compt-FMSCD, Countersignature Branch no later than five working days prior to completion of the statutory 15 or 30 day Congressional review period. Unless there are appropriate reasons to do otherwise, the expiration date assigned by DOD components will allow for normal country review periods beyond

the final date of the Congressional review. When the signed LOA and all subsequent amendments and notices are submitted to the DSAA, they will include in Block 11 under "DSAA Accounting Activity" the identifying DSAA Transmittal Number used for the statutory Congressional notification (e.g., 85-29). This number will be shown on the message sent to DOD component advising of the dispatch of the statutory notification.

10. Cases for \$7 million or more must be submitted to the Countersignature Branch with a TLW-- except for FMSO I and II cases, spare parts requisition cases, training cases, equipment and services cases where the source is DOD inventories, or programs for which termination liability requirements have been waived pursuant to DOD 7290.3-M.

11. Upon the expiration of the statutory 15 or 30 day waiting period the Comptroller, DSAA, will, if Congress has not adopted a joint resolution objecting to the proposed sale, countersign the LOA and return the original to the cognizant DOD component and forward a copy to SAAC. Upon receipt of the DSAA countersigned LOA, the cognizant DOD component may forward the original signed LOA to the prospective purchaser.

### 70305 CLASSIFICATION.

A. Advance Section 36(b)(1) Notifications. All data, information, and advance Congressional notifications of proposed sales to all prospective purchasers will be treated as, and marked "SECRET" or "CONFIDENTIAL" until the statutory notification is provided to Congress. The following classification guidelines apply to all inputs of supporting data required for advance notifications by the Foreign Military Sales Control Division:

1. If none of the data presented is classified, the documents will be stamped "SECRET" or "CONFIDENTIAL" on the top and bottom of each page, all paragraphs will be preceded by "(U)," and the following marking will be shown on the bottom of the first page of each submittal:

"CLASSIFIED BY SAMM (DOD 5105.38-M) (CHAPTER 7, SECTION 703)  
DECLASSIFY ON STATUTORY NOTIFICATION TO  
CONGRESS UNLESS REQUIRED OTHERWISE  
BY COMPETENT AUTHORITY."

2. If any of the data presented is classified, the documents will be stamped with the required level of classification on the top and bottom of each page, each classified paragraph will be marked with the required classification, and the appropriate "classified by" and "declassify on" data are to be entered on the bottom of the first page of each submittal. The marking indicated in paragraph 1.a. above will not be used on these submittals.

B. Statutory Section 36(b)(1) Notifications. As specified in the AECA, Section 36(b), each statutory notification provided to Congress is to be unclassified except that the dollar amount and quantity of the offer and details of the description of the defense articles or services offered may be classified. Furthermore, the justification may also be classified. However, if any of the items are to be classified, the rationale must be provided, fully justified, and the justification attached to the statutory notification data submission (Table 703-5). Supporting data inputs pertaining to statutory notifications will be submitted to DSAA/Compt-FMSCD in accordance with the following classification guidelines:

1. If none of the data presented is classified, the procedures indicated in paragraph A.1. above are to be followed.

2. If any of the data presented is classified, the procedures indicated in paragraph A.2. above are to be followed.

C. Sensitivity of Technology Statements. Classification guidance indicated in paragraph A.1. or A.2. above is to be followed in submitting Sensitivity of Technology statement supporting data to the DSAA/Compt-FMSCD.

TABLE 703-1

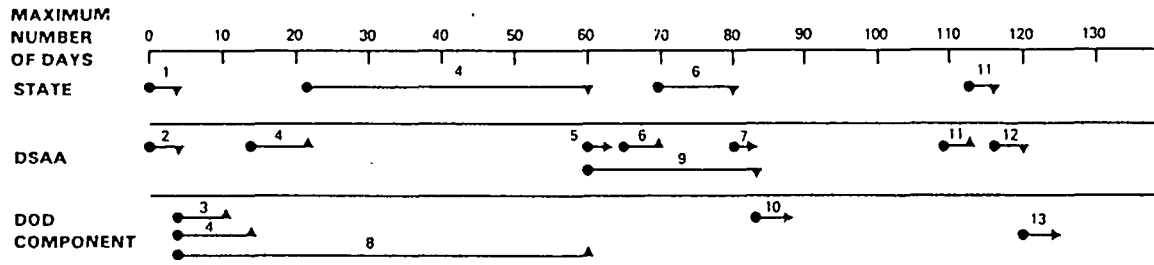
# MILESTONES FOR LOA REQUESTS FOR SIGNIFICANT MILITARY EQUIPMENT

## MILESTONES FOR LOA REQUESTS FROM NON-EXEMPTED PURCHASERS FOR SIGNIFICANT MILITARY EQUIPMENT WHICH REQUIRE 36(b)(1) NOTIFICATION

**ACTION FROM PURCHASER:** Message request from In-country via U.S. Embassy jointly addressed to Sec State/PM and Sec Def/DSAA. Info copy to appropriate DOD Component (Mil Dep), Unified Command, and Arms Control and Disarmament Agency (ACDA).

or

Letter request from Purchasing Mission, Embassies, or Military Attaches in U.S. jointly addressed to Sec State/PM and Sec Def/DSAA.

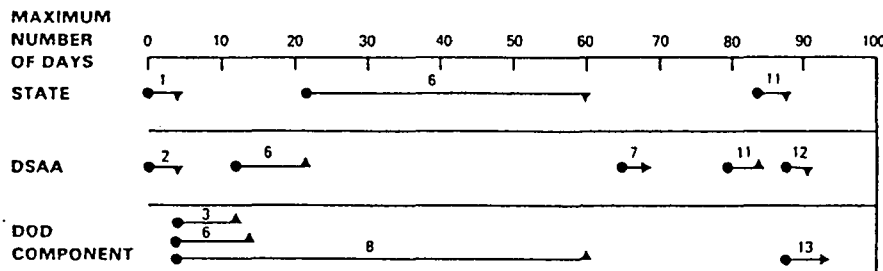


## MILESTONES FOR LOA REQUESTS FROM EXEMPTED PURCHASERS FOR SIGNIFICANT MILITARY EQUIPMENT WHICH REQUIRE 36(b)(1) NOTIFICATION

**ACTION FROM PURCHASER:** Message request from In-country via U.S. Embassy jointly addressed to Sec State/PM and Sec Def/DSAA. Info copy to appropriate Unified Command and ACDA.

or

Letter request from Purchasing Mission, Embassies, Military Attaches in U.S. jointly addressed to Sec State/PM and Sec Def/DSAA.



## PROCESSING FOREIGN MILITARY SALES LETTERS OF OFFER

1. Preliminary review and approval.
2. Tasking of the preparation of the Letter of Offer and Acceptance and 36(b) information, as appropriate.
3. Input of 36(b) data to DSAA/FMSCD and case identifier information into the DSAA 1200 system.
4. Preparation, review, and approval of the advance 36(b) notification to the Congress, including interagency and Executive Office staffing, as necessary.
5. Transmittal of the advance 36(b) notification to Congress.
6. Preparation, review, and approval of the statutory 36(b) notification to the Congress, including interagency and Executive Office staffing, as necessary.
7. Transmittal of the statutory 36(b) notification to Congress.
8. Letter of Offer and Acceptance preparation.
9. Review and approval of unsigned Letter of Offer and Acceptance.
10. Dispatch of unsigned Letter of Offer and Acceptance to the customer.
11. Final review and approval.
12. Countersignature.
13. Dispatch of the signed Letter of Offer and Acceptance to the customer.
14. DoD component to notify Sec State/PM and Sec Def/DSAA, which will initiate the appropriate procedures.

## MILESTONES FOR LOA REQUESTS FOR SIGNIFICANT MILITARY EQUIPMENT WHICH DO NOT REQUIRE 36(b)(1) ACTION

**ACTION FROM PURCHASER:** Message request from in-country via U.S. Embassy jointly addressed to Sec State/PM and SEC Def/DSAA. Info copy to appropriate Unified Command and ACDA.

or

Letter request from Purchasing Mission, Embassies, Military Attaches In U.S. jointly addressed to Sec State/PM and Sec Def/DSAA.

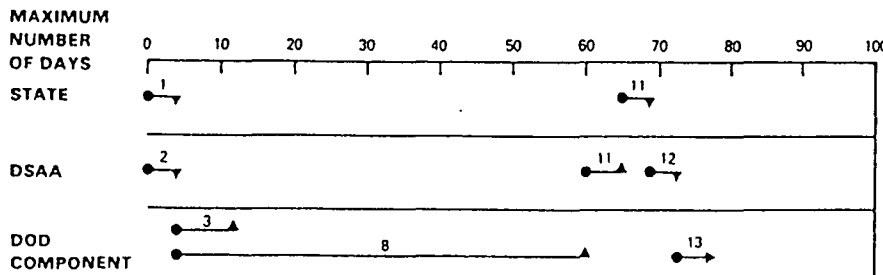


TABLE 703-1. Milestones for LOA Requests for Significant Military Equipment Which Require 36(b)(1) Notifications.

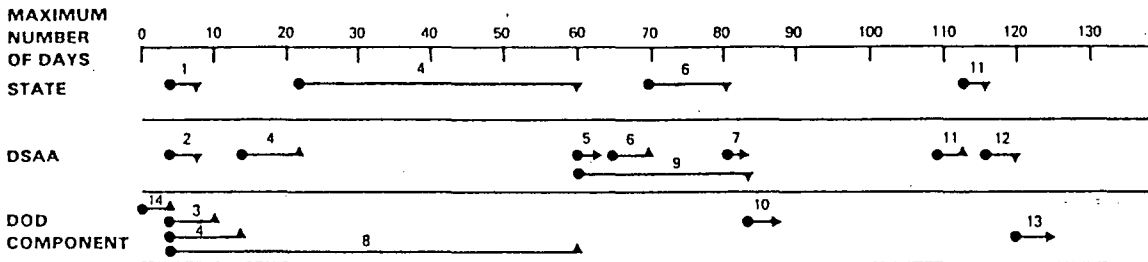
TABLE 703-2

# MILESTONES FOR LOA REQUESTS FOR NON-SIGNIFICANT MILITARY EQUIPMENT

## MILESTONES FOR LOA REQUESTS FROM NON-EXEMPTED PURCHASERS FOR NON-SIGNIFICANT MILITARY EQUIPMENT WHICH REQUIRE 36(b)(1) NOTIFICATION

**ACTION FROM PURCHASER:** Message request from in-country through country's representatives in the U.S. or through U.S. country team directly to the cognizant DoD Component. Info copy to Sec State/PM and Sec Def/DSAA.

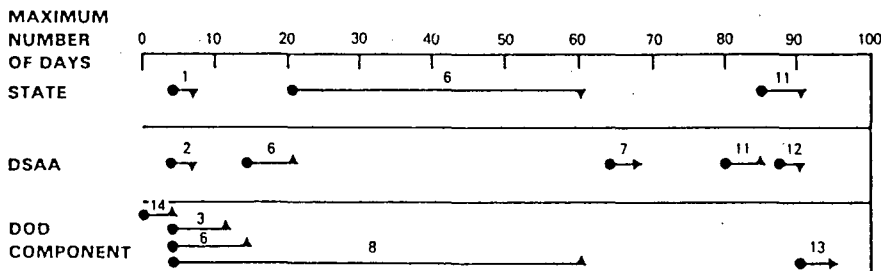
Requests originating from foreign country representatives in the U.S. should be sent directly to the cognizant DoD Component. Info copy to Sec State/PM and Sec Def/DSAA.



## MILESTONES FOR LOA REQUESTS FROM EXEMPTED PURCHASERS FOR NON-SIGNIFICANT MILITARY EQUIPMENT WHICH REQUIRE 36(b)(1) NOTIFICATION

**ACTION FROM PURCHASER:** Message request from in-country through country's representatives in the U.S. or through U.S. country team directly to the cognizant DoD Component. Info copy to Sec State/PM and Sec Def/DSAA.

Requests originating from foreign country representatives in the U.S. should be sent directly to the cognizant DoD Component. Info copy to Sec State/PM and Sec Def/DSAA.



## PROCESSING FOREIGN MILITARY SALES LETTERS OF OFFER

1. Preliminary review and approval.
2. Tasking of the preparation of the Letter of Offer and Acceptance and 36(b) information, as appropriate.
3. Input of 36(b) data to DSAA/FMSCD and case identifier information into the DSAA 1200 system.
4. Preparation, review, and approval of the advance 36(b) notification to the Congress, including interagency and Executive Office staffing, as necessary.
5. Transmittal of the advance 36(b) notification to Congress.
6. Preparation, review, and approval of the statutory 36(b) notification to the Congress, including interagency and Executive Office staffing, as necessary.
7. Transmittal of the statutory 36(b) notification to Congress.
8. Letter of Offer and Acceptance preparation.
9. Review and approval of unsigned Letter of Offer and Acceptance.
10. Dispatch of unsigned Letter of Offer and Acceptance to the customer.
11. Final review and approval.
12. Countersignature.
13. Dispatch of the signed Letter of Offer and Acceptance to the customer.
14. DoD component to notify Sec State/PM and Sec Def/DSAA, which will initiate the appropriate procedures.

## MILESTONES FOR LOA REQUESTS FOR ALL OTHER FOREIGN MILITARY SALES WHICH DO NOT REQUIRE 36(b)(1) ACTION

**ACTION FROM PURCHASER:** Message request from in-country through country's representatives in the U.S. or through U.S. country team directly to the cognizant DoD Component. Info copy to Sec State/PM and Sec Def/DSAA.

Requests originating from foreign country representatives in the U.S. should be sent directly to the cognizant DoD Component. Info copy to Sec State/PM and Sec Def/DSAA.

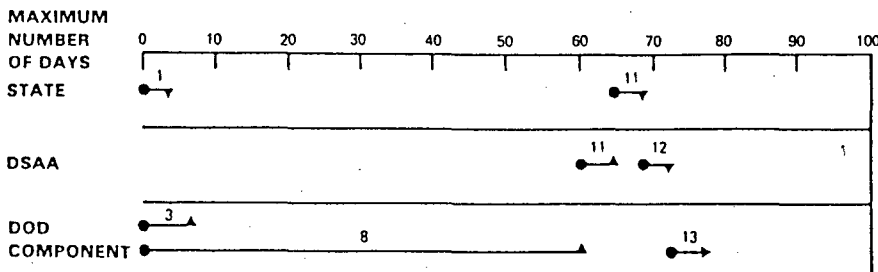


TABLE 703-2. Milestones for LOA Requests for Non-Significant Military Equipment Which Require 36(b)(1) Notifications.



**TABLE 703-3  
ADVANCE NOTIFICATION DATA**

**(CLASSIFICATION)**

**MEMORANDUM FOR (or LETTER TO) THE COMPTROLLER, DSAA  
(ATTENTION: FMSCD)**

**SUBJECT:** Data for a Possible Advance Section 36(b)(1) Notification (U)

(U) The following supporting data are provided in accordance with Chapter 7, Security Assistance Management Manual: \*

- a. (\*) Prospective purchaser:
- b. (\*) Purchaser's reference and date of receipt by implementing agency:
- c. (\*) Description and quantity or quantities of all articles and/or services under consideration for purchase (to include all MDE and non-MDE items, segregating the MDE items and indicating the MDE value):
- d. (\*) Estimated total dollar value of this case (to include all costs associated with this proposed sale e.g., packing, crating, handling, transportation, administrative changes, etc.) and the dollar value of major defense equipment, if any, included in the case:
- e. (\*) Description of total program of which this case is a part (including any associated weapons, training, construction, logistical support, or other direct supply implications not included in the case itself):
- f. (\*) Estimated value of total program of which this case is a part (including the estimated number and dollar value of any increments and the duration of the total program, if it is a multi-year project):
- g. (\*) Prior related cases, if any (including case designators, descriptions, values, acceptance dates, etc.):
- h. (\*) DOD component:
- i. (\*) Estimated date LOA will be ready for statutory notification to Congress:
- j. (\*) Case designator:

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

**(CLASSIFICATION)**

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**TABLE 703-3. Advance Notification Data.**

## (CLASSIFICATION)

k. (\*) A description of each payment, contribution gift, commission or fee paid or offered or agreed to be paid in order to solicit, promote or otherwise to secure such LOA. Description should include:

- (1) Name of person who made such a payment, contribution, gift, commission, or fee:
- (2) The name of any sales agent or other person to whom such payment, contribution, gift, commission, or fee was paid:
- (3) The date and amount of such payment, contribution, gift, commission, or fee:
- (4) A description of the sale in connection with which such payment, contribution, gift, commission, or fee was paid:
- (5) The identification of any business information considered confidential by the person submitting the information under the AECA, Section 39 to the Secretary of State:

l. (\*) Sensitivity of technology contained in the defense articles or defense services proposed to be sold (see Paragraph 70302.B.3. of this section for definitions, Note 1 below for entry requirements, and Table 703-6A for details of required data and format):

m. (\*) Previously reported under DSAA(A) 1138 Report requirements? If so, for which fiscal year quarter?

n. (\*) Third party transfer certification:

- (1) Name of the proposed third party recipient of these articles, training, or other defense services:
- (2) Reason for the proposed transfer:
- (3) Date on which such transfer is proposed to be made:

o. (\*) Expected security classification of the case and LOA after statutory notification (If the case and LOA will be classified, cite rationale and attach justification.):

p. (U) Action officer's name, office, and telephone number (For individuals located in the Washington area provide commercial number, others are to provide AUTOVON and commercial numbers.):

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

Attachment (see Note 2 below.):

## (CLASSIFICATION)

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TABLE 703-3. (Continued)

**(CLASSIFICATION)**

**Note:** 1. Whenever a proposed sale involves no transfer of sensitive technology or classified information, the word "None" will be entered under this heading. Whenever the transfer of sensitive technology or classified information is involved, the words "See Attachment \_\_\_\_" will be entered under the heading and the data specified in Table 703-6 will be attached to the submission.

**Note:** 2. Attach the Military Justification (Table 703-4) and, if required, the Sensitivity of Technology Data (Table 703-6A), justification for security classification of the case and LOA after statutory notification.

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TABLE 703-3. (Continued)

**TABLE 703-4  
MILITARY JUSTIFICATION DATA**

**(CLASSIFICATION)**

**MILITARY JUSTIFICATION (U)**

- (\*) One-sentence paragraph identifying all defense articles and/or services proposed for sale and the estimated total cost of the offer to be made to the prospective purchaser.
- (\*) One or two-sentence paragraph describing broadly the contribution which the sale will make toward achieving the foreign policy and national security objectives of the United States.
- (\*) A short paragraph on foreign policy and military developments in the region affecting the sale, whether comparable weapons exist in the region, and the effect of the sale on the regional military balance.
- (\*) A short paragraph describing why the prospective purchaser needs the articles and how it intends to use them. This paragraph is to address the ability of the prospective purchaser to absorb the articles and the effect of the sale on the prospective purchaser's military capabilities. If the sale was due in part to the results of a U.S. survey, this is to be brought out in this paragraph.
- (\*) Identification and location of the prime contractor or principal contractor, if not applicable, provide rationale.
- (\*) Estimate of the number of additional U.S. Government personnel and U.S. contractor representatives required in the territory of the prospective purchaser to implement the proposed sale and the number of months during which each category of personnel will be needed.
- (\*) Any impact on U.S. defense readiness which would result from the proposed sale.

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

**(CLASSIFICATION)**

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

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

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**TABLE 703-4. Military Justification Data.**

**TABLE 703-5  
STATUTORY NOTIFICATION DATA**

(CLASSIFICATION)

**MEMORANDUM FOR (or LETTER TO) THE COMPTROLLER, DSAA (Attention: FMSCD)**

**SUBJECT:** Data for a Possible Statutory Section 36(b)(1) Notification (U)

(U) The following supporting data are provided in accordance with Chapter 7, DOD 5105.38-M: \*

- a. (\*) Prospective purchaser;
- b. (\*) DOD component;
- c. (\*) Case designator;
- d. (\*) Total dollar value (amount to be the same as that entered in block 26 of the DD Form 1513) and the dollar value of major defense equipment;
- e. (\*) Description and quantity or quantities of all articles and/or services under consideration for purchase (to include all MDE and non-MDE items, segregating the MDE items and indicating the MDE value);
- f. (\*) Expected security classification of the sale after statutory notification (If the sale is to be classified, cite rationale and attach justification.);
- g. (\*) Sales commission, fee, etc. paid, offered, or agreed to be paid (See Note 1);
- h. (\*) The impact of such sales or transfers on the current readiness of United States forces;
- i. (\*) The adequacy of reimbursements to cover, at the time of replenishment to United States' inventories, the full replacement costs of those items sold or transferred;
- j. (\*) If reimbursements are inadequate, explain impact and justification for such disparity;

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

(CLASSIFICATION)

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TABLE 703-5. Statutory Notification Data.

(CLASSIFICATION)

k. (\*) Sensitivity of technology contained in the defense articles or defense services proposed to be sold (see Paragraph 70302.B.3. of this chapter for definitions, Note 2 below for entry requirements, and Table 703-6A for details of required data and format);

l. (\*) Previously reported under DSAA(Q) 1138 Report requirements? If so, for which fiscal year quarter?

m. (\*) Third party transfer certification;

(1) Name of the proposed third party recipient of these articles, training or other defense services;

(2) Reason for the proposed transfer;

(3) Date on which such transfer is proposed to be made;

n. (\*) Security classification of the LOA after statutory notification (If the LOA will be classified, cite rationale and attach justification.);

o. (U) Action officer's name, office, and telephone number (For individuals located in the Washington area provide commercial number, others are to provide AUTOVON and commercial numbers.).

Attachments (See Note 3 below.):

(CLASSIFICATION)

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

**Note:** 1. Information supplied under g. shall be in the same detail as is required to be supplied under 1.j. of Table 703-3.

**Note:** 2. Whenever a proposed sale involves no transfer of sensitive technology or classified information, the word "None" will be entered under this heading. Whenever the transfer of sensitive technology or classified information is involved, the words "See Attachment \_\_\_\_" will be entered under the heading and the data specified in Table 703-6A will be attached to the submission if required and previously not provided.

**Note:** 3. If the prospective purchaser is an exempted entity attach the Military Justification (Table 703-4) and, if required, the Sensitivity of Technology (Table 703-6A). Also, if case and LOA are to be classified per paragraph f. and/or n. above, attach the required justification.

\*\*

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TABLE 703-5. (Continued)

**TABLE 703-6A  
SENSITIVITY OF TECHNOLOGY DATA**

**(CLASSIFICATION)**

**SENSITIVITY OF TECHNOLOGY (U)**

(\*) A description of the sensitive, as well as classified, components of any equipment, technical data, training, services, or documentation (to include the specific classification of each) is required to be conveyed in connection with the proposed sale. The input will address not only sensitive technological information contained in equipment components or technical documentation contained in the sale, whether classified or not, but also restricted information contained in classified components or classified documentation required to be released in connection with the sale. The equipment components, types of documentation, or technical data containing the sensitive information are to be identified and the reasons for considering it sensitive information should be provided. Whenever the transfer of classified defense equipment or classified documentation is required, the classified components or types of documentation containing the classified information are to be identified along with the reasons for the classification. A brief description should also be provided regarding anticipated consequences if the technology is lost to a technologically advanced or competent adversary.

(\*) When release of classified or sensitive technology is within classification guidelines for disclosure to a specific government as stipulated in National Disclosure Policy (NDP-1), a separate paragraph should be included to state that "a determination has been made that the recipient government can provide substantially the same degree of protection for the technology being released as the U.S. Government." That paragraph should also include a statement to the effect that the sale is necessary in furtherance of the U.S. foreign policy and national security objectives as outlined in the policy justification portion of the notification.

(\*) When an exception to NDP-1 has been granted for release of the classified or sensitive technology, a separate paragraph on the sensitivity of technology statement should provide information to the effect that: the sale is necessary in furtherance of the U.S. foreign policy and national security objectives outlined in the policy justification and the benefits to be derived from the sale, as outlined in the policy justification of the notification, outweigh the potential damage that could result if the sensitive technology were revealed to unauthorized persons. Additional justification for granting the exception to NDP-1 such as that included in the request for the exception should also be provided.

(\*) As the final paragraph of the submission, one of the following statements must be included: "(C) release of this technology is within classification guidelines for disclosure to (indicate country) as stipulated in National Disclosure Policy (NDP-1)." or, "(C) An exception to national disclosure policy (NDP-1) was granted for (indicate country) on (indicate date) for the release of (indicate security classification level) information pertaining to (indicate item)."

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TABLE 703-6A. Sensitivity of Technology Data.

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

**(CLASSIFICATION)**

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

**Note:** For explanation of terms and details see Chapter 7, Paragraph 70302.B.3.

**(CLASSIFICATION)**

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TABLE 703-6A. Continued.



## TABLE 703-6B

**ENHANCEMENT OR UPGRADE OF SENSITIVITY OF TECHNOLOGY OF  
ITEMS PLANNED TO BE DELIVERED, SECTION 36(b)(5)(A) REPORT**

**MEMORANDUM FOR (OR LETTER TO) THE COMPTROLLER, DSAA  
(ATTENTION: FMSCD) (U)**

**SUBJECT:** Enhancement or Upgrade of Sensitivity of Technology of Item(s)  
Planned to be Delivered, Section 36(b)(5)(A) Report (U)

1. The following data are provided in accordance with Chapter 7, DOD 5105.38-M:
  - A. (\*) Purchaser:
  - B. (\*) DOD Component:
  - C. (\*) Case Designator:
  - D. (\*) Section 36(b)(1) Certification Number:
2. A. (\*) Description of the manner in which the technology or capability has been enhanced or upgraded, including the significance of such enhancement or upgrade from the level previously described in the original Section 36(b)(1) Certification:
  - B. (\*) Estimated net cost of enhancement or upgrade:
  - C. (\*) Item(s) or service(s) to which change(s) apply (indicate whether MDE):
  - D. (\*) Next planned delivery date of item(s) or service(s):
  - E. (\*) Detailed justification for the sale of such enhancement or upgrade:

Attachment: Copy of original Section 36(b)(1) Notification.

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

**(CLASSIFICATION)**

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

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**TABLE 703-6B. Enhancement or Upgrade of Sensitivity of Technology of Items  
Planned to be Delivered, Section 36(b)(5)(A) Report.**

## TABLE 703-6C

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

## (CLASSIFICATION)

MEMORANDUM FOR (OR LETTER TO) THE COMPTROLLER, DSAA (ATTN: FMSCD) (U)

SUBJECT: Data for Statutory Section 36(b)(1) AECA Notification of Enhancement or Upgrade of Capability or Sensitivity of Technology, Section 36(b)(5)(C) (U)

1. The following supporting data are provided in accordance with Chapter 7, DOD 5105.38-M, regarding items or services that are proposed to be added to a previously notified sale.

- A. (\*) Prospective Purchaser:
- B. (\*) DOD Component and Case Designator(s):
- C. (\*) Original Congressional Notification number and previously notified dollar value:
- D. (\*) Estimated net cost of enhancement or upgrade of capability or sensitivity of technology:
- E. (\*) Description and quantity of the items and/or services for which enhancement or upgrade of capability or sensitivity of technology is proposed (which items are being enhanced?): Include all major defense equipment, defense articles or services; or design and construction services, segregating them by dollar values:
- F. (\*) Description of enhancement or upgrade of capability or sensitivity of technology (what is being done to provide the enhancement or upgrade?):
- G. (\*) Expected security classification of the sale of the enhancement or upgrade in capability or sensitivity of technology (if it is to be classified, cite rationale and attach justification):
- H. (\*) Sales commission, fee, etc., paid, offered, or agreed to be paid on the enhancement or upgrade in capability or sensitivity of technology (if none, so state):
- I. (\*) Identification and location of the prime contractor or principal contractor of the enhancement or upgrade in capability or sensitivity of technology:
- J. (\*) Estimate of the number of additional U.S. Government personnel and U.S. contractor representatives required in the area of the prospective purchaser to implement the proposed enhancement or upgrade of capability or sensitivity of technology and the number of months each category of personnel will be needed:

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

K. (\*) Has the proposed sale of the enhancement or upgrade in capability or sensitivity of technology previously been reported in a DSAA(Q)1138 Report? If so, for which fiscal year quarter?

2. Provide detailed justification including reasons necessitating the sale of the item(s) or service(s) in view of the sensitivity of such technology:

Attachment: Copy of original Section 36(b)(1) Notification.

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

(CLASSIFICATION)

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

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TABLE 703-6C. (Continued.)

## TABLE 703-7

## TRANSMITTAL LETTER FOR THE UNSIGNED LOA

Dear

Enclosed for consideration and analysis by your Government is an unsigned advance copy of the "United States Department of Defense Offer and Acceptance," DD Form 1513, for FMS case (case designator).

Section 36(b) of the Arms Export Control Act requires that notification be given to the Congress of the United States before the Department of Defense issues any offer to: (1) sell defense articles and services, the estimated total costs of which are \$50,000,000 or more, or (2) sell major defense equipment, the estimated total costs of which are \$14,000,000 or more. Section 36(b) further provides that the offer to sell not be issued if the Congress, within (\*) calendar days after receiving such notification, adopts a joint resolution stating in effect that it objects to the proposed sale.

The Department of Defense has transmitted the required notification of the enclosed proposed FMS case (case designator) to the Congress on (date). Assuming that the Congress does not object to this proposed FMS case, enclosed DD Form 1513 will be signed and issued to your Government by the authorized Department of Defense representative on or about (date). In the event that the Congress should object to this proposed sale, you will be notified promptly of that fact.

Should your Government wish to accept this proposed FMS case, wait until receipt of the signed DD Form 1513 (forwarded after the Congressional notification period is completed) and complete Blocks 29 through 37 on the original and top three copies of the signed DD Form 1513 only. Completion by your Government of Blocks 29 through 37 on the enclosed unsigned advance copy of the DD Form 1513 will not be deemed to be valid.

Sincerely yours,

- \* For non-exempted purchasers enter: thirty (30)  
For exempted purchasers enter: fifteen (15)

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TABLE 703-8. Transmittal Letter for the Unsigned LOA.

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**SECTION 704 - CASE MANAGEMENT****70401. THE SCOPE OF CASE MANAGEMENT.**

A. The MILDEPs and Agencies will, according to Paragraph 70002H, DODD 7290.3-M, "assign a case manager to each active FMS case." The FMS case manager is to be designated by Component responsible for implementing sales agreements (DD Forms 1513) and leases. The case manager is defined as that individual who is designated to accomplish the task of integrating functional and inter- and intra-organizational efforts directed toward the successful performance of an FMS case.

B. Cases will vary in dollar magnitude and complexity. For example, a \$2 billion sale of a major weapon system is extremely complex. A \$100 million case for off-the-shelf replacement spares is less complex. While the two are different in complexity and dollar value, they both require emphasis and special management attention (even a very low value case may involve many different functional activities), and both are managed in accordance with well-defined guidelines.

C. The case manager is the focal point for management activity on a case. The task of the case manager is to ensure the objectives of the assigned case are achieved while adhering to applicable laws and regulations.

D. These objectives are threefold: (1) to accomplish the case (performance) on schedule, (2) to accomplish the case within the case value, and (3) to close the case as planned. Successful performance is realized when the objectives of the case are met.

E. The case manager acts as the focal point for case activities by coordinating and integrating organizational actions and resources assigned to Security Assistance functions. Critical decisions involving managerial prerogatives must be coordinated with the case manager.

F. The case manager has a role in each of the major elements of the case: acquisition, programming, logistics and finance, and shall be involved in every aspect of planning and executing assigned cases.

G. The case manager functions as an integrator and a generalist. There are no definite ground rules for determining where the case manager is placed in the organization. This must be decided by Component responsible for the management of the case. Case management begins during P&A and LOA preparation and should include total package concept/total package approach. Each FMS case must be assigned a case manager no later than case implementation.

**70402. CASE MANAGEMENT AUTHORITY, RESPONSIBILITY, ACCOUNTABILITY, AND CONTROL.**

A. The case manager should be guided by existing policies and management directives, and case activities should be governed by these regulatory documents. Direct communications with participating organizations is essential for day-to-day management; however, the case manager's final authority is limited to the chain of command, which means that the case manager must use the established lines of communication and authority.

**1. Authority.**

An FMS case is an undertaking which requires concentrated management effort. Such an undertaking involves complex and interdependent organizational activities and requires that a case manager be designated as the single focal point. The case manager should have the

authority to take actions and task inter- and intra-organizational areas relating to financial, logistics, procurement, and administration matters in the day-to-day operation of a case. A Charter for Case Manager is at Table 704-1.

## 2. Responsibilities.

The case manager is responsible for all management aspects of the case. Integration of the tasks to support the case objectives is the responsibility of the case manager. Responsibilities of the case manager include:

- a. Establish initial and long-range goals and objectives for case execution.
- b. Prepare a case master plan.
- c. Develop a financial and logistics management plan.
- d. Approve plans of execution, scope, and schedule of work.
- e. Review and verify funding/program requirements.
- f. Integrate the program and logistics financial plan with the execution of the case.
- g. Initiate requirements.
- h. Validate that costs are accurate and billed.
- i. Respond to requirements of counterpart managers, functional activities, and other supporting agencies in the resolution of interface or operating problems.
- j. Initiate, when necessary, working agreements with supporting activities as appropriate.
- k. Analyze case performance in relation to required performance specifications.
- l. Maintain a complete chronological history (significant events and decisions).
- m. Provide status, progress, and forecast reports.
- n. Develop and execute a case closure plan.
- o. Ensure DIFS and DOD Component case records are in agreement.
- p. Ensure that records are retained in accordance with DODD 7290.3-M and this manual.
- q. Ensure that schedules are accurate and timely.

The documents listed below reflect the type of work that the case manager ensures are prepared and submitted. Each of the documents shall specifically identify the case manager by name and organization:

DD Form 2061

Case Master Plan  
Case Progress/Status/Performance Reports

DD Form 2060

Case Directives

Financial Analysis

Case Closure Certificate

### 3. Accountability.

a. Effective case management is dependent upon the performance and interaction of many organizations. If the performance of a supporting activity is deficient in regard to a case, the case manager may not be able to meet case objectives. The case manager shall initially attempt to resolve problems with the supporting activity. If this proves unsuccessful, then the problem shall be escalated.

b. The case manager is accountable for accomplishing the case on schedule within case value and for closing the case as planned. As a minimum, the case manager is accountable for all documents listed below:

Case Master Plan  
Financial Analysis  
Case Directives  
Case Progress/Status Performance Reports

### 4. Control.

a. An appropriate master plan shall be developed which separates the case into management components; indicates significant activities requiring coordination; and, in general, establishes a time-sequence schedule for case implementation. The plan will also specify the participants and their assigned responsibilities. It should be prepared by the case manager at the onset of the case and updated as required.

b. The case master plan will be tailored by the case manager to fit the complexity of the case. The case master plan will consist of a case summary sheet as required by DODD 7290.3-M and other documentation deemed appropriate to manage the case. This is one control mechanism for the case manager to ensure events conform to the plan. Other mechanisms to be used are:

-- Case manager doing periodic comparisons of actual versus programmed deliveries and associated costs.

-- Case manager updating the case master plan's program, supply/delivery and financial schedules.

-- Case manager facilitating the flow of funds from the case to the supporting activities.

These control procedures are designed to identify and isolate problem areas. When problems are surfaced, corrective action initiated by the case manager is essential to avoid potential program impacts.

c. Changes to the LOA or the implementation plan must be coordinated with the case manager. There may be situations whereby higher authority may preempt the authority of the case manager, such as in the case of final negotiations with FMS purchasers or diverted



deliveries. The preemptions should be promptly communicated to the case manager and potential impacts should be documented for future reference.

### **70403 REPORTING REQUIREMENTS.**

A. The case manager is responsible for keeping others informed of the progress, status, problems, and resource requirements of the case. The case manager must use the normal channels of communications to higher authorities and supporting activities to let them know what is needed and how the case is progressing.

B. Existing information and reporting systems should be used to the maximum extent possible in directing and controlling functions of case management. For optimum control of the case, DOD Components shall determine information needed for case management based on the needs of the case manager. The case manager should consider the following among other key items essential for the information package: logistics performance versus case specifications, availability of funds versus planned expenditures, actual cost of work performed versus budget cost of work performed, programmed values of work remaining versus funds available in the case, schedule revisions, and problems areas. A recommended listing of data elements is at Table 704-2.

C. The DOD Component shall ensure procedures are established with supporting activities to provide management information in support of the case. DOD Components should develop an internal document that allows Service senior managers to easily review the status of a case against established performance requirements and the LOA. The internal status document should address the following four areas:

1. **Deliveries.** Are deliveries on schedule as outlined in the LOA?
2. **Pricing.** Are the prices of the ordered articles and services for each line of the case compatible with the LOA estimates (within ten percent)?
3. **Funding.** Does the payment schedule accurately reflect financial requirements?
4. **Closure.** Can the case be closed within one or two years from supply completion date, depending on the type of case involved?

### **70404. THE CASE MANAGER'S ROLE IN THE ASSIGNMENT OF TASKS.**

A. The case manager shall have direct communication from the case manager's office to key participants involved in support of a case. The direct line in communication is intended to facilitate the resolution of day-to-day problems. It is emphasized that the case manager must still operate within the organization's normal chain of command. Informal discussions may be necessary between the case manager and supporting activities, followed by appropriate documentation. Case managers cannot commit the case implementing agency except through coordinated written direction.

B. Tasks in the areas of acquisition, logistics and finance will be assigned to supporting activities using normal operating rules. The supporting activity which accepts the work assignment agrees to specific, measurable objectives and to detailed task descriptions, specifications, milestones, and budgets for the work assignment. The supporting activity is then responsible for the work effort in terms of meeting its objective on time and within the available budget.

**70405. PERFORMANCE SPECIFICATIONS AND MEASUREMENT STANDARDS.**

A. The case manager's performance will be monitored by comparing actual output with that planned. The idea of assigning responsibility to the case manager for a time schedule, specific set of outputs, and funding limitation tends to establish a performance specification which is useful in judging the effectiveness of case managers. In other words, the case manager's performance specifications that could be considered for the purpose of measurement standards are primarily the three objectives:

1. To accomplish the case (performance) on schedule.
2. To accomplish the case within the case value.
3. To close the case as planned.

B. The case progress shall be reviewed on a recurring basis to verify that the case activities are proceeding according to planned events.

**70406. FORMAL TRAINING TO MEET SPECIAL REQUIREMENTS OF THE CASE MANAGER.**

A. The DOD Component must ensure that individuals assigned as case managers receive adequate training. The following DISAM courses, as applicable are suggested as a part of a training plan for a case manager:

- CONUS
- Financial Management
- Case Management
- Training Management

B. In addition, internal training should be conducted within the implementing agencies to cover the organization's FMS procedures and to rectify any perceived case management inadequacies.

TABLE 704-1

**CHARTER FOR CASE MANAGER**

The case manager has responsibility for total case management from assignment through case closure. The case manager operates within the chain of command to direct the necessary action to satisfy case requirements. The case manager ensures that the case (performance) is accomplished on a schedule, within case value, and closed as planned. The case manager manages the case through reviews, visits, surveillance of reports, and correspondence. The case manager integrates the efforts and ensures timely resolution of problems surfaced by supporting activities.

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TABLE 704-1. Charter for Case Manager.

TABLE 704-2

## CASE MANAGER DATA ELEMENTS

RSN Level Program

- Direct Program Value
  - Section 21 (specify Publications/Training)
  - Section 22 (specify GFM/GFE)
- Indirect Program Value
  - R&D
  - Rental
  - CAS
  - Nonrecurring Production
  - Administrative Fee
- Accessorial Value/Costs
- Type of Financing
- Commitments/Obligations
- Transportation
- Performance Sources
- Requisition Status
- Contract Data

Contract Closure Date

- Reports of Discrepancies
- Repair Data
- Training Data
- Obligational Authority
- Commitments by Fund Cite
- Obligations by Fund Cite
- Physical Deliveries Quantity/Value
- Financial Deliveries
- Work-in-Process
- Expenditure Authority
- Payment Schedule
- Billed to Date
- Delivered to Date
- Collections
- Accounts Receivable
- Disbursements

**NOTE:** This is a representative list of potentially useful data elements. It is not all inclusive and some data elements listed may not be required for a specific case.

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TABLE 704-2. Case Manager Data Elements.

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## CHAPTER 8

### FMS CASE PERFORMANCE

#### SECTION 800 - CASE IMPLEMENTATION AND EXECUTION

##### 80001 IMPLEMENTATION.

A. After receiving the initial deposit, together with a copy of the accepted LOA and the applicable request for obligational authority (O/A), SAAC issues O/A to the cognizant implementing agency (I/A), e.g., MILDEP. The O/A is evidence that proper acceptance, including cash deposit, has been received and the FMS case may be implemented.

B. The DD Form 1513 provides the basic information concerning, and authority for, a given FMS case. However, a DD Form 1513 by itself may not be sufficient to permit an FMS case to be implemented. In this regard, I/As may issue case implementing instructions to applicable activities within the DOD. Implementing instructions will state that implementation is subject to receipt of O/A.

C. The following procedures have been developed to handle requests for emergency obligational authority (O/A):

1. Implementing Agencies (IA) will limit requests for emergency O/A to true emergency situations (e.g., where normal O/A processing time would exceed training start dates, contract award dates, etc.).
2. Requests for emergency approval of O/A will be directed to SAAC/FSRC.
3. IAs will establish official points of contact to receive, evaluate and relay to SAAC legitimate request for emergency approval of O/A.
  - a. IAs will provide the name, office symbol, and telephone numbers of their point(s) of contact to SAAC/FSRC.
  - b. All IA requests will be relayed to SAAC through these offices.
  - c. Any requests received by SAAC from other persons will be referred by SAAC to the appropriate IA point of contact.
4. IAs will provide SAAC with any available documentation to support the emergency approval request (e.g., copies of signed LOAs, messages from SAOs stating that LOA and/or initial deposit are in USG hands).
5. IAs will insure that DD Form 2060, "FMS Obligational Authority," has been provided SAAC via the IA Customer Order Control System (COCS) prior to requesting emergency approval of O/A.
6. Upon confirmation of an emergency O/A requirement from an authorized point of contact, SAAC will immediately enter the required O/A ceiling in the applicable COCS. Subsequently, based on SAAC receipt of DD Form 1513 (facsimile acceptable) and initial deposit (if

required), the associated FMS case will be implemented in DIFS and O/A ceiling released via automated DD 2060 (R5) transaction within two work days.

7. Exception to this procedure may be granted on a case-by-case basis by DSAA-COMPT-FMD.

## **80002 EXECUTION.**

A. The execution phase of the case is usually the longest in terms of time. It is that phase during which the articles and/or services purchased through the FMS case are actually produced/performed by the military department under the authority granted by the LOA.

B. The means by which the USG fulfills the requirements of the FMS program depend on the nature of the materiel and services being furnished. A typical program involves the procurement of items from new production, as well as providing selected items from government stocks. The complete system then may be composed of both contractor-furnished and government-furnished equipment, subsystems and materiel. Items to be procured are contracted for by cognizant DOD buying activities. FMS requirements may be consolidated with USG requirements or placed on a separate contract, whichever is more expedient and cost effective. FAR provisions applicable to DOD also apply to procurements for FMS customers.

C. The actual acquisition and performance actions for the FMS program are carried out by USG activities in the same manner and using largely the same internal management organizations as for USG programs.

D. Logistics is the discipline that incorporates the functional areas which carry out the execution of the FMS case. These functional areas are acquisition, supply, transportation, maintenance and training. The concurrent discipline of financial management closes the loop of the execution phase.

E. As a part of the discussion of the Execution phase, it is advisable to re-visit the TPA/Total Program Concept. The TPA is a means of insuring that FMS customers are aware of and are afforded the opportunity to plan for obtaining all necessary support items and services required to efficiently introduce and operationally sustain major items of equipment/systems considered for purchase. The key word is "sustain." Any one who has responsibility for P&A or case preparation must be able to offer the complete package for sustainability to the purchaser. In addition to the system itself the four major categories that we should consider in the TPA include: training, technical assistance, initial support, and follow-on support.

F. DOD 7290.3-M, Chapter 6, requires the orderly maintenance of case files. It is emphasized that well-organized files provide an audit trail for FMS management reviews and other planning actions.

<b>SECTION 801 - ACQUISITION FOR FMS</b>
--

**80101 DOD REGULATIONS AND PROCEDURES.**

A. **Compliance with DOD Regulations.** In keeping with the DOD policy, acquisition for FMS purchasers will be in accordance with U.S./DOD regulations and procedures. This affords the foreign purchaser the same benefits and protection that apply to DOD procurement and is one of the principal reasons why foreign governments and international organizations prefer to procure through FMS channels.

B. **Federal Acquisition Regulation.** The DOD is authorized to enter into contracts for the purpose of resale to foreign governments or international organizations. The FAR shall apply to all purchases and contracts made by the DOD for acquisitions in support of FMS. Some of the most pertinent sections of the FAR and the DOD FAR supplement relative to FMS are listed below: \*\*

	<b><u>FAR</u></b>	<b><u>DOD FAR SUPP</u></b>
1. Agents Fees and Commissions	3.400 thru 3.405	225.7305
2. Contractor Options - FMS		217, Subpart 217.2
3. Contractor Risk for FMS (Weighted Guidelines)	-----	215.7970-1(B)(2)(v)
4. Costs of Doing Business with a Foreign Government	-----	225.7304(c)
5. FMS Selling Costs and Allocations to Contracts	31.205-38	231.205-38
6. Foreign Acquisitions	Part 25	Part 225
7. Recovery of NonRecurring Costs	-----	225.7306, Part 235, Subpart 235.71
8. Other Than Full and Open Competition	Part 6, Subpart 6.3, 6.302-4	225.7307(a)

C. **Acquisition Notification of FMS Requirements.** In accordance with Section 25.7303(b) of the DOD FAR Supplement, when the acquisition for FMS is expected to involve a contract in excess of \$10,000 which cannot be placed on the basis of price competition (for example when the FMS purchaser requests a specific sole source), prices, delivery data and other relevant information shall be requested from the prospective source and the request shall indicate that the information is for the purpose of a potential sale under FMS and shall identify the prospective FMS purchaser(s).



**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 competitive procurement process will be utilized. Authority for sole source procurement can be considered when the purchasing country makes a specific written request and provides sufficient rational for obviating the benefits of the competitive process.

B. **Sole Source Designation.** As described in DOD FAR Supplement 25.7307, the FMS purchaser may request that a defense article or defense service be obtained from a particular source. In such cases, FAR 6.302.4 provides authority for the U.S. government to contract on a sole source basis. The purchaser request should be contained in a letter of request for an LOA or an amendment to an existing LOA. The request for sole source must also provide the basis and justification for the sole source and may be for a prime and/or sub-contractor source. Sole source procurement designations under accepted FMS LOAs will be submitted by the DOD component security assistance director to the applicable contracting activity in order to exercise the FAR authority.

1. **Foreign Purchaser Request.** Foreign purchaser sole source requests may be honored (See DOD FAR Supplement 25.7307) only when the sole source designation is based upon the objective needs of the FMS purchaser as stated by the purchaser and DOD component security assistance director approval is obtained. Accordingly, a letter requesting a specific item(s) and/or service(s) from a specifically identified firm or other supplier must be addressed by an authorized official of the purchasing government through the chief of the security assistance organization (SAO) in country, or by the Defense Attache or comparable official of the purchasing government in the United States, to the DOD component security assistance director whose component has procurement cognizance for the required item/service. If from an overseas activity of the purchasing government, this written request should be submitted via the SAO in country. The letter must provide the basis and justification for a sole source request. To the maximum extent possible submission through the SAO is preferred. The request shall not be honored in any case of patently arbitrary, capricious or discriminatory exclusion of other sources. The number or frequency of sole source requests should be kept to the absolute minimum; however, there may be situations where for programmatic reasons sole source procurements is necessary and justifiable. Situations where sole source procurement may be justifiable could include, but are not limited to, the following situations:

a. When one of the numerous suppliers can deliver faster and the situation is urgent enough to forego the benefits of the competitive process.

b. When the procurement of a non-standard item which is out of the DOD buying pattern has been approved because of a country request and a specific source has been identified by the country, i.e., obsolete items no longer supportable by the DOD. This could occur in countries with predominantly MAP merger funded programs since MAP merger funds can be utilized only for FMS programs; therefore, such a purchasing country may not have the capability of buying on a direct basis.

c. When the country has an established history of procurement for articles or services from a particular prime source and to change would adversely affect an ongoing program. For example, this would include an ongoing maintenance program wherein a particular prime contractor is providing technical assistance or other services under established agreements.

d. When the designated source has won the foreign purchaser's own source selection competition and the purchaser advises of its desires. Specific evidence as to the competitive process should be included in the justification.

80102.B.1.e.

e. When the country has established a history of procurement for articles or services from a particular prime source and needs to continue procurement from that source to continue standardization of equipment with consequent benefits of logistics support. This could include spares for support equipment or other single vendor integrity (SVI) subcontracted items.

2. **Disapprovals.** Proposed DOD component disapprovals of sole source requests will be coordinated with DSAA Operations.

3. **SAO Responsibilities.** When possible, the SAO in country will review specific country requests, advise the country of any necessary changes, and subsequently forward the request with any necessary comments and/or recommendations to the appropriate DOD component security assistance director for approval. The original copy of the request must be forwarded. Advance copies, in message format, must be quoted in their entirety, including the date and the signature block when they are forwarded to the DOD component for approval. The original request, if approved, will be retained in the contract file.

4. **Subcontractor Sole Source Designation.** The FMS purchaser may also request that a sole source subcontract be placed with a particular U.S. firm. The DOD contracting officer will honor such a request for subcontractor placement on the same basis as indicated above for prime sources. It should be noted that the designation of subcontractors carries a risk which should be brought to the attention of the FMS purchaser. In the event that problems in the performance or integration of the component are experienced and are attributable to its characteristics, the specifications may be held to be defective in that respect and any increased costs incurred by the prime contractor in correcting or attempting to correct the problem may be recovered by the prime contractor. Since by law such additional costs must be borne by the FMS purchaser, the purchaser should be advised of this potential expense at the time the sole source designation is requested.

5. **Out of Channels Requests.** Request for sole source procurement received outside of the channels outlined in sub-paragraph 2.a. above must be forwarded to the applicable DOD component security assistance director for appropriate action. The original of the request must be forwarded. When a sole source request is forwarded in message format, the entire text of the country request, including the date and the signature block, must be quoted.

6. **Coordination with Contracting Officers.** When possible, the sole source request should be processed to the potential contracting officer for information and advice during the P&A process. The contracting officer will be provided a copy of the accepted LOA containing the sole source designation. This is especially important when the contracting activity is separate from the activity responsible for the LOA, e.g., LOAs prepared by a MILDEP which contain items which will be procured by the Defense Logistics Agency.

C. **Timing of Sole Source Requests.** To avoid the additional delay and workload involved in revision of an LOA, requests for sole source procurement should be made when the request for preparation of the LOA for defense articles or defense services is transmitted to the U.S. government. However, if a request can be honored without excessive delay or undue disruption of the procurement/acquisition processes, it may be made and accepted anytime prior to formal acceptance of the LOA by the FMS purchaser.

1. **LOA Presentation.** The applicable LOA must specifically identify the country sole source designation. The following note will be utilized in the LOA when sole source designation is approved.

SUPPLEMENTAL CONDITION (XXXXXXXXXXXXXXX): Sole-Source Procurement. Paragraph A1 of Annex A (General Conditions) of the Letter of Offer and Acceptance states in part: "Unless the purchaser has requested that a sole source contractor be designated, and this Letter of Offer and Acceptance reflects acceptance of such designation by the DOD, the purchaser understands that selection of the contractor source to fill this requirement is solely the responsibility of the Government of the United States (hereinafter referred to as USG)." By letter dated (XXXXXXXXXXXXXXX) the purchaser has request that (name of specific firm or other private source) be designated as (prime contractor) or (subcontractor) for line/item(s) (XXXXXXXXXXXXXXX) 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, DD Form 1513-1. The IA may determine that use of a DD Form 1513-2 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.

### 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 has indicated to the contrary, all sales commissions and fees anticipated to be included in FMS cases shall be made known to the purchaser prior to or in conjunction with the submission of the LOA to the purchaser. Such advice will include: (a) the name and address of the agent(s); (b) the estimated amount of the proposed fee, and the percentage of the sale price; and (c) a statement indicating one of the following, whichever is applicable:

(1) appropriate officials of 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.

C. **Disallowance of Agents Fees.**

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

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

**D. Exceptions to Notification Procedures.**

1. The procedure contained in paragraph A.1. above will not be followed in the case of Australia, Egypt, Greece, Israel, Japan, Jordan, Korea (Republic of), Kuwait, Pakistan, Philippines, Saudi Arabia, Taiwan, Thailand, Turkey, and the Venezuelan Air Force. At the request of these governments all LOAs issued to these countries will include one of the following statements:

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

(For other countries granted an exception) "All U.S. Government contracts resulting from this Offer and Acceptance shall contain one of the following provisions, unless the sales commission and fee have been identified and payment thereof approved in writing by the Government of (\_\_\_\_\_) before contract award:"

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

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

b. For all other types of contracts:

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

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

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

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

**80104. APPOINTMENT OF AN AGENT.**

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

B. Form Letter.

Director  
Defense Security Assistance Agency  
Room 4E837, The Pentagon  
Washington, D.C. 20301-2800

Dear Sir:

The Government of \_\_\_\_\_ hereby appoints  
\_\_\_\_\_ whose address is \_\_\_\_\_  
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  
\_\_\_\_\_. Said Agent is hereby authorized to sign in the name of the  
Government of \_\_\_\_\_ as its Agent for the receipt of these items as  
indicated by the shipping instructions contained in Blocks 33 and 34 of the DD Form  
1513. The Government of \_\_\_\_\_ undertakes to instruct  
\_\_\_\_\_ as its Agent to maintain possession of the above specified  
items in accordance with paragraph B.9 of Annex A (General Conditions) of the DD  
Form 1513 until transferred by such Agent of the Government of \_\_\_\_\_.

Yours Very Truly,

Such agency is acknowledged.

\_\_\_\_\_  
(Signature of Agent)

\* Insert the appropriate phrase describing the Agent's function.

<b>SECTION 802 - LOGISTICS</b>
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**80201 FOLLOW-ON SUPPORT.****A. Blanket Order.**

1. **Description.** Blanket Order FMS cases represent an agreement between a foreign country or international organization and the USG for a specific category of material or services (normally identifiable to one or more end items) with no definitive listing of items or quantities. Utilization of a Blanket Order FMS case does not change the requirement for authorization/approval of material, training, or services which may be required by other provisions of the SAMM or by other DOD directives. Blanket Order FMS cases are not to be used as a substitute for CLSSAs since the customer must normally wait the normal procurement leadtime, unlike matured CLSSAs. Blanket Order FMS cases are established to facilitate and simplify procedures for foreign purchasers. In addition, DOD components are able to standardize logistics supply operations and promote operational economies for commodities most susceptible to high volume processing. The foreign purchaser or DOD component may place orders during the ordering period of the case, which normally will not exceed 24 months. Orders which would exceed the established dollar ceiling in the LOA will not be processed. When established, the Blanket Order FMS case permits the purchaser to submit either MILSTRIP requisitions, letter, or message requests for articles or services directly to the cognizant Military Department International Logistics Control Office (ILCO) or appropriate Defense Agency without a defined order LOA being prepared on each occasion. Related administrative lead time is substantially reduced.

2. **LOA Preparation.** Supplementary notes will be incorporated in each LOA to sufficiently elaborate on the duration of the case, method of input of requirements, and delivery instructions. LOAs will normally cite type of assistance to permit maximum flexibility to allow either stock issue or procurement. Estimated prices for items identified by NSN can be obtained from the applicable U.S. Military Services' Management List. Normally two factors will influence this price; one is a high probability that procurement will be required and the second is a price escalation will be very likely. To avoid long and costly delays, purchasers should be encouraged to include a cost escalation factor to current management list prices and to consider any additive factors identified in DOD 7290.3-M. Requisition preparation and formats are contained in the DOD 4140.3-M, Military Standard Requisitioning and Issue Procedures.

3. **P&A Information.** Normally P&A information is not required for Blanket Order FMS cases because the purchaser estimates requirements and requests an appropriate case value. The aforementioned policy may be altered at the discretion of the cognizant DOD component. Implementation of Blanket Order FMS cases is accomplished by establishing case records and awaiting submission of requirements generally forwarded by the foreign purchaser. Based on purchaser agreement, requirements may occasionally be generated by the DOD component concerned. Requirements for defense articles (excluding services and training) should be mechanically transmitted in MILSTRIP format, but may be forwarded to the DOD component using other means when advantageous and acceptable to the foreign purchaser and the DOD component concerned. Requisitions are recorded, edited and processed to the inventory manager. Transmission will be via AUTODIN or the International Logistics Communications System (ILCS) whenever possible. Stock levels are mechanically reviewed and issue from stock is made if DOD assets are above the reorder point. Procurement actions are initiated depending on inventory availability. Billing data, processed by DOD component activities, are furnished to the SAAC, Denver, and supply/shipment status is furnished to the purchaser or his authorized representative by the applicable DOD component. Billings are processed against the case in accordance with standard practice and USG appropriations are credited accordingly.

80201.A.4.

4. Items Normally Covered by Blanket Order Cases. Details of policy and procedures for blanket order cases are in Chapter Seven, Section 700, paragraph 70002.C.2. This includes a summary of the types of articles and services normally authorized for such cases, as well as those normally excluded from supply under blanket order cases. \*

B. CLSSA. A specialized arrangement for follow-on support of spare and repair parts is the CLSSA. The arrangement involves the investment by the purchaser in the DOD logistics system to establish an equity representative of the anticipated support requirements of specific major end items/systems. The investment permits the U.S. service to acquire stocks in anticipation of the country's actual demands and entitles the country to support equal to that provided U.S. forces assigned the same FAD. Such arrangements are negotiated on a service-to-service basis and normally renegotiated annually. Two FMS cases are required for a CLSSA: FMSO I, and FMSO II. Both cases must be executed in order for CLSSA requirements to be anticipated and satisfied.

1. FMSO I Case. The FMSO I covers the estimated dollar value of the items and quantities to be stocked and maintained on order from procurement sources for the support of U.S. furnished equipment. This case is subdivided into two parts: Part A, an on-hand portion normally representing the items required to be on hand to support the purchaser's anticipated requisitions, and Part B, an on-order dependable undertaking based on 12 months, or on the representative leadtime for the commodity to be supported. Part B is required to enable the military departments to have materiel at various stages of the procurement cycle to insure that the materiel in Part A is available upon demand. The country's obligation includes the value of both Part A and B; however, upon acceptance the country is only required to pay for Part A, the on-hand portion, plus a 5% administrative charge based on the value of Part A.

2. FMSO II Case. The FMSO II covers the estimated annual withdrawals from the U.S. supply system of the items covered by the purchasing country. FMSO II cases are undefined in terms of items and quantities, reflecting instead a dollar amount of an estimated demand for an agreed upon period. Each MILDEP treats FMSO II cases slightly differently and the appropriate departmental regulations and directives should be consulted before any definitive action is taken. The case includes the materiel value that the country is expected to requisition during the ordering period covered by the case, plus the appropriate accessorial, administrative, and asset use charges. In addition, a storage charge of 1.5% annually based on the value of Part A, the on-hand portion, of the FMSO I case is included in the FMSO II case.

### C. Excess Property.

1. General. Excess property procedures afford still another method for limited materiel support. Property that is excess to U.S. service requirements and cannot be utilized by other DOD components may be provided to eligible foreign governments through FMS programs. Providing excess materiel is accomplished either through the Major Item Materiel Excess (MIMEX) program or the Defense Reutilization and Marketing Service (DRMS) system.

2. Major Item Materiel Excess (MIMEX). Major Item Materiel Excess (MIMEX) is a system of screening to determine foreign customer requirements for major items above the Approved Force Acquisition Objective (AFAO) of the MILDEP. MIMEX screening is based on a determination by the Inventory Manager that assets are above the AFAO, therefore not required to fill existing U.S. force, MAP, or FMS requirements. The system is operated by DSAA with participation by each of the Military Departments. Major item assets above the AFAO are designated as "transferrable assets" and made available for screening through the system for transfer to FMS customers at reduced cost using the formula prescribed in DOD 7290.3-M which is based on reported condition of the assets. These items are made available "as-is/where-is." The MIMEX system is also used for screening major items reported as Redistributable MAP property



80201.C.3.

to determine redistribution requirements. When the MILDEP has requirements for any of these, a statement to that effect is included in the offer and usually results in authority to return the assets to U.S. control with reimbursement to the MAP account. Assets that meet the MIMEX condition criteria of R-3 or better (estimated repair costs of not more than 40% of standard price) are placed on a numbered MIMEX offer message dispatched to U.S. elements in countries designated by DSAA to receive MIMEX offers. The offers identify the items and quantities available, their condition, location, estimated repair costs, supportability information, the standard price and FMS price for each item. MIMEX offers request that customer's requirements be furnished to DSAA within 20 days of the offer date. The customer response to DSAA must include the rationale behind the request for allocation and whether the requirement is to be processed under MAP or FMS. When requirements have been received by DSAA from all interested customers (occasionally an extension of the 20-day suspense will be granted by DSAA), allocation advice is provided to the customer and military department. The allocation message includes authority for preparation of the DD Form 1513 for FMS allocation.

3. Defense Reutilization and Marketing Service (DRMS). The DLA conducts sales of certain declared excess materiel to eligible Foreign Military Sales countries. This is DOD/MAP generated property which either the U.S. military services have declared excess to their requirements due to long supply or obsolescence resulting from technological advancements or it is property reported as no longer required by current or former MAP/Grant Aid program recipients. The objective of the DLA FMS program is to maximize the reuse of excess property in a manner where such sales favorably contribute to both the U.S. and host country's national security objectives and comply with foreign policy as set by Department of State. However, it should be noted that all DOD/MAP generated excess property is purchased in an "as-is where-is" basis, with no provision or guaranty for its follow-on support on the part of DLA or the USG.

4. Sale of U.S. DOD Excess Personal Property.

a. Responsibility. The DLA has assigned to the DRMS the responsibility for conducting the sales of DOD excess personal property and disposable MAP property to foreign governments and international organizations. Headquarters, DRMS exercises operational management of the FMS program throughout the DRMS and conducts the FMS of property located in the CONUS and all of North America and Latin America. Defense Reutilization and Marketing Region, Europe, conducts the FMS of property located in Europe. Defense Reutilization and Marketing Region, Pacific, conducts the FMS of property located in Hawaii, the islands of the Pacific Ocean and Eastern Asia.

b. Contact Points. The DRMS has established FMS contact points at three locations for the purpose of providing information and assistance to enable FMS customers to make use of the DRMS FMS Program in the most advantageous and beneficial manner. The contact points are:

- (1) Headquarters DRMS.  
Commander  
Defense Reutilization and Marketing Service  
ATTN: DRMS-RCM  
Federal Center  
Battle Creek, Michigan 49017-3092

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

c. **DRMS Status.** DRMS is an element of the DOD. As such, it has absolutely no connection with commercial firms which offer surplus U.S. military supplies and equipment for sale to the general public.

d. **Relation to Other Agreements.** The FMS policies and procedures promulgated by DRMS are not intended to repeal or circumvent existing or proposed direct support agreements between other DOD components and foreign governments or international organizations, or any other government-to-government agreements. Where such agreements are in effect, it is expected that the governments concerned will continue to requisition or otherwise procure materiel and services covered by the agreements from the U.S. DOD components with which the agreements have been concluded.

e. **MDE and SME.** All MDE and SME excess items being sold under FMS procedures must be clearly defined in the LOA. Accordingly, only defined order type cases will be utilized for sales of MDE or SME. \*

## **80202 REQUISITION PROCEDURES.**

### **A. Use of MILSTRIP.**

1. **Standard Items.** Once an FMS case has been established and funded, MILSTRIP requisitions may be initiated either by the purchaser or by a designated DOD component. For standard material items, requisitions will be prepared in MILSTRIP format by the military service, or will be converted to MILSTRIP format by the MILDEP Requisition Control Office (RCO). RCOs will verify MILSTRIP requisitions prepared by countries prior to introduction into the U.S. logistics system. Supply and shipment status will be provided in accordance with MILSTRIP procedures. Service designated RCOs are:

- a. **Army.** U.S. Army Security Affairs Command, New Cumberland, PA 17070.
- b. **Navy.** Navy International Logistics Control Office (NAVILCO), Philadelphia, PA 19111-5095.
- c. **Air Force.** Air Force Logistics Command, Wright-Patterson AFB, Ohio 45433-5000.

2. **Non-Standard Items.** Although purchasers are encouraged to procure material which is standard to the U.S. Armed Forces, non-standard equipment may be requisitioned after mutual agreement with the DOD component concerned. Such requisitions, as well as requisitions for services (e.g., training, etc.), will be in a letter format rather than under MILSTRIP procedures.

**B. UMMIPS.**

1. **Use in Requisitioning Process.** UMMIPS, as delineated by DOD Directive 4410.6, is applicable to all requisitions. FADS are established by the JCS for all customer countries and international organizations. Component activities will take the necessary steps to assure that participating foreign countries and international organizations are properly instructed in the establishment of the Issue Priority Designator. SAOs will verify country and international organization established Issue Priority Designators to assure accuracy.

2. **Correction of Erroneous Designators.** Erroneous designators will be corrected by the reviewing activity. Doubtful cases will be referred to the appropriate U.S. or purchaser representative for clarification or correction.

**C. Delivery Commitment Date (DCD).**

1. **Use.** A DCD will be applied to all FMS cases that include a line for a principal item and for which there is no corresponding MILSTRIP Required Availability Date (RAD) in the supply system. The DCD will be identified through the use of a three digit numeric code, the first two representing the fiscal year, and the third representing the quarter of the fiscal year. The DCD when applicable, should be placed in the Availability and Remarks Block of the LOA. (The DD Form 1513-2 Notice to countries of slippages over 90 days is required on DCD revisions only and not on slippages of items controlled within the MILSTRIP RAD system.)

2. **DCD Slippage.** In the event it is determined that a slippage in delivery date in excess of 90 days will occur, but a firm alternative delivery date cannot be established with a reasonable time, a DD Form 1513-2 will be provided to the purchaser deleting the previous delivery date, providing an explanation of the circumstances involved, and containing a statement that an additional DD Form 1513-2 will be provided as soon as the new delivery date has been established.

**D. Delivery Forecast Date (DFD).** The DFD is developed by the ICPs of the MILDEPs, and represents the estimated date of delivery of the total quantity of the line item. There is a mandatory relationship between the DFD and the DCD. In all cases, the DFD is established to meet or occur earlier than the DCD. If the DFD occurs later than the DCD, the latter may be modified as described above. The DFD is not a gross lead time estimate such as the MASL leadtime. It is a true estimate by the ICPs of the forecast of deliveries based on procurement/supply studies.

**E. EOQs.** MILDEPs and other DOD components should offer to provide customer countries and international organizations guidance in effective inventory management to conserve resources and to minimize misuse or abuse of the requisitioning system. DOD components must assure that proper guidance concerning the use of EOQs is developed and made available to the customer countries and international organizations. SAOs will advise and assist customer countries and international organizations to assure understanding and use of EOQs. SAOs, in those cases where they review FMS requisitions, should screen requisitions to confirm utilization of the EOQ concept.

**80203 MANAGEMENT REVIEW.**

A. **Notification of Delivery Forecasted Date.** Within 120 days after acceptance of an FMS case, DOD components will advise the SAO of the forecast delivery date of each major item. No less frequently than quarterly thereafter, until deliveries are complete, the SAO will be advised by the DOD components of any changes in these forecasts.

B. **SAO Responsibility for Delivery Forecast Date.** SAOs are responsible for review of delivery forecasts and for advising the DOD components of any cases where forecasted deliveries will cause significant problems, giving full particulars as to the nature of the problem and recommended solutions. Problems unresolved between SAOs and the DOD components should be referred to the DSAA.

C. **MILSTRIP Report.** A quarterly MILSTRIP requisition status report will be prepared by the DOD components and made available to the purchaser at their request on a quarterly basis. Each report will reflect all requisitions open at the end of the report period and all requisitions shipped or cancelled during the report period. Multiple line entries for the same requisition will be reflected whenever a partial or split action is taken. The report will be prepared at Country, Case, and In-Country Service Designator level. Summary lines will be provided to indicate the number of lines/actions and dollar value by open requisitions, cancellations, and shipments.

D. **Delivery Performance.**

1. **Importance of Prompt and Effective Service.** The quality of delivery performance directly reflects the degree to which the U.S. meets its FMS commitments and is therefore a key element of the supplier-customer relationship. The importance of prompt and effective service to the purchaser must be continually emphasized to assure overall success in the attainment of FMS program objectives.

2. **Reporting Discrepancies.** Every effort must be made to impress upon purchasers the importance of reporting discrepancies as soon as possible but no more than one year after shipment (or in the case of claims of nonshipment/nonreceipt, one year after shipment or billing, whichever is later). Every LOA issued after 31 July 1987 shall contain the following note:

**Note --** Notwithstanding the final sentence of Paragraph B.6. of Annex A (General Conditions) of this LOA, any claim, including a claim for shortage (but excluding a claim for nonshipment/nonreceipt of an entire lot), received after one year from passage of title will be disallowed by the USG, unless the USG determines that unusual and compelling circumstances involving latent defects justify consideration of the claim. Any claim for nonshipment/nonreceipt of an entire lot received after one year from date of passage of title or billing, whichever is later, will be likewise disallowed by the USG.

Implementing agencies may include the above note on LOAs issued prior to 1 August 1987 when amended or modified after 31 July 1987. Care will be taken to ensure that RODs submitted in connection with LOAs that contain the note prescribed in this subparagraph B will be subject to the time limitations in the note. RODs will be considered in accordance with Section 803, Paragraph 80306 of this chapter.

3. **Significant Political or Readiness Impact.** Wherever significant political or readiness impact is involved, the SAO will advise the Unified Command of the problem. In those instances in which the matter is not satisfactorily and expeditiously resolved, the Unified Command will immediately notify the DOD component concerned and, in significantly important cases, DSAA.

80204.

**80204 ADHERENCE TO STATED CONDITIONS.** The DOD components authorized to make offers will assure that the LOA fully describes the condition of the defense material and that the authorized representative of the foreign government or international organization who accepts and signs the LOA understands the condition of the defense material. DOD components shall require that FMS material conform to the material offered, is serviceable and is complete with regard to repair parts, publications, etc. An exception to this rule is excess property which is sold on an "as is/where is" basis. Such equipment may be sold without initial or follow-on supply support, provided the country clearly understands these conditions and accepts responsibility for providing future support.

**80205 SYSTEM SUPPORT BUY OUT.**

A. **DOD Component Responsibility.** When it is determined that a weapon system/end item is or will become obsolete to the U.S. forces and the items are not covered under a CLSSA, the actions identified below are required to be effected by the Military Department responsible for logistics support of the end item.

1. **Foreign Country/International Organization Inventory.** Determine the foreign countries and international organizations which have previously purchased the weapon system or end item and still have them in their inventory.

2. **Notification to Foreign Country/International Organizational Organization.** Advise the foreign countries and international organizations of a proposed system support buy out. This may be done by offering a list of items or by identifying the weapon systems to be phased out, depending on the circumstances. On equipment phase out, the country may, if possible, place a final order for spares in sufficient range and quantity to support the equipment for its probable remaining useful life.

3. **Timeframes.** Provide the foreign country or international organization with sufficient time to budget for and fund the system support buy out. This should be a minimum period of two years.

B. **Actions Subsequent to System Support Buy Out.** Subsequent to the expiration of the system support buy out the following is authorized.

1. **Inventory to be Processed for Disposal.** All inactive items with zero demand for a period of four years (which include two years of the system support buy out) will be routinely processed for disposal and deleted from the DOD component inventory.

2. **Inventory to be Retained.** DOD component inventories of active items which have continued to show demands during the past four year period may be retained and managed in support of Security Assistance requirements.

**80206 TRANSPORTATION OF FMS MATERIEL****A. Introduction.**

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

2. Basic DOD policy with respect to deliveries of FMS materiel is that each procuring government/international organization (hereinafter referred to as "customer" or "purchaser") shall be responsible for transportation and delivery of its own materiel. In application of this policy, each customer shall utilize its own contract or in-house agency (freight forwarder) to manage all aspects of transportation and delivery to the ultimate in-country destination. DOD will, as necessary, assure delivery of FMS materiel to the customer's agent at the designated delivery point.

3. Most purchasing country staffs in the U.S. do not have the capability of accomplishing all of the actions required to effect in-country delivery of FMS materiel. The freight forwarder undertakes these responsibilities as an agent for the customer and its function is an essential and integral element of the transportation cycle. (Table 802-1 contains potential sources from which listings of freight forwarders may be obtained.) \*

4. Freight forwarder companies occupy a key role in the delivery of materiel to FMS customers. These companies, as a minimum, receive, consolidate, and stage materiel and arrange for its onward shipment to the customer. The freight forwarder normally is not the carrier (i.e., rail, air, truck, or ship company). A freight forwarder is a private firm which serves as contractual agent for the FMS customer. Because the freight forwarder is under contract to a customer, the specific functions performed may differ somewhat from those noted above. The freight forwarder may perform a greater or lesser range of functions depending upon the agreement with its respective customer.

5. It is important to note that the freight forwarder, as an agent of a customer, is not a part of or under the direction of any element of the DOD. However, because most FMS materiel will be shipped to the freight forwarder utilizing U.S. transportation system procedures, it is important that FMS customers ensure that their freight forwarder understands the UMMIPS. Knowledge of these procedures should allow the freight forwarder to effectively interface the USG procedures with its own operation. It is essential that the customer provide advice of shipping requirements to their freight forwarder, particularly regarding compliance with U.S. provisions for shipment of MAP or FMS credit financed material.

6. Shipping activities, both government and commercial, pack the materiel and arrange for its pick up at point of origin and delivery to designated destinations. Government sources of supply identify the proper "Freight Forwarder" and "Mark For " address by translating certain MILSTRIP codes from the requisition number and supplemental address. These codes are converted to full clear text addresses in the MAPAD, 4000.25-8-M. The appropriate "Freight Forwarder" Code and "Mark For" Code is annotated on the LOA document, by the customer and perpetuated in the MILSTRIP data. DOD contractors are provided the clear text address of the "Freight Forwarder" and "Mark For" through the Cognizant Transportation Office of the ACO. \*

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

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enroute to the designated purchaser government agent is by CCBL. Exceptions to this policy are noted in Paragraphs 2.i. and 2.j. of this Section. The selection of a mode of shipment by the shipping activity is dependent upon a variety of factors. Normally, non-premium surface mode is utilized.

**B. FMS Transportation Policies and Procedures.**

1. **Point of Delivery.** The point of origin of FMS materiel is normally the point of delivery to the customer.

a. If items are procured for shipment directly from a contractor, this point will be the contractor's loading facility.

b. If items are supplied from DOD stocks, this point will be DOD depot loading facility or the nearest post office facility in the case of parcel post.

c. When circumstances dictate, designation of other points of delivery must be clearly specified in LOA.

2. **Transfer of Title.** Title to equipment and materiel will pass at the initial point of shipment, unless otherwise specified in the LOA.

a. For defense articles sold from stock, this normally will be at the U.S. depot, whether in CONUS or overseas.

b. For items procured for the purchaser, this normally will be at the contractor's loading facilities.

c. In the case of excess materiel (DOD Directive 4160.21), this normally will be the location at which the materiel is being offered for sale.

d. When the LOA specifies that the USG will provide for movement of aircraft to the point of delivery, one of two conditions prevail with regard to title:

(1) Where additional ferrying is specified and the aircraft are not purchaser-owned (title not passed), the USG will accept title to the aircraft from the contractor, and title to the aircraft will remain with the USG until arrival at the point of delivery, at which time title passes to the purchaser.

(2) Where purchaser-owned aircraft are being ferried under the terms of the LOA, the purchaser grants the USG possession of the aircraft. Under this condition, the title to the aircraft remains with the purchaser. The LOA will contain prescribed indemnification clauses.

(3) The purchaser assumes all risk of loss or damage since this is a USG service being provided at no cost to the USG.

e. The provisions of this title transfer policy apply to all FMS shipments regardless of the mode of transportation, type of transportation, documents utilized, or delivery code.

3. **Consolidation.** FMS shipments will be consolidated for shipment purposes to the greatest extent possible. Consolidation criteria are contained in Chapter 6, DOD 4140.17M (MILSTRIP).

4. **Packaging and Marking.** Shipping activities (U.S. Government facilities or contractor) are responsible for the proper packaging and marking of FMS materiel in accordance with Mil Standards 2073-1 and 129, respectively. The materiel will be packaged as prescribed by Mil Standard 2073 (preservation Level "A"/packed to not less than Level "B") and will be marked as prescribed by Mil Standard 129 with the following minimum information:

- FMS Case Identifier (e.g., XX-B-ABC)
- TCN
- Transportation Priority
- Project Number (if applicable)
- Shipped From Address
- Shipped to Address
- Ultimate Consignee/Mark For (coded and clear text, if applicable)

5. **Cost of Transporting Materiel to the Freight Forwarder.**

a. Shipments of materiel may occur under conditions where the sales price does not include the cost of transportation to the freight forwarder. These shipments, with delivery terms FOB origin, will be transported under CCBL.

b. Shipments of materiel may occur under conditions where the sale price includes cost of transportation to the freight forwarder. This is the case for stock fund type items. Stock fund items should be transported under CCBLs as is generally the case with non-stock funded items. The primary concern, however, is that the DOD component assures that the purchaser is not double-billed for transportation services rendered, i.e., transportation costs are excluded from the stock fund price of the item. Therefore, all non-excess stock funded materiel sold to FMS customers will be priced less the second destination transportation surcharge which is included in the established standard price.

c. Shipments will be accomplished in accordance with conditions prescribed in the LOA except when the nature of the shipment dictates the provision of added protection and/or control during movement. When added protection and/or control is provided for the movement of an FMS shipment, it generally denotes an added cost to the U.S. which is reimbursable by the purchaser. The cognizant DOD component is responsible for making such arrangements and for assuring that applicable costs are charged to the FMS purchaser.

d. Accessorial costs billed to FMS cases will be charged in accordance with DOD 7290.3-M. Normally, these costs will be included below the line on the DD Form 1513 and billed to the purchaser by the Security Assistance Accounting Center in accordance with the standard rate in DOD 7290.3-M. However, when dedicated transportation is required, e.g., a Special Assignment Airlift Mission, the costs will be computed based on the actual costs to the USG and included as a separate line on the DD Form 1513.

6. **Offer Release Code "A", "Y", and "Z" Shipments (Refer to Table 701-2).**

a. FMS materiel will be shipped to the freight forwarder from either USG or commercial sources of supply. The customer negotiates with the DOD component to determine whether materiel will be automatically released for shipment or requires Notices of Availability (NOA) prior to release. This results in the assignment of a specific "Offer/ Release" Code in block 19 of the LOA. Assignment of Code "A" authorized automatic shipment, while assignment of codes "Y" and "Z" indicates that Notices of Availability (NOA) will be sent before the materiel is shipped (DOD 4140.17-M MILSTRIP).



b. U.S. representatives should not commit the USG to provide NOAs when initiating LOAs. The normal "Offer/Release" Code for all FMS transactions is "A". "Offer/Release" codes "Y" and "Z" should be negotiated only under special circumstances, such as for the delivery of sensitive, hazardous or classified cargo and large end items. Use of codes "Y" and "Z" for other than hazardous or classified cargo and large end items must be approved by the DOD component concerned on a "case-by-case" basis.

c. NOAs are not normally used for direct delivery transactions from contractor's facilities. If contract production schedules do not provide sufficient information and the customer requires NOAs be provided or the offer/release code for the item(s) "Y" or "Z," special arrangements must be made and placed in the LOA and in the contract. The purchaser will be liable for the costs incurred. Such cost will not be a part of the administrative surcharge, but will be separately negotiated with the contractor as contractor-furnished data and charged to the purchaser.

d. Items stored or staged as a result of specific instructions in response to an NOA or for which no shipping instructions are received, accrue storage costs as specified in DD Form 1513, Explanatory Note 7.

## 7. Discrepancies.

a. There are two groups of discrepancy shipment conditions to which the freight forwarder and/or customer must react:

(1) Materiel Discrepancy. This includes shortages (including non-receipt) due to incorrect quantity counts, improper packing/marketing, duplicate shipments, incorrect items and damage sustained prior to shipment or release to the carrier by the origin shipper. The DOD component in conjunction with the US supply source or private contractor retains responsibility for resolving these problems and determining financial responsibility.

(2) Transportation Discrepancy. This includes complete or partial loss and/or damage caused by the carrier (when properly annotated on the bill of lading) or freight forwarder. Resolution of transportation discrepancies depends upon a variety of factors. If the materiel is shipped on a GBL or CBL, (prepaid or collect) to a freight forwarder and damage and/or loss occurs, the freight forwarder must file a claim with the carrier. Damage resulting to materiel shipped to the customer by a freight forwarder must be resolved by the customer and/or the freight forwarder in a claim action with the carrier. Damage or loss of materiel while in the custody of the freight forwarder must be resolved between the customer and the freight forwarder. Such discrepancies will not be subject to reporting to the USG, under paragraph 2.g.(2). The USG does retain responsibility for processing and filing claims with carriers for shipments made on GBLs to DOD activities. Benefits of such claims will be reimbursable to the customer (See Table 802-3).

b. Processing Discrepancies. The USG will document, process and file claims when shipment moves on GBL to or in care of a DOD activity, water or MAC aerial terminal. If shipment moves on a GBL to a freight forwarder or country representative at a commercial port, the USG assumes no responsibility for reporting, processing or filing claims against the carrier. The purchaser's representatives and freight forwarder have this responsibility. The purchaser may desire to purchase insurance in order to minimize potential losses for all material ordered. The U.S. source of supply or private contractor does retain responsibility for other discrepancies. These include shortages (including non-receipt) due to incorrect quantity counts, incorrect items, improper packing/marketing, duplicate shipments, and damage sustained prior to shipment release to the carrier by the original shipper.

c. Discrepancies identified in paragraph 2.g.(1)(a) must be documented in accordance with Processing Discrepancy Reports Against Foreign Military Sales Shipments (DLAR 4140.60, AR 12-12, NAVMATINST 4355.72, AFR 67-7, MCO 4140.1B) with the ROD sent to the DOD component.

#### 8. Small Parcel Shipments.

(a) Small Parcel Defined. Although basic policy prescribes consolidation of shipments, it is frequently necessary to ship small items or packages on an individual basis. More information may be found in Chapter 206, Military Traffic Management Regulation.

(b) Authorized Transportation Modes. Transportation officers are authorized to utilize either the U.S. Postal Service parcel post facilities or commercial small parcel carrier equivalents. Small parcel shipments should be made by traceable means and sufficient records kept to enable proof of delivery. Insured shipments are authorized, if appropriate. Mode of shipment will be governed by the cost, evidence of shipment, and speed of service requirement criteria. \*\*

(c) Use of Commercial Package Carriers. Shipments through such commercial carriers as United Parcel Service (UPS) may be made when such shipment mode is responsive and cost-effective. Charges for such shipments will be assessed the FMS purchaser. Commercial shipments will be addressed to the agents or representatives specifically designated by the purchaser in the MAPAD. When shipment is to be via domestic parcel post or commercial package carrier equivalents, the transportation officer should consult the various tariffs or package carriers to ensure that the desired service is available and meets the following criteria:

(1) Cost. Shipments will be made at the least cost for the service required.

(2) Audit Trail. The transportation service selected must provide a proof of entry into the transportation network.

(3) Speed of Service. The service selected must be responsive to required delivery date and priority.

d. Shipments Beyond CONUS. If movement is directed beyond CONUS, international parcel post, if specifically authorized by an FMS case, may be utilized and the purchaser charged pursuant to DOD 7290.3-M, if a better means of shipment is not available. As a rule, Military Postal Service (MPS) through APO or FPO will not be used for FMS shipments; however, exceptions to policy are authorized for classified shipments when the purchaser does not have approved facilities to receive classified items in the U.S., or where the sales order specifies delivery in country through the resident U.S. SAO. Such exceptions will be kept to the minimum and the cost of such shipments will be assessed to the purchaser. \*

9. Transportation of Classified Materiels. If in the case of FMS processing or direct commercial contract processing, the purchaser proposes to take delivery and custody of classified materiels in the United States and use its own facilities and transportation for forward shipment to its territory, the foreign purchaser or its designated representative shall be required to submit a transportation plan for review and approval by the cognizant DOD component. This plan, as a minimum, shall specify the storage, facilities, delivery and transfer points, carriers, couriers or escorts, and methods of handling to be used from the CONUS point of origin to the final destination and return shipment when applicable. (See Table 503-5.) More information may be found on transporting classified materiels in Chapter 8, DOD 5200.1-R and on physical security of classified sensitive conventional arms, ammunition, and explosives (AA&E) in Chapter 7, DOD 5100.76-M.

a. DOD component authorized to approve an FMS transaction that involves the delivery of classified materials to a foreign purchaser shall, at the outset of negotiation or consideration of proposal, consult with DOD transportation authorities (MTMC, MSC, MAC, or other, as appropriate) to determine whether secure shipment from the CONUS point of origin to the ultimate foreign destination is feasible. Normally, the USG will use the DTS to deliver classified materials to the recipient government.

b. If secure shipment by the purchaser is feasible, the foreign purchaser or its designated representative shall be required to submit a transportation plan for movement of the classified materials from the freight forwarder facility to the recipient country to the DOD component for review and approval. The transportation plan will comply with the provisions of Table 503-4. Security officials of the DOD component that initiate the FMS transaction shall evaluate the plan to determine whether the plan adequately ensures protection of the highest level of classified material involved. Unless the DOD component initiating the FMS transaction approves the transportation plan, as submitted, or it is modified to meet U.S. security standards, shipment by other than DTS shall not be permitted. Transmission instructions (an alternative for shipment of classified materials) or the requirement for an approved transportation plan shall be incorporated into the security requirements of the LOA for FMS cases, or included with any contract, agreement, or other arrangement involving the release of classified material to foreign entities.

#### 10. Use of the DTS.

a. When Required. Exceptions to delivery policy will be noted on the LOA on a case-by-case basis and approved by DSAA (Operations Directorate) with concurrence of OUSD(A). Procedures for shipment via the DTS are contained in the Military Traffic Management Regulation and MILSTAMP, DOD 4500.32R. Shipment through the DTS to the point indicated for the shipment of the following types of items is authorized on a reimbursable basis with pricing in accordance with DOD 7290.3-M:

(1) Hazardous Sensitive Material. Firearms, explosives, lethal chemicals, and when required certain other hazardous material will be moved within the DTS or other U.S./DOD-arranged transportation under U.S./DOD control on a GBL. To meet these requirements, the LOA will require, delivery FOB Vessel/Aircraft, CONUS Port of Exit, Delivery Term Code 8. The onward movement of these items may be effected by purchaser-owned or controlled aircraft or purchaser-owned, operated or controlled surface vessels (see Paragraph (3) below). For FMS shipments of hazardous and sensitive materiel under the security assistance program, which normally must be shipped through the DTS, the Government of Canada (GOC) (or the freight forwarder as their representative) may ship these materials inland to Canada by Delivery Term Code 4 and CCBL, but the GOC must arrange for transportation of this materiel on approved DOD carriers through the DTS.

(2) Oversize Air Cargo. Air cargo of such size that the item exceeds commercial capability may be delivered to the overseas port of discharge through the DTS using military aircraft.

(3) Use of DOD Controlled Ports. FMS material which requires exceptional movement procedures, such as sensitive and as required certain hazardous material (as defined in DOD 4500.32-R, Vol. 1, Chapter 2, paragraph 12-15 Military Traffic Management Regulation Chapter 226 and Title 49 CFR Part 170-179 and 397, and DOD 5100.76M), will be shipped through CONUS water or aerial port facilities controlled by DOD. All material entering the DTS must be documented under DOD 4500.32-R, Vol. I and Vol. II. This will require that the terms of delivery of the LOA cite as a minimum, delivery FOB Vessel/Aircraft, CONUS Port of Exit, Delivery Term Code 8.

(4) Transportation Cost Look-Up Table. For specific approved items shipped in the DTS, DOD components are required to use the estimated actual transportation costs from the transportation cost look-up table in Appendix G. (Procedures for the development of the Look-Up Table are outlined in Appendix F.)

#### 11. Classified Shipments.

a. It is the policy of the United States Government to release classified military information to foreign governments and international organizations, when considerations relating to the foreign policy and military objectives of the U.S. indicate that the national interest will benefit from such action. Such releases must be consistent with the U.S. National Disclosure Policy (NDP).

b. The United States national interest requires that foreign recipients of U.S. classified military information and materiel provide substantially the same degree of security protection, to include transmission and transit storage procedures, given to the same information and materiel by the Department of Defense.

c. Shipment or transmission of classified materiel to foreign governments, either within the CONUS or outside of the U.S. must be on a government-to-government basis and in accordance with Chapter VIII of DOD 5200.1-R, *Information Security Program Regulation*. (See Chapter 5, Section II, Paragraph K, "Transmission of Classified Material to Foreign Governments.") This provision requires written designation of the security clearance of the recipient/agent to receive the materiel on behalf of the foreign country and the establishment and approval of a transportation plan prior to release of the materiel. Classified shipments of FMS materiel usually will be made within the DTS or by other U.S./DOD-arranged transportation modes which will provide the required security and enable the U.S./DOD to maintain control and custody of the materiel until delivery to the purchaser is made. For FMS shipments of classified materiel under the security assistance program, which normally must be shipped through the DTS, the Government of Canada (GOC) (or the freight forwarder as their representative) may ship these materials inland to Canada by Delivery Term Code 4 and CCBL, but the GOC must arrange for transportation of this materiel on approved DOD carriers through the DTS. DOD Directory 5105.38-D (MAPAD) lists certain freight forwarders who have been cleared to receive classified materiel which could be shipped FOB origin on a CBL if classified materiel is accompanied by an approved transportation plan.

#### 12. Discharge of FMS Materiel Moving Through the DTS.

a. The local U.S. military representative is responsible for supervision of the discharge at destination of FMS materiel and equipment moving through the DTS. This responsibility includes, but is not limited to:

- (1) Making arrangements for reception of the cargo,
- (2) Assuring the establishment by the purchaser of adequate procedures for checking the equipment and materiel against manifests and shipping documents,
- (3) Providing technical advice regarding proper discharge of cargo, and
- (4) Initiating transportation discrepancy actions and documents prescribed in AR55-28/NAVSUPINST 4610.33C/AFR 75-18/MCO 4610.19D, DLAR 4500.15, Reporting of Transportation Discrepancies in Shipments.

b. Where there are U.S. military forces positioned or deployed in areas that are receiving FMS materiel, and where these forces are supported by U.S. Military Terminal Units or Support Activities, arrangements may be initiated by the local U.S. military representative who may designate these units to act as the agent or representative of the local U.S. representative to accomplish the functions incident to the delivery of FMS materiel to the recipient country via the DTS.

c. If compliance with Paragraphs a(1) or (2) above is not feasible or possible, the responsible DOD components will amend all agreements for FMS materiel to provide that custody shall pass within CONUS and that transportation support beyond CONUS will be the responsibility of the purchaser. \*

### 13. Re-delivery Policy and Use of the DTS.

a. When a DOD component solicits the buy back of a defense item from an FMS purchaser, use of the DTS may be authorized if deemed appropriate by the cognizant DOD component with funding by that DOD component.

b. When a DOD component is requested by an FMS purchaser to buy back previously purchased defense articles, transportation normally should be arranged and funded by the FMS purchaser. Unsolicited buy backs of sensitive, hazardous and classified cargoes may be moved within the DTS, with reimbursement from the FMS customer, if deemed appropriate by the cognizant DOD component.

### 14. Government Bill of Lading.

a. Shipment via GBL is not authorized except when specified in the LOA and approved by the cognizant DOD component as an exception.

b. When the GBL is used, the DOD retains responsibility for the associated administration of processing claims against carriers or for obtaining proof of delivery at destination on movements to freight forwarders/country representatives, military controlled terminals, and commercial ports.

c. When a GBL is used, the DOD is performing a reimbursable service for the FMS purchaser and custody must not be construed to mean retention of title or acceptance by DOD of the risk of loss or damage.

15. CCBL or Prepaid Shipment to Freight Forwarder/Country Representatives. This procedure normally will be used for FMS shipments on movements to freight forwarders and country representatives. Purchasers will be informed by the DOD component concerned that they are responsible for: (1) acceptance and payment of CCBL shipments made in accordance with DD Form 1513 terms, (2) providing appropriate insurance coverage from the point of delivery to the carrier, and (3) in-transit accounting and settlement of claims against carriers. When shipment cannot be effected by collect CBL, due to tariff restrictions, refusal of carriers to accept collect freight shipments, or other reasons, the following are applicable:

a. Only when the LOA so authorizes may the shipping transportation office guarantee payment of charges on collect CCBLs, or;

b. The purchaser representative/freight forwarder may be requested to make "prepaid" arrangements with the carrier vice "collect."

**16. Procurement from Sources Outside the United States (Offshore).**

a. Pursuant to USG procurement procedures, under certain circumstances, FMS material may be procured outside the United States (Offshore).

b. Normally, the USG will require the offshore contractor to provide for movement of the articles to the CONUS freight forwarder or country representative indicated by the freight forwarder code annotated on the LOA.

c. As an exception to policy, the FMS customer may elect to have a freight forwarder, authorized to do business in the same country as the offshore contractor, arrange the transportation from the offshore contractor's facility to the customer's consignee. A customer country representative located in the same country as the offshore contractor may also be authorized to arrange transportation from the offshore contractor's facility to the customer's consignee.

d. The DOD component will endeavor to notify the FMS customer of articles to be procured offshore as soon as possible after identification of source and state that the article will be moved to the CONUS freight forwarder unless a request is received to accept delivery of the articles at the offshore contractor's facility. The customer request must be made within 20 days of the DOD component's notice of offshore procurement.

**C. Responsibilities of the USG.**

1. **Initiation of Shipments.** The USG will normally initiate shipments to freight forwarders, country representatives, or the CONUS Port of Exit in accordance with the transportation instructions inserted on the LOA.

2. **Evidence of Shipment.** The USG is required only to provide evidence of shipment. Any movement document or receipt, duly signed by a carrier representative, which shows that the U.S. has shipped or released the materiel in question to a carrier for shipment to the country's designated representative, constitutes evidence of shipment. Such documents generally show the quantity, national stock number, mode, date, transportation control number, notice of availability number/bill of lading/parcel post insured or registered number, addressee, vessel, or flight number (to the extent possible), name of shipper and carrier, etc. This information is essential for adjudication of ROD. If the freight forwarder has not received the advance copy of the bill of lading, and proof of delivery to a carrier is requested, a duplicate of the bill of lading or other appropriate documents establishing evidence of shipment will be provided to the customer representative.

3. **Proof of Delivery.** The term "proof of delivery" is construed to mean "constructive delivery" (tender of the materiel to a designated carrier at point of origin). Establishment of proof of delivery to a country destination is not the responsibility of the USG under a CCBL. The USG can only provide proof of delivery when movement was effected within the DTS or other transportation provided under USG auspices.

4. **Materiel Shipment.** Shipment of materiel is made by the DOD in accordance with the provisions of the implemented case and delivery term codes therein (including mode of shipment, if specified, and the offer/release code, at customer expense to the customer representative/freight forwarder designated in the MAPAD).

5. **Processing of Claims.** The applicable DOD component will provide necessary shipping information to assist customer representatives/freight forwarder in processing claims that may arise for lost or damaged shipments in the same manner it processes claims for USG-owned materiel. On all CCBL shipments, this assistance will be limited to administrative advice and provision of evidence of shipment and constructive delivery to the carrier, when requested by the purchaser representative/freight forwarder. When the discrepancy is determined attributable to the shipper, the Transportation Office that originated the shipment will initiate action to recover reparation for losses, damage, or destruction of property incident to shipment.

6. **Liaison Assistance.** The DOD components concerned will provide technical assistance and guidance to purchaser representative/freight forwarders in order to assist in any manner that will improve the transportation support in the best interests of the FMS program. Such assistance will include, but is not limited to, purchaser representative/freight forwarder orientation in FMS transportation policies and procedures, MAPAD information, MILSTRIP/MILSTAMP documentation, ROD processing, and resolution of specific transportation problems incident to U.S./DOD sponsored shipments. It is emphasized that the DOD components have no intervening authority in resolving purchaser/freight forwarder disputes or problems, nor in prescribing the manner in which freight forwarder activities are managed.

7. **Controlled Substances.** The export from the U.S. of FMS purchased materiel that is a controlled substance or narcotic drug shall be in accordance with the Controlled Substances Import and Export Act, 21 U.S.C. 951 et seq., and the procedures governing the exportation of controlled substances in 21.C.F.R. Part 1312. Prior to each export, the U.S. Military Services shall obtain the necessary import documents from the purchaser as provided by 21 U.S.C. 953(a)(3) and (e)(1). The Services shall submit the import documents to the Administrator of the Drug Enforcement Administration (DEA), Department of Justice, requesting the export permits be issued for the particular controlled substance or narcotic drug. Upon obtaining the export permit from the DEA, the Services are responsible for furnishing the Defense Personnel Support Center the export permit number, the expiration date of the export permit, and the port of exportation. This information will accompany the requisition. The Services are also responsible for ensuring that their FMS customers are aware that they must submit import documentation for controlled substance(s) or narcotic drug requisitions.

D. **Responsibilities of the Purchaser.** When the purchaser request has been established as a firm FMS case by acceptance of an LOA, the following management action should be accomplished by the purchaser:

1. **Employment of a Freight Forwarder.** If not established, the service of an international freight forwarder should be employed to accomplish those actions required to effect movement of FMS materiel to destination. The responsibilities which the purchaser elects to delegate to the freight forwarder should be clearly defined in the contract between the parties, and the action and operations of the freight forwarder, as pertain to the handling of FMS shipments, should be closely managed by purchaser representatives.

2. **Receipt, Handling, and Processing of Materiel.** These functions are the responsibility of the purchaser and are normally accomplished by the freight forwarder.

a. The purchaser should assure that the freight forwarder has adequate receiving and storage facilities for processing shipments of various configurations for onward movement, with materiel handling equipment required for loading/unloading of commercial carrier conveyances.

b. If the purchaser proposes to take delivery and custody of classified materiel in the United States and use its own facilities and transportation for onward shipment to its territory,

the foreign purchaser or its designated representative shall be required to submit a transportation plan for approval by DOD officials. The elements of a transportation plan are outlined in Figure 5-IV-4. This approval by the DOD component is required for the purchaser to receive, store, and transport classified materials.

3. **Export License.** The customer must obtain an Export License from the Department of State to authorize lawful export movement of purchased FMS materiel from the U.S. to the country, whenever the items sold are to be in the custody of a freight forwarder or other non-governmental party. This must be among the first management actions accomplished in order to assure that materiel is not delayed when ready for shipment. When shipments originate from a third country the purchaser will normally be required to obtain the necessary licenses and export documents.

4. **Title Transfer.** The USG normally transfers title to equipment and materiel to the purchaser at the CONUS point of origin where USG responsibility terminates. Movement from this point onward to the country destination is the responsibility of the purchaser.

5. **Export Declaration and Customs Clearance.** The purchaser must assure that export declaration (U.S. Department of Commerce Form 7525-V, Shipper's Export Declaration) are prepared for all FMS shipments and that such declarations are filed and validated by a Collector of Customs. After the declaration has been prepared, the shipment must be cleared through U.S. Exit Customs by submission of documents to the Collector of Customs or Export Control Officers. These actions are normally accomplished by the freight forwarder.

6. **Transportation.** The purchaser is responsible for arranging onward movement of materiel to destination, either by its own government carrier or commercial carrier. Cargo space must be obtained from and the shipment booked with an air or surface commercial carrier, materiel delivered to and loaded aboard the carrier, and applicable ocean bill of lading, air waybill, and/or manifests prepared. These actions are normally accomplished by the freight forwarder.

7. **Carrier Selection.** It is the purchaser's responsibility to clearly designate to the freight forwarder the mode of transportation and type of carrier desired for onward movement of materiel. Some purchasers prefer all movement aboard an air or surface carrier of the purchaser's flag registry. However, Public Resolution 17, 46 USC 1241-1, expresses the sense of Congress that export cargo generated as a result of loans made by Federal instrumentalities should be carried in U.S. flag vessels. FMS Loan Agreements, both DOD Direct and Federal Financing Bank (FFB) guaranteed, executed between the United States and foreign governments require that all items financed with these funds shall be shipped on U.S. flag vessels, unless an exception has been obtained by the purchaser from the DSAA or the Maritime Administration of the U.S. Department of Transportation. See Chapter 9 for detailed instructions on Marine Transportation Waiver Procedures. It is the customer's responsibility to notify its freight forwarder of the FMS case identifier related to the LOA utilizing loan funds and of any charges to accepted offers resulting in the use of loan funds, and to ensure that the shipment of materiel under these case identifiers is made on U.S. flag vessels. Cargo not purchased with U.S. loans may be moved utilizing purchaser-owned/operated aircraft or vessels when conditions permit this type of delivery (i.e., pilot pick-up by country-owned military aircraft or by naval vessels). In accordance with standard loan terms no loan proceeds may be used to pay ocean or air freight costs of carriage of defense items on vessels or aircraft of non-United States Registry, nor may such standard loan terms be waived. For additional information on approved carriers, the purchaser may contact the Military Traffic Management Command (MTMC). The MTMC point of contact is the Foreign Military Sales desk, Directorate of Inland Traffic, telephone number (202) 756-1870.



8. Overseas Customs Clearance. Upon receipt of formal documentation, the purchaser is responsible for effecting overseas customs clearance of all FMS materiel through its customs agencies upon receipt at the aerial or water port of discharge, and for arranging delivery to the appropriate destination.

9. Notice of Availability (NOA). If the authorized offer/release code specifies that the freight forwarder/country representative will be notified when materiel is ready for shipment, the purchaser will assure that the freight forwarder responds promptly to each NOA requesting shipping instructions. This will preclude undue holding and storage at the point of origin and will facilitate timely and orderly flow of materiel to the freight forwarder. Delays in response to NOA cause storage problems at origins and may result in storage charges to the purchaser.

10. Payment for Transportation Services. Many U.S. domestic carriers are reluctant to accept shipments on a commercial collect basis due to difficulty experienced in collecting freight charges, or are prohibited from accepting collect shipments for export due to carrier tariff bureau restrictions. The purchaser will assure that the freight forwarder effects prompt settlement of these freight charge accounts, through payment of charges upon delivery or establishment of credit arrangements with delivering carriers. The purchaser may consider the establishment of a specific address for payment of transportation charges in accordance with DOD 5105.38-D (MAPAD).

11. Follow-Up on Shipping Status. When the materiel manager furnishes shipping status, and materiel has not been received, the purchaser is responsible for conducting its own tracer action. Such action should be directed to the purchaser's freight forwarder to determine if the item has been received. If the item has been received and transshipped by the freight forwarder, it should be traced to the addressee. If the item has not been received by the freight forwarder, a request for shipping information should be sent to the activity from which shipment status was received to ascertain evidence of shipment. That activity will provide a copy of the bill signed by the carrier and all shipping information such as Transportation Control Number (TCN), bill of lading number, carrier, date of shipment, etc. Further follow-up should then be made to the freight forwarder to ascertain if the item has, in fact, been received. If the item is still missing, the purchaser should assure that the freight forwarder either starts tracer action with the carrier to locate the materiel, obtains proof of delivery, or makes a claim against the carrier for loss of the shipment on behalf of the purchaser.

12. Reconstitution of Lost FMS Shipment Documentation. If not successful after contacting the shipping agency or freight forwarder, the purchaser may request assistance in the reconstitution of lost FMS shipment documentation by contacting the following agencies:

U.S. Army

Address:  
U.S. Army Security Affairs Command  
New Cumberland Army Depot  
ATTN: AMSAC-OL/T  
New Cumberland, PA 17070-5096

Telephone:  
Commercial  
(717) 770-6843

U.S. Navy

Address:  
Navy International Logistics Control Office  
Freight Forwarder Assistance Office  
ATTN: Code 252  
Philadelphia, PA 19111-5095

Telephone:  
Commercial  
(215) 697-4142

**U.S. Air Force**

Address:  
Headquarters, Air Force Logistics Command  
ATTN: DSTTI  
Wright-Patterson AFB, OH 45433-5001

Telephone:  
Commercial  
(513) 257-3422

\*\*

**Defense Logistics Agency**

Address:  
Headquarters, Defense Logistics Agency  
ATTN: Code DLA-OT  
Cameron Station  
Alexandria, VA 22304-6100

Telephone:  
Commercial  
(202) 274-6754

13. **Claims for Loss or Damage.** The purchaser should assure that the freight forwarder can place claims for loss or damage of FMS materiel while in custody of the carrier, and that the purchaser is credited with an amount recovered. RODs covering shortages (non-receipt) should be submitted by the purchaser to the freight forwarder for review and response prior to submitting them to the appropriate DOD Component's Security Assistance Organization.

14. **Claims Against the DOD For Incorrect Shipment.** The purchaser agrees by acceptance of the LOA, to provide complete and timely supporting documentation for claims, if any, against DOD for those alleged improper or incomplete shipments which are not the responsibility of commercial carriers.

15. **Reparable Return Materiel.** All materiel returned to the U.S. Government for repair and return (repair, overhaul, servicing, etc.) should normally be shipped at purchaser expense and handled outside the DTS unless use of the DTS is authorized on the LOA. Shipments are normally moved through the freight forwarder, who is responsible for clearing the shipment through U.S. Customs and transshipping materiel prepaid to the designated CONUS repair facility. The purchaser should assure that all such reparable shipments are accompanied by appropriate shipping documents and a customs declaration, and that the purchaser's freight forwarder has the capability for receiving and transshipping such materiel.

16. **Insurance.** Unless a purchaser is self-insured, commercial insurance should be obtained to provide coverage against loss and damage of property, injury to or death of persons, or other transportation risks incurred while the purchaser's property is in custody of the freight forwarder, aboard any carrier, or transiting any port facility. This includes shipment of reparable materiel. It is recommended that any commercial insurance be placed with United States private firms, to the extent possible. Freight forwarders will normally be covered for liability insurance against injury or death of persons. Purchase of separate liability insurance by the customer would be a duplication.

17. **Updating the MAPAD.** This is a directory of purchaser representatives and freight forwarder addresses and codes ("Ship to," "Mark for") used by DOD shipping activities. It is essential that the purchaser maintain this directory in current status to assure delivery.

**E. Responsibilities of the Freight Forwarder.**

1. **General.** The services of an international freight forwarder are procured under contract by the purchaser for the purpose of receiving, processing, and transshipping FMS materiel. The purchaser is responsible for negotiating with the freight forwarder for services and for management of the functions related to handling of FMS materiel. The USG has no jurisdiction, nor responsibility for, accomplishing these functions. This paragraph lists actions and

responsibilities considered by the USG as essential to provide the purchaser with the most effective transportation support required for delivery of its FMS materiel. Requirement of these services and delegation of responsibility for accomplishment are entirely at the discretion of the purchaser. The freight forwarder should be provided appropriate export and import licenses for all FMS cases for materiel expected to be handled.

2. Warehousing and Storage Facilities. Adequate warehousing facilities should be available for segregated receipt, processing, and temporary storage of materiel from the time of delivery from one carrier until transshipped by another. Suitable materiel handling equipment is required for off-loading and loading commercial carrier equipment. This is required since most shipments will be offer release coded "A" for automatic release/shipment.

3. Receipt or Staging of Materiel. When materiel is delivered by the commercial carrier, inspection should be made immediately to assure that the number of pieces and identification of materiel corresponds with items listed on the shipping documents. If there is shortage, damage, or pilferage, the transportation documentation should be annotated accordingly to substantiate claim action against the carrier. If there are discrepancies, hold the materiel in a designated-area, pending resolution of claim action. If the shipment checks out with no apparent discrepancy, the carrier will be released and materiel moved to staging area or designated collection point for further processing.

4. Processing Materiel for Transshipment. The processing of materiel for onward delivery should include, but not be limited to, the following:

a. Advance Copies of DD Form 1348-1.

(1) Hold advance copies of DD Form 1348-1 and DD Form 250 in suspense file pending receipt of materiel.

(2) Match the advance copies of DD Form 1348-1/DD Form 250, or those received after receipt of materiel, with the actual case contract (i.e., items ordered) or with documentation received with the shipment, by TCN/document number, NSN quantity, case number, "Mark for" address, or any other element of identification that will assure that shipment received is fully identified with an appropriate FMS case and actually destined for movement to the purchaser represented.

b. Discrepancies. Document materiel discrepancies on Standard Form 364, ROD for submission to the customer representative.

c. Marking Verification. Examine exterior markings on the shipping containers to ascertain that markings are correct and adequate to fully identify the shipment upon receipt of the materiel by the requisitioner at the destination.

d. Documentation. Assure that the accompanying documents remain intact in the Packing List Envelope affixed to the exterior of the containers to facilitate ready identification and processing by the in-country recipient. Appropriate documentation should be prepared for each shipment; i.e., bills of lading, air waybills, air or ocean manifests, customs declaration and clearance documents, or other required documentation.

e. Shipping Container Adequacy. Examine all shipping containers for adequacy to withstand handling, storage, and movement risks incurred for the air or surface over-ocean type of transportation selected.

f. **Recooperage.** Repackage, recrate, or reinforce inadequate containers. The freight forwarder should have a recooperage capability in connection with the processing facility for accomplishing these actions. Although an export pack is prescribed for FMS shipments, some shipments may be domestic pack for CONUS delivery only, or small parcel post shipments may not conform to export packaging specifications. Some packages may burst open, be crushed, or weak due to rough handling but with no apparent damage to contents. When, in the opinion of the freight forwarder, the shipment will not withstand further handling and over-ocean movement, it should be repackaged. This is normally a freight forwarder service to provide adequate onward protection to the property, and the purchaser is responsible for any legitimate costs.

g. **Package Consolidation.** Small packages should be consolidated into larger containers, by case, priority, and final destination, to the extent possible. The new shipping container should have proper markings for identification at destination.

h. **Priority Transportation.** Packages marked for priority delivery normally should be air transported.

5. **Containerization.** Cargo should be loaded in Seavan or Sealand type containers to minimize loss, damage, and pilferage, if the freight forwarder or the purchaser at the overseas port of discharge can offload from containers and forward cargo to its destination. A complete listing of all shipments containerized should be provided.

6. **Transportation Arrangements.**

a. **Book Cargo Space.** Cargo space should be obtained and shipment booked with the selected air or surface carrier.

b. **Delivery to Carrier.** Cargo should be delivered to and loaded aboard the air or surface carrier.

c. **Documentation.** All movement documentation should be provided upon tender of the shipment to the designated carrier. When materiel has been loaded aboard the carrier, copies of all documentation should be sent to the purchaser as expeditiously as possible.

d. **Sensitive Hazardous or Classified Materiel.** Arrange with all shippers to have customer representative on hand to sign, at the site of or aboard ship or plane, for sensitive, applicable hazardous cargo, or classified cargo that is marked for Delivery Term Codes 3 and 8.

e. **Shipment via U.S. Carrier.** Arrange for shipment via U.S. flag vessel when materiel to be shipped has been identified as being funded under a loan arrangement.

7. **Customs Clearance.**

a. **U.S. Department of Commerce Form 7525-V.** Export declaration (U.S. Department of Commerce Form 7525-V, Shipper's Export Declaration) must be prepared for all FMS shipments (except DTS).

b. **Customs Clearance.** After the declaration has been prepared, exit customs clearance must be effected by submission of documents to the Collector of Customs or Export Control Officers. Assistance should be rendered to the purchaser in the provision of documentation to effect clearance through the purchaser customs agencies. Customs clearance is addressed further in Chapter 5, Section IV, this Manual.

c. **Bills of Lading.** The freight forwarder is responsible for obtaining and submitting bills of lading connected with the export and attending to certain other formalities, such as consular invoices, certificates of origin, and other required documents.

d. **Reporting to Department of Commerce.** All export of FMS materiel will be reported to the U.S. Department of Commerce as required by federal statute.

8. **Payment for Transportation Services.** When FMS materiel is shipped to the freight forwarder on a CCBL, prompt settlement of freight charge accounts should be effected. This should be through payment of charges upon delivery or establishment of credit arrangements with delivering carriers.

9. **Claims.** The freight forwarder/country representative is responsible for filing claims against commercial carriers on behalf of the purchaser for loss, damage, shortages (non-receipt), and pilferage of materiel while in their custody. The purchaser will be credited with any reparation claim action.

10. **Return of Reparable Materiel.** There should be the capability to receive materiel returned from the purchaser for repair, overhaul, or servicing, clear it through U.S. Customs, and forward it prepaid to the designated CONUS repair facility. After repair, materiel will be shipped to or through arrangement of freight forwarder in accordance with normal delivery procedures.

11. **Insurance.** Commercial insurance coverage should be provided for protection of all purchaser-owned FMS materiel while in custody of the freight forwarder, aboard any carrier, or transmitting any port facility unless the purchaser is a self-insurer.

12. **Notice of Availability (NOA).** If the offer/release code specifies prior notification when materiel is ready for shipment, the freight forwarder should provide expeditious response to each NOA requesting shipping instructions. Any alternate shipping instructions, such as a different carrier mode, shipping address, port or consignee other than that specified in the MAPAD, will be observed. Instructions for holding the materiel until a specified future delivery or until availability of a vessel will not ordinarily be honored, as the DOD shipping activities should not be used as storage facilities for the convenience of freight forwarders or the purchaser. Items held for over 15 days are subject to a USG charge.

13. **Tracer Action.** Every assistance possible will be provided the purchaser on follow-up tracing of specific materiel shipments. The purchaser should be provided all receipt and transshipment data. If no record of receipt is indicated and the purchaser provides evidence of shipment from the shipping activity, tracer action will be initiated with the carrier and the purchaser informed of findings.

14. **Multiple Deliver Addresses.** Shipments will be made only to the single address specified in the MAPAD or in the official response to the NOA. Delivery is authorized only to the consignee indicated on the bill of lading. Any further reconsignment, diversion, storage, or other deviation directed by a freight/forwarder that results in additional costs will be at the freight forwarder/purchaser expense.

15. **Discrepancy Reporting.** The purchaser representative will advise by means of SF Form 364, ROD of any discrepant shipments; i.e., misaddressed shipments, erroneous documentation, faulty marking that precludes identification, or any other discrepancy that appears to be the responsibility of the USG. Faulty packaging will be reported with pictures if possible, to accompany the SF 364. The purchaser representatives will take action with the appropriate MILDEP security assistance activity.

80206.E.16.

16. **Pilot Pick-up of Materiel.** When the freight forwarder is advised that a purchaser-owned/operated aircraft is scheduled into the CONUS to pick-up purchaser-owned property from the freight forwarder, arrangements should be made with the DOD Aerial POE for loading the purchaser's aircraft. Materiel will be transported at freight forwarder expense Free-Along-Side (FAS) the aircraft. Any loading, off-loading, or handling services performed by DOD personnel will be reimbursed by the purchaser. If storage of materiel is necessary prior to loading date/time, off-base storage facilities will be required. Under no circumstances will U.S. military facilities or personnel be used for storage and handling of purchaser-owned property, or loading/unloading of the purchaser aircraft, unless specifically authorized by the applicable Military Department and funding is arranged.

17. **Administrative Responsibility.** The freight forwarder is responsible for accurate files on all FMS transactions. This includes, but is not limited to, due-in files, advance shipping documents, NOA and response, receiving documents, shipping manifests, bills of lading, customs clearance documents, tracer actions, claims actions, container listings, accurate listings of reimbursable expense, invoices, and other documents or correspondence related to the shipments. Sufficient information should be on file to respond to query of the customer on any shipment.

18. **Reporting System.** A reporting procedure should be devised by the freight forwarder to keep the purchaser representative advised of the current status of FMS shipments. The system should include advance notice of shipments due-in, receipt of shipment, processing status, anticipated forwarding date, vessel name, voyage number, itinerary, and estimated date of arrival at port of discharge. When shipments identified to a specific case, this will enable the purchaser to plan the receipt in advance and minimize the necessity of tracking individual shipments.

19. **Control of Shipments.** The freight forwarder should maintain complete visibility control over each FMS shipment, from the date of receipt from the carrier, through processing and staging, until finally shipped to the purchaser. This will provide the location and status of the shipment in the system at all times and facilitates immediate response to any query concerning the materiel. In effect, the freight forwarder acts as a traffic manager for the movement of FMS materiel for the purchaser.

20. **Notice of Address Change to MAPAD.** This is the only source directive in use by DOD shipping activities to determine current shipping addresses. The freight forwarder should immediately advise the purchaser representative when any address for receipt of materiel or documentation is to be changed, preferably 60 days in advance of the change. This will enable the purchaser representative to initiate action with Defense Automatic Addressing System Office (DAASO) to have the revised addresses immediately disseminated to shipping activities and published in the MAPAD. Direct requests from the freight forwarder to shipping activities for address changes are not authorized. It is important that address changes be made immediately to keep the MAPAD current and preclude misdirected shipments.

## TABLE 802-1

## POTENTIAL SOURCES FOR LISTING OF FREIGHT FORWARDERS

American Import & Export Bulletin  
North American Publishing Company  
41 East 42nd Street  
New York NY 10017-5200

Shipping Digest, Inc.  
25 Broadway  
New York NY 10004-1010

Department of Transportation  
400 Seventh Street SW  
Washington DC 20590-0001

National Customs Brokers & Forwarders  
of America, Inc.  
One World Trade Center, Suite 1109  
New York NY 10048-0395

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TABLE 802-1. Potential Sources for Listings of Freight Forwarders.

TABLE 802-2

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# **FINANCING REPORTS OF DISCREPANCY WHEN THE U.S. GOVERNMENT IS LIABLE**

## **A. GUIDELINES ON THE SOURCE OF FUNDING FOR PAYMENT OF VALID CLAIMS**

1. Information. The following are guidelines regarding the source of funding for payment of valid claims related to FMS shipments when the USG is found liable.

Nature of Discrepancy	FMS Administrative Funds	U.S. Government Appropriation
1. Defective or Deficient Materiel (item deficiency)		
a. From Procurement**	Not applicable, except in cases where U.S. action or inaction causes inability of the FMS customer to obtain satisfaction from the contractor.	Not applicable
b. From Stock	Transportation of materiel for rework or disposal, or, if more cost effective, travel and per diem costs of rework team.  The cost of testing defective items when it is necessary in order to service the FMS customer.	Applicable USG appropriation or fund is responsible for (1) replacement without additional charge, (2) refund to the customer account, or (3) repair or rework of defective items issued to FMS customers (except as indicated under "FMS Administrative Funds" heading).
2. Damaged Materiel*		
a. From Procurement**	Not applicable, except in cases where U.S. action or inaction causes inability of the FMS customer to obtain satisfaction from the contractor.	Not applicable

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**TABLE 802-2. Financing Reports of Discrepancy when USG is Liable.**



b. From Stock	<p>Transportation of materiel for rework or disposal, or, if more cost effective, travel and per diem costs of rework team.</p> <p>The cost of testing damaged materiel when it is determined to be necessary in order to service the FMS customer.</p>	<p>Applicable USG appropriation or fund is responsible for (1) replacement without additional charge, (2) refund to the customer account, or (3) repair or rework of defective items issued to FMS customers (except as indicated under "FMS Administrative Funds" heading).</p>
<p>3. Materiel Not Received* (nondelivery, shortage)</p>		
a. From Procurement**	<p>Not applicable, except in cases where U.S. action or inaction causes inability of the FMS customer to obtain satisfaction from the contractor.</p>	Not applicable
b. From Stock	<p>Not applicable, except in cases where U.S. action or inaction causes inability of the FMS customer to obtain satisfaction from the carrier, and the shipping activity produces receiving reports/proof of delivery to the carrier. (DOD policy requires that receiving reports/proof of shipment be obtained whenever materiel is released to a common carrier, including the U.S. Post Office). When materiel is delivered through DTS, the MAAG or its designated representative is required to receipt for the FMS/MAP material. These procedures make it possible to identify responsibility for any loss of materiel in transport. FMS</p>	<p>If an item arrived short or is not delivered (e.g., short unit pack, misdirected shipment) and the liability, (i.e., when the shipping activity is unable to produce receiving reports/proof of delivery) then the shortage or misdirection is determined to have occurred at the point of origin and will be absorbed by the applicable U.S. appropriation. In those instances, a credit may be given to the FMS customer's account and charged to the USG appropriation which was initially credited as a result of such transaction. Misdirected shipments not returned to stock will be absorbed as an inventory</p>

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**TABLE 802-2. Financing Reports of Discrepancy when USG is Liable.**

administrative funds may be used only when it is specifically substantiated that the USG failed to meet its responsibility relative to the shipment of the materiel except as indicated under "U.S. Government Appropriation/Funds," heading.

loss against the applicable USG materiel account. If USG-owned GFE, which is to be incorporated into an end-item, is lost or damaged during shipment to the contractor (i.e., prior to incorporation into the end-item) then the customer's funds will be used to absorb the applicable cost. Recognition should be given to the possibility that a "lost" GFE shipment may be lost only on the accounting records but still physically in the USG's possession. In instancesd where this is probable, no charge should be made to the purchaser for "lost" GFE.

#### 4. Overage\*

##### a. From Procurement\*\*

Not applicable unless the USG is responsible for the overage.

Not applicable

##### b. From Stock

Costs to transport excess items back to stock or to disposal. If claimed by the customer, costs to transport excess items issued to the country. Note: Out-of-pocket costs of packing, crating and handling, (PCH), if claimed, will be paid from PCH funds.

If billed and customer does not want the items, amounts for excess items to the FMS charged will be refunded to customer account and the appropriate USG appropriation fund will be charged. Overage items not returned to stock will be absorbed against the applicable USG materiel property account as an inventory loss.

#### 5. Improper Identification (incorrect item, i.e., nonsubstitutable item)

##### a. From Procurement\*\*

Not applicable unless the USG is responsible for the problem.

Not applicable

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TABLE 802-2. Financing Reports of Discrepancy when USG is Liable.

b. From Stock	When the incorrect item is not returned, the cost of issuing the correct item or providing a customer refund will be absorbed by the FMS Administrative Fund. On the other hand if the incorrect item is returned, then the appropriate adjustments within the USG accounts should be effected and only the next additive costs should be absorbed by the FMS Administrative Fund. Note: Out-of-pocket costs of PCH, if claimed, will be paid from PCH funds.	Applicable USG appropriation/fund is responsible for issue of correct items without additional charge to the FMS customer. If the correct item is not available for issue, the refund to the customer account will be charged against the appropriate USG appropriation/fund which was initially credited as a result of such transaction. Incorrect items issued and not returned to stock will be absorbed against the applicable USG materiel property account as an inventory loss.
6. Improper Documentation		
a. From Procurement**	Not applicable unless the USG is responsible for improper documentation.	Not applicable
b. From Stock	When the incorrect item is not returned, the cost of issuing the correct item or providing a customer refund will be absorbed by the FMS Administrative Fund. On the other hand, if the incorrect item is returned, then the appropriate adjustments within the USG accounts should be effected and only the net additive costs should be absorbed by the FMS administrative	Applicable USG appropriation/fund is responsible for issue of properly documented items without additional charge to the FMS customer. If the properly documented item is not available for issue, the refund to the customer account will be charged against the appropriate USG appropriation/fund which was initially credited as a result of such transaction. Improperly documented items

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TABLE 802-2. Financing Reports of Discrepancy when USG is Liable.

fund. Note: Out-of-pocket costs of PCH, if claimed, will be paid from PCH funds.

which are not returned to stock will be absorbed against the applicable USG material property account as an inventory loss.

## 7. Duplicate or Erroneous Billing

a. From Procurement\*\*      Not applicable

Erroneous or duplicate charges will be corrected, i.e., refund (where appropriate) or adjustment to customer account. Adjustments will be charged against the appropriate USG appropriation, fund or the customer account when appropriate.

b. From Stock      Not applicable

Erroneous/duplicate charges will be corrected, i.e., refund (where appropriate) or adjustment to customer account. Adjustments will be charged against the appropriate USG appropriation/fund or the customer account when appropriate.

8. Loss of Customer Item in Inventory (provided for fabrication, assembly or rework)

When the item is no longer maintained in the USG inventory, the USG cannot benefit from retaining the item. In this instance the FMS Administrative Fund is the appropriate source for customer reimbursement.

If the item is currently maintained in USG inventory and the loss is bookkeeping or inventory control loss, the item is still physically available and should be replaced from U.S. assets or appropriate credit provided from USG funds.

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\* Claims of \$100 or less will not be reported for:

1. Overages
2. Shortages (includes nonreceipt)
3. Damages

\*\* Procurement includes both "fast pay" and other procurement contracts.

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**TABLE 802-2. Financing Reports of Discrepancy when USG is Liable**

**SECTION 803 - RESERVED FOR FUTURE USE**

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

**SECTION 804 - AMENDMENTS AND MODIFICATIONS****80401 GENERAL.**

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

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

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

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

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

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

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

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**80402 DD FORM 1513-1 - AMENDMENTS TO LOAs.****A. General.**

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

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

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

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

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

2. The LOA value is increased. \*

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

4. Amendment is outside parameters in C. below.

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

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

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

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

4. Changes in article or service configuration which do not substantially increase capability. \*

5. A change in transportation delivery code(s), resulting in increased costs to the purchaser but does not cause an overall LOA value increase. \*\*

6. Changes to FMSO cases which do not change fund levels or the range of items to be ordered. \*

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

**A. General.**

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

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

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

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

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

- (1) Estimated total costs increase by ten percent,
- (2) The payment schedule changes, or
- (3) Significant delivery delays occur.

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

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

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

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

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

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



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

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

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

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

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

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

4. Delivery commitment extensions of more than 90 days.

\*\*

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

1. Price increases not otherwise requiring countersignature as discussed in B above.

\*

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

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

\*

4. Addition to or revision of clarifying notes.

\*

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

\*

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

\*

TABLE 804-1

UNITED STATES DEPARTMENT OF DEFENSE AMENDMENT TO OFFER AND ACCEPTANCE				(1) PURCHASER (Name and Address) (Zip Code)				
(2) PURCHASER'S REFERENCE		(3) AMDT NO.		(4) CASE IDENTIFIER				
<b>OFFER TO AMEND</b>								
Pursuant to the Arms Export Control Act, the Government of the United States (USG) hereby offers to amend the above case for the purchase of defense articles and defense services subject to all other terms and conditions of the original case remaining unchanged.								
(5) _____ Signature (US Dept./Agency Authorized Representative)			(10) _____ Countersignature (Office of the Comptroller, DSAA) (Date)					
(6) _____ Typed Name and Title			(11) _____ Typed Name and Title					
(7) ADDRESS: _____ _____ _____			_____ _____ _____					
(8) DATE: _____			_____					
(9) THIS OFFER TO AMEND EXPIRES _____								
NOTE: This Amendment to Offer must be accepted not later than the date shown in block 9. Within five (5) days of its acceptance, you must so notify the Office of the Comptroller, DSAA. Otherwise, this Amendment to Offer is cancelled and retention of Initial deposit by offerer pending disposition instructions shall not be deemed a waiver of such cancellation. Request prompt notification if this offer is rejected.								
(12) DESCRIPTION AND REASON(S) FOR AMENDMENT:								
ITEM OR REF NO (13)	ITEM DESCRIPTION (Including Stock Number if applicable) (14)	QUANTITY (15)	UNIT OF ISSUE (16)	ESTIMATED		AVAILA- BILITY AND REMARKS (19)	OFFER RE- LEASE CODE (20)	DE- LIVERY TERM CODE (21)
				UNIT COST (17)	TOTAL COST (18)			
				(a) PREVIOUS COST		(b) AMENDED COST		
(22) ESTIMATED COST				\$		\$		
(23) ESTIMATED PACKING, CRATING, AND HANDLING COSTS				\$		\$		
(24) ESTIMATED GENERAL ADMINISTRATIVE COSTS				\$		\$		
(25) ESTIMATED CHARGES FOR SUPPLY SUPPORT ARRANGEMENT				\$		\$		
(26) OTHER ESTIMATED COSTS (Specify)				\$		\$		
(27) ESTIMATED TOTAL COSTS				\$		\$		
(28) TERMS								
<b>ACCEPTANCE OF AMENDMENT</b>								
(29) I am a duly authorized representative of the Government of _____ and upon behalf of said Government								
accept this offer to amend under the terms and conditions contained herein (30) this _____ day of _____ 19 _____								
(31) TYPED NAME AND TITLE					(32) SIGNATURE			

DD FORM 1513-1  
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PAGE 1 OF PAGES

Table 804-1, United States Department of Defense Amendment to Offer and Acceptance (DD Form 1513-1)

**INSTRUCTIONS FOR PREPARING THE UNITED STATES DEPARTMENT OF DEFENSE  
AMENDMENT TO OFFER AND ACCEPTANCE (DD FORM 1513-1)**

**A. BLOCK (1) PURCHASER.**

1. For a country, enter "Government of (name of country)" and show the office and address of the purchaser's activity designated to receive the LOA ( e.g., Defense Attache, 1111 24th Street, N.W. Washington D.C. 20301).

2. For an international organization, enter the title of the organization along with the appropriate office and address.

**B. BLOCK (2) PURCHASER'S REFERENCE.** A reference will always be shown. The reference may be a letter, telegram, conference, meeting, oral request, etc. The reference will always include any pertinent data (e.g., letter serial, number, message date time group. In the event that the reference is from other than the purchaser, delete the word "Purchaser" and indicate the source of the request.

**C. BLOCK (3) AMENDMENT NUMBER.** Enter a consecutive "numerical" amendment number. Do not reuse a number once it has been assigned to an Offer to Amend. When an offer is allowed to expire and a subsequent amendment is issued, it will be annotated to show that the preceding amendment was not accepted by the purchaser.

**D. BLOCK (4) CASE IDENTIFIER.** Enter the appropriate country code, implementing agency code and case designator (e.g., UK-P-DLG).

**E. BLOCK (5) SIGNATURE.** This block should be filled in by an authorized DOD component representative prior to forwarding the amendment to the DSAA Comptroller for the required countersignature.

**F. BLOCK (6) TYPED NAME AND TITLE.** Type or stamp the name and title of the U.S. representative who signed Block(5).

**G. BLOCK (7) ADDRESS.** Enter the name of the issuing organization along with the address.

**H. BLOCK (8) DATE.** Enter the day, month, and year that the Amendment is submitted to the DSAA for countersignature.

**I. BLOCK (9) THIS OFFER EXPIRES.** Enter the appropriate date, normally 85 days from the date in Block (8).

**J. BLOCK (10) COUNTERSIGNATURE.** The authorized representative for countersignature within the DSAA Comptroller will sign all DD Form 1513-1s within this block except as specifically exempted in Chapter 8. Signature will not occur unless all the necessary information is contained on the DD Form 1513-1, and all required attachments are furnished. Amendments exempted from countersignature should contain the following implementing agency entry: " Not Required: SAMM, Paragraph 80401.B, Date Reviewed (Enter Date)."

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Table 804-1 (continued)

K. BLOCK (11) TYPED NAME AND TITLE. Type the name and title of the DSAA Comptroller authorized representative for countersignature who signed Block (10).

L. BLOCK (12) PURPOSE OF THE AMENDMENT. Describe the purpose of the amendment; e.g., to add a new line and adjust costs accordingly. Enter the acceptance date of the basic LOA being amended. Do not rely on this block for any required amendment action. Details must be entered in Block (13) through (21).

M. BLOCK (13) ITEM OR REFERENCE NO. Enter reference to a specific part of the basic case or previous amendment; e.g., Item 1, Atch 2, basic; Item 1, Block (19), Amendment 2.

N. BLOCKS (14) THROUGH (19). Enter complete description of amended items. Describe whether the action is an addition, modification, or deletion. If there is a cost change, also enter the amount of increase or decrease. If a previous offer to amend has expired, explain and indicate that an affect on cost does not apply to the amendment being processed. Do not make such entries for unaccepted and unexpired offers to amend.

O. BLOCKS (20) AND (21) OFFER AND RELEASE CODE AND DELIVERY TERM CODE. Fill in as appropriate in accordance with the instructions contained in Table 701-2.

P. BLOCKS (22) THROUGH (27).

1. In column (a), enter complete information from the previous accepted document (DD Form 1513 or DD Form 1513-1). In column (b) enter new costs.

2. Care should be taken when computing entries in Blocks (23) through (26) that administrative and accessorial charges are applied only to the appropriate items. If the administrative or accessorial charges are revised, do not show the percentage rate used in determining the cost contained in the applicable block.

Q. BLOCK (28) TERMS. Enter the original terms of sale or any changes thereto. If the sales agreement is to be financed by a combination of sources of financing, each term of sale and applicable amount will be cited.

R. BLOCKS (29) THROUGH (32). These blocks should be filled in by the purchaser. Signed copies of the DD Form 1513-1 must be returned in order to complete acceptance. If terms remain, or are changed to "Cash with Acceptance" an appropriate payment must be received with the completed documents.

**NOTE THE FOLLOWING INFORMATION  
BEFORE SUBMISSION OF THIS AMENDMENT FOR COUNTERSIGNATURE.**

1. The DSAA Comptroller (FMS Control Division) is the point of entry within DSAA for coordination and countersignature of LOAs, LOIs (and amendments thereto), and notices to LOAs. In connection with the countersignature process, DSAA coordination will be accomplished by DSAA-OPS. See Paragraphs 70103.I and J.

2. Submit for countersignature to the DSAA Comptroller (FMS Control Division) all DD Form 1513-1s, except as specifically exempted in this section, with the original and two copies (three copies for FMS credit or MAP financed cases).

---

Table 804-1 (continued)

3. Attach a Financial Annex to all DD Form 1513-1 except FMSO I cases, which result in changes to the payment schedule.
4. Indicate the date of acceptance of the basic case. The acceptance date is the date the DD Form 1513 is signed by the customer representative. The acceptance date should be conspicuously annotated in the upper right-hand corner of Block 12, Description and Reason(s) for Amendment; e.g. "Basic case accepted 25 Aug 1980".
5. Before notifying the customer of a change to cost or increase in scope prior to acceptance, obtain approval from DSAA/Operations.
6. Whenever a DD Form 1513-1 increases the original case value by more than \$50,000, the DD Form 1513-1 will be treated as a new case. Therefore, the DD Form 1513-1 information must be entered in the LOR system in the same way the information was entered for the original DD Form 1513.
7. Attach a TLW for each case of \$7 million or more that meets the criteria in Paragraph 70103.H.3.b.
8. Attach a financial analysis worksheet for each line item (end item or services) with a total case value of \$14 million or more, as required. Reference paragraph 70103.H.3.a.(2).
9. Amendments to LOAs reported to the Congress [Sec. 36(b), AECA] will; include below Block 11 the latest identifying DSAA transmittal Number used in the Statutory Notification (e.g., 85-29).
10. The name and telephone number of the action officer responsible for the preparation of the DD Form 1513-1 should appear at the bottom of all copies submitted to the DSAA for countersignature, excluding the original.

---

Table 804-1 (continued)

TABLE 804-2

UNITED STATES DEPARTMENT OF DEFENSE NOTICE OF MODIFICATION OF OFFER AND ACCEPTANCE				(11) PURCHASER (Name and Address) (ZIP Code)		
(2) PURCHASER'S REFERENCE		(3) NOTICE NO.	(4) CASE IDENTIFIER			
<b>NOTICE OF MODIFICATION</b>						
Pursuant to the Arms Export Control Act, the Government of the United States (USG) hereby notifies the purchaser of modification of the above designated case. All other terms and conditions of the original case remain unchanged.						
(5) SIGNATURE (US Dept./Agency Authorized Representative) (6) Typed Name and Title (7) ADDRESS (8) DATE:				(9) COUNTERSIGNATURE (Office of the Comptroller, DSAA) (Date) (10) Typed Name and Title		
(11) DESCRIPTION OF AND REASON(S) FOR MODIFICATION						
ITEM OR REF NO (12)	ITEM DESCRIPTION (Including Stock Number, if applicable) (13)	QUANTITY (14)	UNIT OF ISSUE (15)	ESTIMATED		AVAILABILITY AND REMARKS (18)
				UNIT COST (16)	TOTAL COST (17)	
RECAPITULATION OF TOTAL DD FORM 1513 (Or 1513.1)				(a) PREVIOUS COST		(b) REVISED COST
(119) ESTIMATED COST		\$				\$
(120) ESTIMATED PACKING, CRATING AND HANDLING COSTS		\$				\$
(121) ESTIMATED GENERAL ADMINISTRATIVE COSTS		\$				\$
(122) ESTIMATED CHARGES FOR SUPPLY SUPPORT ARRANGEMENT		\$				\$
(123) OTHER ESTIMATED COSTS (Specify)		\$				\$
(124) ESTIMATED TOTAL COSTS		\$				\$
ACKNOWLEDGEMENT OF RECEIPT						
(125) I am a duly authorized representative of the Government of _____ and upon behalf of said Government acknowledge receipt of this notice of modification (26) this _____ day of _____ 19____						
(127) TYPED NAME AND TITLE				(128) SIGNATURE		

DD FORM 1513-2

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PAGE 1 OF PAGES

Table 804-2, United States Department of Defense Notice of Modification of Offer and Acceptance (DD Form 1513-2)

TABLE 804-2

(28) CONTINUATION
<p style="text-align: center;">REMARKS</p> <p>1. DD Form 1513-2 is utilized to record modifications to an existing DD Form 1513 and any related amendments thereto, but only for those modifications which do not constitute a change in scope. Modifications appropriate for DD Form 1513-2 include all notifications of price increases and related changes in payment schedules.</p> <p>2. Changes in scope of a DD Form 1513 require a formal amendment, utilizing DD Form 1513-1. Such changes are those which affect the type or number of major items and/or services to be provided or which significantly alter system configuration or functions. Such changes must be made by utilization of DD Form 1513-1.</p> <p>3. DD Form 1513-2 does not require acceptance by the recipient country (customer) but merely acknowledgement of receipt. (DD Form 1513-1 does require acceptance).</p> <p>4. All terms and conditions of an existing DD Form 1513 and any related amendments thereto not specifically noted to be modified by a DD Form 1513-2 are understood to remain unchanged and in effect.</p>

Table 804-2, United States Department of Defense Notice of Modification of Offer and Acceptance (DD Form 1513-2)

**INSTRUCTIONS FOR PREPARING THE UNITED STATES DEPARTMENT OF DEFENSE  
NOTICE OF MODIFICATION OF OFFER AND ACCEPTANCE (DD FORM 1513-2)**

**A. BLOCK (1) PURCHASER.**

1. For a country, enter "Government of (name of country)" and show the office and address of the purchaser's activity designated to receive the Note of Modification of Offer and Acceptance ( e.g., Defense Attache, 1111 24th Street, N.W. Washington D.C. 20301).

2. For an international organization, enter the title of the organization along with the appropriate office and address.

**B. BLOCK (2) PURCHASER'S REFERENCE.** A reference will be shown when appropriate. A reference may be a letter, message, conference, meeting, oral request, etc. The reference will always include a date.

**C. BLOCK (3) NOTICE NO.** Use numbers in consecutive sequence. Do not mix Notice Numbers with Amendment Numbers. Number of Amendments (DD Form 1513-1) and Notices (DD Form 1513-2) are independent, thus a possible sequence of events might be: (1) Letter of Offer, (2) Notice 1; (3) Amendment 1; (4) Notice 2; (5) Amendment 2.

**D. BLOCK (4) CASE IDENTIFIER.** Enter the appropriate country or international organization code, implementing agency code and case designator (e.g., UK-P-DLG).

**E. BLOCK (5) SIGNATURE.** This block should be filled in by an authorized representative.

**F. BLOCK (6) TYPED NAME AND TITLE.** Type or stamp the name and title of the U.S. representative who signed Block(5).

**G. BLOCK (7) ADDRESS.** Enter the name of the issuing organization along with the address.

**H. BLOCK (8) DATE.** Enter the day, month, and year.

**I. BLOCK (9) COUNTERSIGNATURE.** The authorized representative for countersignature within the DSAA Comptroller will sign all DD Form 1513-2's within this block except as specifically exempted in this chapter. Signature will not occur unless all the necessary information is contained on the DD Form 1513-2, and all required attachments are furnished. Modifications exempted from countersignature should contain the following implementing agency entry: " Not Required: SAMM, Paragraph 80403.C., Date Reviewed (Enter Date)." \*

**J. BLOCK (10) TYPED NAME AND TITLE.** Type the name and title of the DSAA Comptroller authorized representative for countersignature who signed Block (9).

**K. BLOCK (11) DESCRIPTION OF AND REASONS FOR MODIFICATION.** Describe briefly the modification(s) and the reason(s) for the modifications(s). Such information should be sufficiently clear, complete and specific that it could reasonably be anticipated to satisfy the customer without recourse to further correspondence. (These remarks may be continued on the reverse of the DD Form 1513-2, under Box 26, Continuation). Enter the acceptance date of LOA or amendment being revised. If the sales agreement is financed by a combination of sources of financing, each term of sale and applicable amount will be cited.

---

Table 804-2 (continued)



L. BLOCK (12) ITEM OR REFERENCE NO. Enter reference to a specific part of the basic case or previous amendment; e.g., Item 1, Atch 2, basic; Item 1, Block (19), Amendment 2.

M. BLOCKS (13) THROUGH (18). List only the items modified. Show dollar amounts in whole dollars only. For all notifications of price changes enter the previous cost along with the revised cost.

M. BLOCKS (19) THROUGH (24). Enter in Column "a" the previous applicable costs from the original offer and acceptance or prior amendments and/or notices of modifications thereto for the applicable cost lines. The best estimate of the revised costs should then be entered in Column "b." If the administrative or accessorial costs change, do not indicate the percentage rate used to determine the contained in the applicable block.

O. BLOCKS (25) AND (28) ACKNOWLEDGEMENT OF RECEIPT. An authorized official of the foreign purchaser should sign and forward the document to the MILDEP or Defense Agency concerned to ensure that the Notice of Modification has been received.

NOTE THE FOLLOWING INFORMATION  
BEFORE SUBMISSION OF LOA FOR COUNTERSIGNATURE.  
(See paragraph 80403.D. of this section for those DD Form 1513-2 actions  
exempt from countersignature requirement)

1. The DSAA Comptroller (FMS Control Division) is the point of entry within DSAA for coordination and countersignature of LOAs, LOIs (and amendments thereto), and notices to LOAs. In connection with the countersignature process, DSAA coordination will be accomplished by DSAA-OPS. See Paragraphs 70103.I and J.

2. Submit for countersignature to the DSAA Comptroller (FMS Control Division) all DD Form 1513-2s, except as specifically exempted in this section, with the original and two copies (three copies for FMS credit or MAP financed cases).

3. Attach a Financial Annex to all DD Form 1513-2 except FMSO I cases, which result in changes to the payment schedule.

4. Indicate the date of acceptance of the basic case; i.e. the date the DD Form 1513 is signed by the customer representative.) The acceptance date should be conspicuously annotated in the upper right-hand corner of Block 12 Description and Reason(s) for Modification. Example:

"Basic case accepted 25 Aug 1980". This date is important to determine the fiscal year to which the change is applicable.

5. The name and telephone number of the action officer responsible for the preparation of the DD Form 1513-1 should appear at the bottom of all copies submitted to the DSAA for countersignature, excluding the original.

6. Modifications to Letters of Offer reported to the Congress [Sec. 36(b), AECA] will include below Block (11) the latest identifying DSAA transmittal number used in the statutory notification (e.g., 85-29).

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Table 804-2 (continued)

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## CHAPTER 9

### FMS DIRECT CREDIT AND GUARANTEED LOAN FINANCING

#### SECTION 900 - GENERAL

**90001 PURPOSE.** This Chapter presents the FMS direct credit and guaranteed loan financing management policies and procedures. It describes the types of loans currently issued to foreign governments to finance such sales, the standards and criteria applicable thereto, and the procedures for implementing the FMS credit program. This chapter does not cover the use of Grant Aid (MAP) funding such as authorized by the FAA, Section 503(a)(3) (use of MAP funds to finance FMS) and the FAA, Section 506(a) (special authority), subjects which are covered in Chapter 11.

**90002 INTRODUCTION.** FMS direct credit and guaranteed loan financing has continued to grow in scope and direction. Concurrently, the management of such financing has become correspondingly complex. There are a number of stipulations, limits, actions, and responsibilities involved in various aspects of this management that reflect variations in international relations and U.S. foreign policy. This chapter examines those aspects and their legislated guidelines.

**90003 ARMS EXPORT CONTROL ACT AUTHORIZATION.** The AECA, as amended, provides authority for FMS direct credit and guaranteed loan financing as follows:

A. **Credit Sales.** Section 23 of the AECA authorizes the President to finance procurements of defense articles, defense services, and design and construction services by friendly foreign countries and international organizations. Loans financed under the authority of Section 23 are commonly called direct loans. Historically, this type of loan financing has been used to assist those FMS countries in the process of economic development. Direct loans require that funds be appropriated by the Congress in an amount equal to the principal loan values. Direct loans are currently used as the vehicle for implementing "repayment waived" loans as authorized by the Congress.

B. **Guaranties.** Section 24 of the AECA authorizes the President to guarantee any individual, corporation, partnership, or other juridical entity doing business in the U.S. [excluding USG agencies other than the Federal Financing Bank) against political and credit risks of nonpayment arising out of their financing of credit sales of defense articles, defense services, and design and construction services to friendly countries and international organizations. Loans financed under authority of Section 24 are commonly called guaranteed loans. Fees are charged for the guaranties and all guaranties are backed by the full faith and credit of the United States. Section 25(a)(7) of the AECA prescribes that the President must advise the Congress of the total amount of funds in the Guaranty Reserve at the end of each fiscal year. Additionally, the President must provide an assessment of the adequacy of guaranty reserve funds to make payment of claims under guaranties issued in view of the current debt servicing capacity of borrowing countries. Guaranteed loan financing constitutes the major portion of the current FMS credit program. Since 1975 all guaranteed loans have been issued to eligible borrowing countries by the Federal Financing Bank, an instrumentality of the Department of the Treasury. Such loans are guaranteed by the DSAA against all political and credit risks of nonpayment.

**90004 ADDITIONAL PROVISIONS OF THE ACT.** In addition to Sections 23 and 24, the AECA addresses the purposes of FMS and the use of credits and guaranties in numerous other sections of the AECA as follows:

A. **Purposes for which Military Sales by the U.S. are Authorized.** According to Section 4 of the AECA, defense articles and services may be sold to friendly countries as follows: (1) for internal security, (2) for legitimate self-defense, (3) to permit the recipient country to participate in regional or collective arrangements consistent with the Charter of the United Nations or as requested by the United Nations to maintain or restore international peace and security, and (4) for the purposes of enabling foreign military forces in less developed friendly countries to construct public works and to engage in other activities helpful to economic and social development.

B. **Violations.** Section 3(c)(1)(A) of the AECA requires that no credits (including participation in credits) may be issued and no guaranties may be extended for any foreign country if such country uses the defense articles or services in substantial violation of an agreement under Section 4 of the AECA (as noted in paragraph A. above), transfers the articles or services without the consent of the President, or fails to maintain the security of the articles or services. Also, according to Sec. 3(f) of the AECA and Sec. 620A of the FAA, the President shall terminate all sales, credits, and guaranties to any government which aids or abets, by granting sanctuary from prosecution to any individual or group which has committed an act of international terrorism unless the President finds that national security requires otherwise.

C. **Prohibitions Against Discrimination.** Section 5 of the AECA concerns prohibition against discrimination. No sales should be made and no credits (including participation in credits) or guaranties extended to or for any foreign country which through its laws, regulations, official policies, or governmental practices prevents any U.S. person from participating in the furnishing of defense articles or services on the basis of race, religion, national origin, or sex.

D. **Foreign Intimidation and Harassment of Individuals in the U.S.** Section 6 of the AECA concerns foreign intimidation and harassment of individuals in the U.S. No credits or guaranties may be extended to any country determined by the President to be engaged in a consistent pattern of acts of intimidation or harassment directed against individuals in the U.S.

E. **Prohibitions Against Certain Military Export Financing by Export-Import Bank.** Section 32 of the AECA specifically prohibits Export-Import Bank financing of defense articles or services to economically less developed countries.

F. **Authorization and Aggregate Ceiling on Foreign Military Sales Credits.** Section 31 of the AECA establishes the authorization and aggregate ceiling on FMS credits. For example, Section 31 normally indicates the maximum total amount of direct credits (Section 23) and the total principal amount of guaranteed loans (Section 24) authorized to be issued. This section also indicates the minimum amounts of credits/loans to be extended to selected countries and applicable extended repayment terms.

G. **Foreign Military Sales Credit Standards.** Section 34 of the AECA prescribes that the President shall establish standards and criteria for credit and guaranty transactions in accordance with the foreign, national security and financial policies of the U.S. Executive Order 11958 delegates this authority to the Secretary of State with the qualification that to the extent the standards and criteria for credit and guaranty transactions are based upon national security and financial policies, the Secretary of State shall obtain the prior concurrence of the Secretary of Defense and the Secretary of Treasury, respectively.

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

I. Coproduction/Licensed Production. Section 42(b) of the AECA prescribes that direct credits and guaranteed loans may not be used to finance coproduction or licensed production of any defense article of U.S. origin outside the United States unless the Secretary of State notifies the Congress in advance of the proposed transaction on employment and production within the United States. Section 42(c) of the AECA provides that funds made available under the AECA may be used for procurement outside the United States only if the President determines that such procurement will not result in adverse effects upon the economy or the industrial mobilization base of the United States.

90005 CLASSIFIED MATERIELS. If in the case of direct commercial contracts, the purchaser proposed to take delivery and custody of classified materiel in the United States and use its own facilities and transportation for forward shipment to its territory, the foreign purchaser must comply with the provisions of this manual, Chapter 8, Section 802, Paragraph 80206.B.9.

90006 THIRD PARTY TRANSFERS. We wish to avoid any connotation that items purchased with U.S. financing were resold merely to generate funds. For the first three years following delivery of an item purchased with U.S. SA funds, DSAA will normally concur with transfer (see Section 60003.K) only where the proceeds of the sale are deposited in the country's trust fund account. Such deposited funds may not be refunded to the purchaser either to meet its internal financial responsibilities or to meet its direct contractual liabilities. Such sales proceeds deposits are also required where the purchaser resells to the USG or to a firm to fulfill its contract with the USG. SAO's should be prepared, in conjunction with MILDEPs, DSAA, FMD, and SAAC, to provide guidance on the return of reimbursements to the country's FMS trust fund account for reutilization.

**SECTION 901 - ELIGIBILITY**

**90101 GENERAL.** To the extent feasible, foreign governments purchasing U.S. defense articles and services should be encouraged to pay cash. This helps to reduce the number of demands on an always limited availability of credit and also helps customers to obtain their purchases at the lowest overall cost. In those cases where cash purchases are not feasible, the purchasing country should be encouraged to use private financing (without USG guaranty), thus helping to conserve limited FMS credit resources. Credit financing will normally be extended when allowed by U.S. legislation and it has been determined that purchases of defense items cannot be financed reasonably by other means, taking into account any U.S. military and economic assistance that such countries may be receiving, and indigenous private financing. In addition to being evaluated for consistency with U.S. foreign policy interests (including human rights), other proposed arms purchases by the country and the suitability of items being purchased will also be taken into account. Of particular attention is the level of weapons sophistication and the capability of the country to maintain, support, and employ the items effectively. FMS credit assistance will not be extended solely to consummate a sale.

**90102 USE OF FINANCING.**

A. Loans issued under the AECA may be used to finance defense articles and defense services, including design and construction services, of U.S. origin.

B. FMS Credit financing shall not normally be approved when:

1. the transaction would place an undesirable burden on a purchasing country's foreign exchange resources, create excessive claims on future budgets (e.g., induce burdensome expenditures for maintenance, spare parts, replacement, and indirect support and organizational costs), or otherwise materially interfere with its development;

2. it is to be used to finance production or coassembly/coproduction projects overseas; and

3. there is not a reasonable expectation of loan repayment.

C. Commercial contracts valued at less than \$100,000.00 will be financed with country funds and will not be considered for FMS financing.

D. SAOs should ensure that the host government is aware of basic U.S. policies on uses for which FMS credit financing may be applied. Any requests for exceptions must be fully justified and submitted through the Chief of the U.S. Mission to DSAA for interagency coordination and approval/disapproval. No commitment whatsoever should be made to the host government prior to receipt of the resources from DSAA.

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**SECTION 902 - PROCESS AND PROCEDURES**

**90201 GENERAL.** According to Section 25 of the AECA, no later than 1 February of each year, the President shall transmit to the Congress, as a part of the annual presentation of SA programs proposed for the next fiscal year, a report which among other things provides an estimate of the aggregate dollar value and quantity of defense articles and services, military education and training, grant military assistance, and credits and guaranties to be furnished by the U.S. to each foreign country and international organization in the next fiscal year. OASD/ISA and OASD/ISP, in concert with DSAA, annually consolidates various inputs and recommendations into the SA Planning, Programming and Budgeting (PPB) process. The programmed loan amounts, by country, which are requested by the administration, are based upon information initially submitted to the Department of State in the AIASA which is prepared by the country team. Ultimately, an executive branch position is established which is reflected in the CPD for a given fiscal year. The CPD, among other things, specifies recommended FMS credit programs for individual countries.

**90202 CONGRESSIONAL AUTHORIZATION AND APPROPRIATION.** Upon receipt of the executive branch draft (recommended) legislation and the CPD, Congress conducts hearings on the SA program--giving particular attention to FMS credit financing. The subsequently approved authorization and appropriation acts cite a dollar amount ceiling for the FMS credit program with some constraints, specified amounts, or special provision for selected countries or regions. Within the constraints which may be imposed by the Congress in any given fiscal year the Department of State, with input from the DOD and Treasury, determines (and DSAA reprograms as may be necessary) the loan amounts that individual countries shall receive. In this process, it considers the pertinent economic, military, and political factors. The President has delegated to the SECDEF the authority to issue and guarantee loans to eligible recipients in accordance with the AECA. The SECDEF has redelegated this authority to the Director, DSAA.

**90203 APPORTIONMENT.** Upon receipt of the Department of State's program approval and apportionment request document, the OMB issues an apportionment document to DSAA. In the instance of a DOD guaranteed loan, there is no apportionment of appropriated funds; the apportionment document is an allocation of program value. However, if the loan to be issued is a DOD direct loan, the apportionment document provides the DSAA with an apportionment of appropriated funds in the amount equal to the principal amount of the loan to be issued.

**90204 IMPLEMENTATION AND MANAGEMENT OF LOANS.** Within DSAA the FMS Credit and MAP Management Division (CMMD) implements and manages both direct loans and guaranteed loans. For direct loans, the CMMD prepares the loan agreement, obtains signatures, disburses loan funds, bills the borrower, and collects loan payments. For guaranteed loans, the CMMD prepares a Guaranty Agreement to the FFB, and the FFB prepares the loan agreement, obtains signatures, disburses loan funds, bills the borrower, and collects loan payments. An example of an FFB guaranty loan agreement between the borrower and the FFB is at Table 902-1, and an example of a DOD guaranty document executed between DSAA and the FFB is at Table 902-2. An example of a DOD direct loan document is at Table 902-3.



**90205 ISSUANCE OF FMS LOANS.****A. Federal Financing Bank Loans.**

1. **Guaranty Fee.** The AECA, Section 24, requires recipients of guaranteed FMS loans to pay a fee for such guaranties. Accordingly, recipients of DOD guaranteed loans issued by the FFB must remit payment of the guaranty fee to the DSAA. This one-time (non-refundable) fee is currently set at one-fourth of one percent of the principal amount of the loan.

2. **Signature Authorizations.** Three authorizations (which may be incorporated into a single document) are required from the borrowing country before an FFB loan agreement may be implemented. The required authorizations are as follows:

a. Authorization for a designated person to sign the loan agreement. (Most FMS loans are signed by the borrowing country's ambassador, or defense attache at its embassy in Washington, D.C.)

b. Authorization for a designated person to sign the promissory note that accompanies the loan agreement.

c. Authorization for a designated person(s) (an alternate is advisable) to sign requests for disbursements (drawdowns) from the loan.

3. **Guaranty.** Upon signature by authorized representatives of the FFB and the borrowing country, and upon receipt of the required guaranty fee, the DSAA then issues its guaranty document to the FFB.

4. **Legal Opinion.** Following issuance of the guaranty, the Office of the OSD General Counsel prepares and submits to the FFB a legal opinion document. Upon completion of this required document, and assuming that all preceding actions are also completed, funds from the FFB loan are then available for use by the borrowing country.

B. **Direct Loans.** DSAA issues direct loans to eligible borrowing countries, utilizing the annual appropriation as discussed in paragraph 90202., above. As in the case of FFB loans, three authorizations as described in paragraph 90205.A.2., above, are required from the borrowing country before loan funds may be disbursed.

**C. Interest Rates.**

1. **Applicability.** All loans must be repaid with interest unless payment is waived by the Congress.

2. **Interest on DOD Direct Loans.** Interest charged on direct loans is at a single fixed rate as determined by the Department of Treasury to be the cost of money to the USG as of the last day of the month preceding the date of consummation of the loan agreement. Interest rates at less than the cost of money to the USG must be in the national interest and must be so justified by the President to the Congress.

3. **Interest on DOD Guaranteed Loans Issued by FFB.** Interest rates on FFB guaranteed loans are based upon the cost of money to the USG plus an administrative fee (currently one-eighth of one percent). Individual fixed interest rates are calculated on the day each incremental disbursement is processed from the loan. After all loan funds have been disbursed, the FFB computes a weighted average interest rate.

**D. Repayment.**

1. **Repayment Period.** Loans are normally repaid in five to nine years following a grace period of one or two years on repayment of principal. The AECA requires that all direct loans be repaid over a period not to exceed 12 years unless legislated otherwise by the Congress. The same 12 year limitation has been extended to guaranteed loans except for countries specified by statute. Historically, Congress has authorized longer repayment terms for specific countries. The repayment of these loans are made over a period of 20 years following a grace period of ten years on repayment of principal. (NOTE: Semi-annual interest payments are required on the principal amount of loan funds disbursed during the grace period).

2. **Frequency of Payments.** Repayments of FMS loans are made in equal semi-annual installments. Billing statements (a courtesy rather than a requirement of FMS loan agreements) are submitted to borrowing countries 30 - 45 days prior to payment due dates.

**90206 APPROVAL OF FMS CREDIT-FINANCED PURCHASES.**

A. **Funding Limitation.** All purchases (from either MILDEPs or U.S. commercial suppliers) that are to be financed from FMS loans must be approved in advance by the DSAA. Such approvals will be limited by the overall availability of FMS credits. DSAA policy precludes approval of credit financed purchases in excess of available credit funds.

B. **Credit Financing of New FMS Cases .** For purchases initiated through the MILDEPs, the borrower must cite FMS credit financing in its request for an LOA.

C. **Conversion of FMS Cases from Non-Credit to FMS Credit Financing.** For FMS credit financing of cases originally issued under cash/DU terms, the purchasing country must submit requests for conversion to DSAA, together with a copy of the pertinent DD Form 1513.

**90207 COMMITMENT OF FMS CREDIT FUNDS.**

A. The DSAA will commit the appropriate amount of FMS loan funds to finance each approved purchase. DSAA policy requires the FMS loan funds to be committed to loans in their order of issuance. This encourages commitments within the normal expiration period of each loan, reduces the volume of loan records that must be maintained in an active status, and permits older loans to be closed out.

B. DSAA records commitments against a specific Fiscal Year loan (or MAP program). This information is maintained in DSAA ADP records but will not appear on LOA documents (DD Forms 1513, 1513-1, or 1513-2).

C. For new LOAs, DSAA initially commits credit (or MAP funds) during the countersignature process. DSAA adjusts commitments as required based on DD Forms 1513-1, 1513-2, or case closures.

D. Upon decommitment of prior year FMS credit (or MAP funds) for case closures, case value reductions, or case cancellations, DSAA will automatically revise the fiscal year breakout of funding on other active cases to reapply decommitted funds. DSAA will attempt to make all adjustments required by using a single, large value FMS case. In this manner, uncommitted funds will always be identified to current loans or MAP programs, permitting older programs to be closed out.

90208.

**90208 DISBURSEMENT OF FMS LOAN FUNDS.**

A. **General Policy.** While DSAA records and maintains commitments of FMS loan funds by specific loan, this commitment by specific FMS loan is used as a planning function and does not mean that the borrowing country must cite that specific loan when disbursement of loan funds is required. \*

B. **Expiration of Disbursement (FFB Loan Commitment) Period.** Section 1.1 of FFB and DOD loan agreements (see Tables 902-1 and 902-3) define the period through which funds may be disbursed under the loan. In the case of FFB loans, this is called the loan commitment period. The term "commitment period" in this context means the period through which FFB is committed to disburse loan funds. Loan funds remaining undisbursed after the expiration date are lost from the borrower's use. However, if the borrowing country is unable to disburse all of the loan funds before the expiration date, it may request an extension to the expiration date via an amendment to the loan agreement. Requests for such an amendment must be in writing from the borrowing country and must be submitted to DSAA for interdepartmental coordination and processing of the amendment document. Amendments to FFB loans require the signatures of the borrowing country, FFB, and DSAA. Amendments to DOD loans require the signatures of the borrowing country and DSAA. \*

C. **Requests for Disbursement of Loan Funds.** All requests for disbursement of FMS loan funds must be submitted to DSAA by the borrowing country in the letter format set forth in the applicable FMS loan agreement. Each request for payment of FMS loan funds to SAAC for amounts due on FMS cases must indicate the FMS case designator(s) and the dollar amount(s) to be disbursed for each case. Procedures for requesting disbursements to commercial suppliers are discussed in paragraph 90209.A. of this section.

D. **Methods of Disbursement.** All disbursements from FFB loans are accomplished by electronic wire transfer. FFB does not process disbursements by issuance of checks. Disbursements from direct loans are accomplished by issuance of checks through the USAF Disbursing Office at Bolling AFB, D.C. \*

E. **Limitation on FFB Disbursements.** Not more than one FFB disbursement shall be requested by the borrower in any single month, except that an advance of \$500,000 or more may be requested at any time. \*

F. **Restriction on Use of FMS Loan Funds for Costs of Transporting FMS Credit-Financed Cargoes.**

1. When ocean transportation is used, all items purchased with FMS loan funds must be transported by U.S. flag vessels. (NOTE: FMS loan agreement documents contain provisions for certain waivers which, if approved, permit shipment of up to 50 percent of FMS loan financed cargo on vessels of the borrowing country, and in certain instances such cargo may be transported on vessels of a third country. Such waivers are discussed later in Section 903 of this chapter. In no instance may FMS loan funds be used to pay the cost of transportation provided by a vessel of non-U.S. registry.) \*

2. FMS loan funds may be used to pay air transportation costs only if U.S. flag aircraft are used.

**90209 DIRECT COMMERCIAL PURCHASES**

A. **Policies and Procedures.** FMS loan financing may be used, when approved by DSAA on a case-by-case basis, for the purchase of defense articles and services through direct \*\*

commercial contracts with U.S. contractors. Generally, if a government-to-government transaction under FMS would be approved for FMS loan financing, a similar direct commercial contract would be approved. In order to ensure that FMS loan funds are properly utilized, a careful review of loan financed direct commercial contracts is necessary. The purchasing country must make a formal request to DSAA, accompanied by a copy of the contract. Upon approval of FMS loan financing, DSAA notifies both the purchaser and the supplier of its approval action. A sample of the letters to each is at Tables 902-4 and 902-5, respectively.

1. **FMS Credit Guidelines.** Currently there are specific policies and procedures in the FAR and this manual which apply to government-to-government FMS loan and grant financed programs. The following FMS loan guidelines establish similar policies and procedures for the use of FMS loans (and grants for FY 1989) for direct commercial contracts between U.S. industry and foreign countries.

a. Purchases must be from U.S. incorporated firms licensed to do business in the U.S.

b. The items purchased must be manufactured in the U.S. and be composed of U.S. manufactured and assembled items, components, and services. In the event that the purchase of a U.S. end item consists of both U.S. and non-U.S. components and services, only the value of the U.S. components and services will normally be financed.

(1) Non-U.S. content which is an integral part of end products manufactured in the U.S. may be eligible for FMS financing under certain limited circumstances. Such financing will be considered when DOD has procured or is procuring (under provisions of the FAR) the same item from the same non-U.S. sources under existing multi or bilateral agreements, DIC agreements, or because the item is not available from a U.S. source.

(2) Contracts should specify any non-U.S. origin items, components, or services. If not identified in the contract, the contractor is required to identify to DSAA any non-U.S. content and the corresponding value contained in the contract. Assembly is required to be performed in the U.S.

c. The total value of each contract or purchase order must be for \$100,000 or more. Contracts or purchase orders for less than \$100,000 will not be approved for FMS financing.

d. FMS financing is discouraged for purchases containing offset provisions as a condition for securing the purchase. Offset provisions are agreements by the seller to make investments or procurements in a country other than the U.S., either concurrent with or subsequent to the purchase for which financing is being requested.

(1) No FMS financing will be authorized or disbursed to pay for mandatory direct offsets, or the related costs of offset management. Mandatory direct offsets are procurements of a non-U.S. made component required by the purchasing country as a condition of sale, for incorporation or installation in a U.S. produced end item being sold.

(2) While FMS funds will not be authorized for foreign produced content resulting from mandatory direct offset, such funding can be authorized for the U.S. content portion of the item produced.

e. Purchase agreements should be made directly with the prime manufacturer of the defense article or service if possible and the contractor is expected to add value to the product being sold.

(1) If the items or services are available from production in the U.S., purchases of materiel should be made to the maximum extent feasible from the prime manufacturer of assemblies or items, the assembler or a U.S.-based distributor licensed by the manufacturer who has had a longstanding relationship with the manufacturer and who has been provided with general domestic and/or international sales regions.

(2) A prime contractor must demonstrate to the DSAA (by means of a DOD pre-award survey or other means) its capability--including, for example, expertise, experience, facilities, and financial soundness--to perform by itself a substantial portion of the work. Prior successful completion of recent direct commercial contracts financed with FMS funds or DOD contracts for the same or essentially similar items shall normally satisfy this requirement.

(3) Funding with FMS financing will not be considered for a procurement agent, broker, import-export firm or other intermediary unless justified on factors relative to specific country needs and the country's ability to conduct commercial contracting. A request for exception will be considered if sufficient justification is provided by the purchasing government as to why the purchase is sought from a firm other than the manufacturer.

(4) A list of suppliers and subcontractors for the proposed contract, showing names, addresses, and the materiel and services to be procured by the intermediary must be provided as part of the purchasing government's justification. Intermediaries are required to identify names and addresses of all projected suppliers and subcontractors applicable to this contract. In such a case it is assumed that the purchasing government will be aware of the extent of additional cost or markup by the intermediary and this data can be provided upon request.

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f. Acquisition programs that include contingent agent fees up to \$50,000 may be approved for financing. DSAA will disapprove FMS financing for acquisition programs, the price of which includes sales commissions or contingent fees which exceed \$50,000. Contract splitting within an acquisition program is not authorized as a means to exceed the maximum allowable agents fee. It is not DSAA's intent to determine the amount of fees which suppliers may pay to a contingent agent for services performed to secure a contract or sales agreement, but rather it is intended to place a dollar limitation upon the amount of FMS funds which a country may use to pay such costs. Such fees decrease the buying power of FMS funds, thereby reducing the advantages which the country can achieve from the FMS financing. DOD regulations have limited the amount of agents' commissions payable for FMS transactions. Under the DOD FAR Supplement 25.7305, sales commissions in excess of \$50,000 on contracts implementing FMS transactions are not allowable costs.

g. U.S. firms which are selling or have sold the same items to DOD are generally recognized as having adequate production and performance capabilities. It is recognized that many small businesses or firms that have not previously sold to DOD may be the best qualified to provide articles or services unique to country needs. To verify contractors' statements and determine their capability to perform under the contract terms, a DOD pre-award survey may be required as a condition to FMS financing. Such pre-award surveys normally are not required for firms with previous DOD contracting experience.

h. Contractors and country representatives should plan for the time required by DOD to determine the extent of FMS financing authorization. The processing time for contracts that are fully in compliance with these guidelines is approximately 60 days. When the prospective purchase is from a contractor that does not regularly sell to the USG, the purchaser should allow an additional 90 days for USG representatives to conduct a survey of the contractor since this may be required by DSAA as a condition for FMS financing of the contract.

i. FMS funds will not be approved for financing of direct commercial letters of credit which assure payment to the supplier upon presentation by the supplier of invoices and/or delivery documents. If the contract requires performance bonds or other letters of guarantee, the use of a U.S. bank or financial institution is required for this purpose.

j. FMS funds will not be approved for financing of non-U.S. transportation carriers.

(1) For ocean transportation of FMS financial shipments the contractor/country must use privately owned U.S. flag commercial vessels. For contractor originated ocean shipments, the contractor will, within 20 days of loading, submit one legible copy of the rated on-board ocean bill of lading for each shipment to: Chief, Division of National Cargo, Office of Market Development, Maritime Administration, U.S. Department of Transportation, 400-7th Street, S.W., Washington, DC 20590. The bill of lading will identify: Contract number; name of vessel; flag of registry; date and port of loading; port of final discharge; description, weight, and value of cargo; and total ocean freight revenue. Any waivers (general, security, or non-availability) will be in accordance with the country's agreement with DSAA. The waivers are described in the agreements and may apply to either specific shipments or for a specific period of financing. Contractors will include these requirements in subcontracts or purchase orders applicable to this contract.

(2) No payments will be made to freight forwarders with FMS funds for transportation services. Rated on-board bills of lading or rated air waybills may be approved for direct payments to U.S. ocean or air carriers upon request.

k. FMS funds will not be approved for payments for travel, per diem, accommodations, lodging, car rental, personal expenses, or other similar expenses of purchasing country personnel in connection with a direct commercial purchase. Therefore, while these types of costs may be cited in contracts submitted, they must be paid by the purchaser. If such costs are included, either directly or indirectly, they must be expressly identified.

l. Any purchase agreement that provides for a refund, penalty, liquidated damages, bonding provisions, or any other form of financial reimbursement to the purchasing country must be structured to ensure that such payment is made by the contractor or designated agent (including the contractor's commercial bank) directly and without undue delay, from the payor to the USG.

(1) Bonding and guarantee documents, such as Performance Bonds, Letters of Guarantee, Letters of Credit, and any other such instrument that is established by the contractor or his agent pursuant to the Purchase Agreement, must be received at DSAA and made part of the Purchase Agreement file as a prerequisite to disbursement of FMS funds to the contractor. Bonding and guarantee documents lacking adequate provisions to ensure prompt payment to the USG will not be accepted but will be returned for revision, and the pertinent Purchase Agreement will be held in abeyance until this requirement is satisfied.

(2) Reimbursement payments must be remitted to the addresses noted below. These payments, when received by DSAA, will be credited to the purchasing country's FMS trust fund account and become available for application by the country to any FMS or commercial case approved for FMS financing. Any financial reimbursement relating to the Purchase Agreement which is equal to or less than the FMS funds paid by DSAA on the Purchase Agreement will become available for application by the country to any FMS or commercial case approved for FMS financing. In the event that the amount of reimbursement exceeds the amount of FMS funds paid by DSAA on that Purchase Agreement, the excess amount

of that reimbursement will be credited to the country's FMS trust fund account and become available to the country for application as "cash" to FMS cases.

(3) Remittances should be processed as follows:

Payments by check must be accompanied by a letter which identifies the purchasing country and the DSAA case identifier. The check must be made payable to the "United States Treasury" and mailed to:

Defense Security Assistance Agency  
1400 Wilson Boulevard  
Suite 535  
Arlington, VA 22209-2325

Payments by wire transfer should be transferred as follows:

United States Treasury  
New York, New York  
0210-3000-4  
Treasury NYC/(5037)  
Defense Security Assistance Agency  
Refund from: (Name of Company)  
for purchase made by the Government of  
(Country) under DSAA case (Identifier)

m. Contracts should include all essential contract elements (Table 902-6). Complete copies of all provisions of contracts are required for DOD review for FMS funding. The purchaser must also submit to DSAA for review all subsequent modifications, amendments or side letters/supplementary agreements which affect the contractual relationship between the buyer and the seller on FMS funded contracts.

n. The Contractor's Certification and Agreement with Defense Security Assistance Agency (Table 902-7) is required to be signed by the contractor and submitted by the purchaser to DSAA when the contract is provided for funding review.

o. Generally, FMS CLSSAs are established to provide standard spare parts for items of U.S. origin. These FMS agreements contemplate timely delivery of spare parts at a fair price. However, countries sometimes find it necessary to open commercial Basic Order Agreements (BOAs) to provide for certain time sensitive or non-standard items. Commercial contracts for BOAs may be approved for FMS financing, subject to purchaser agreement that:

(1) Standard items are first requisitioned via CLSSAs.

(2) The commercial BOA may only be used for acquisition of standard items if the CLSSA is unable to satisfy specific country delivery requirements.

(3) Listings of requirements are provided with BOA contracts whenever possible.

p. Contractors may not offer DOD DCAS quality assurance services as a part of a direct commercial contract.

(1) For some contracts or purchase orders, DSAA may require that a DOD/DCAS quality assurance verification be performed before delivery of the materiel to assure

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

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

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

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

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

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

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

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

s. It is important that the purchaser provide prior notification to DSAA of acquisition plans. Plans should be submitted for each requirement for which the purchaser anticipates making a direct commercial purchase with FMS funding. The identification of requirements should be provided as far in advance as possible (preferably 60 days) before solicitation of bids or initiation of contract negotiations. This will allow DOD sufficient time to evaluate the proposed acquisition and seek any required clarification prior to solicitation. See Table 902-8 for sample notification format.

\*



(1) While DSAA does not desire to delay the procurement of defense materiel, early identification of prospective purchases through direct commercial contracts is necessary. If notification is not provided to DSAA prior to submission of contracts, it may result in the contract review being delayed or in contracts being returned without review.

(2) Additionally, it is highly recommended that whenever possible, several U.S. manufacturers be contacted by the purchaser for solicitation of bids. When the purchaser has made a selection and a direct commercial contract is submitted to DSAA for FMS financing review, by separate letter the purchaser should identify the various contractors solicited as well as the basis for selection. If the contract was not competed and the firm was selected on a sole source basis, the reasons for such selection should be provided when the contract is submitted for review. If this information is not provided the contract review will be delayed pending verification of the use of competitive contracting.

t. If the contractor otherwise contracts with DOD, the contractor must comply with approved cost accounting standards. FMS financing may be disallowed for contracts which result in additional costs being transferred to DOD. DCAA has expressed concerns about the formation by U.S. prime contractors of separate corporate segments to conduct foreign sales. In some cases, when significant intracompany contracting is involved, the resulting allocations of costs are inconsistent with cost accounting standards and would unjustifiably result in the allocation of additional costs to DOD contracts. If DOD prime contractors establish separate companies or other corporate segments for the purpose of conducting foreign sales and request FMS credit financing for sales by such segments, DSAA will request DCAA review of the transaction. FMS credit financing will be approved only upon confirmation by DCAA that the arrangement is consistent with cost accounting standards and that there would be no unjustifiable additional cost on DOD contracts with the prime contractor.

u. DSAA is not staffed in a manner which would enable it to conduct independent debarment or suspension proceedings. Therefore, with respect to approval of financing for U.S. contractors, DSAA relies heavily on the experiences of other USG agencies which are empowered to debar/suspend contractors for cause.

(1) Contracts will not be approved for U.S. suppliers which are included in: The GSA List of Parties Excluded From Federal Procurement or Nonprocurement Programs, the U.S. Commerce List of Denial Orders Currently Affecting Export Privileges or similar determinations in which DOS has made certain contractors ineligible to export material under the ITAR. Should contracts involving such suppliers be submitted to DSAA, they will be returned to the prospective purchaser without action with the appropriate indication as to the agency which has initiated the action of debarment or suspension. A copy of the letter will be furnished to the contractor involved.

(2) The action required before such contracts can be considered for FMS financing is for the U.S. contractor involved to take appropriate administrative or legal steps to remove the relevant organization or individual from the debarment/suspension list. Such action should be taken directly with the agency which has debarment responsibility.

v. If the contract includes a requirement for insurance, the use of a U.S. insurance firm is required.

w. If the contract includes an arbitration clause, the location of the arbitration must be identified as in either the U.S. or a mutually agreed third country and not in the purchaser country.

x. Contracts and supporting documentation should be submitted by the purchasing country to:

Defense Security Assistance Agency  
Comptroller, Accounting and Finance Division  
1400 Wilson Boulevard, Suite 535  
Arlington, VA 22209-2325

y. Inquiries concerning these policies and procedures or the contract review process should be directed to:

Defense Security Assistance Agency  
Operations Management Division (DSAA/OPS-E)  
The Pentagon, Room 4B740  
Washington, D.C. 20301-2800

B. **Documents and Statements.** Requests for payment of FMS loan funds to U.S. commercial suppliers must be accompanied by certain documents/statements as set forth in the Annexes and Attachments to each FMS loan agreement. These supporting documents must be provided to the DSAA by the borrower, and not by the commercial supplier.

## **90210 OFFSHORE PROCUREMENT.**

\*\*

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

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

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

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

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

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

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

90210.D.1.

1. Does the procurement fit within the context of mutual U.S. and country interests?
2. In order to meet the requirement, must the defense article or service be obtained from foreign sources?
3. Can a U.S. source item or service be modified to meet the requirement?
4. What percentage of the program cost would have to be purchased from foreign sources to meet the program requirement?
5. Is it cost prohibitive to procure the item or service in the United States (e.g., a special production run)?
6. Would there be any impact on the U.S. industrial mobilization base (e.g., dissolution of a company doing U.S. defense business) or on an area of U.S. labor surplus (e.g., increased unemployment) if the proposed procurement were from foreign sources?
7. Would there be any impact upon general U.S. trade patterns or trends if the proposed procurement were from foreign sources?
8. Would an OSP Determination in this particular instance establish a precedent which will weaken the USG ability to be even-handed in future requests from the same or other countries?

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

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

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

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

90211.A.

**90211 REPAYMENTS OF FMS LOANS.**

A. **Payment Due Dates.** Repayments on FMS loans are due on or before the dates specified in the promissory notes and are repeated in both the FFB and the DSAA billing statements.

B. **Extensions.** Repayments falling due on a Saturday, Sunday, holiday, or other day on which the FRB of New York is not open for business, shall be made on the first business day thereafter. Such extension of time is included in computing interest in connection with such payment, but excluded from the next interest period.

C. **Late Repayments.** If the borrower fails to make a repayment when due, the amount payable is the overdue installment of principal or interest, plus interest thereon at the rate specified in the promissory note from the due date to the date of actual payment.

D. **Repayments Overdue One Year or More.** Overdue repayments which continue in arrears for more than one year are subject to the sanctions of the "Brooke Amendment" which is an integral part of each recent foreign assistance and related programs appropriations act and continuing resolution. The Amendment states:

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

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

1. Specific sanctions under the Brooke Amendment are as follows:
  - a. New loan agreements or guaranties cannot be offered or issued.
  - b. FMS LOAs financed with FMS Credit (FMSCR) or MAP funds that were or may be accepted by a country on or after the effective date of the sanction will not be implemented.
  - c. New or pending FMSCR or MAP financed LOAs will not be countersigned or issued to the country for acceptance.
  - d. Direct commercial contracts which require new FMSCR financing will not be approved.
  - e. FMSCR or MAP financed cases accepted prior to effective date of sanctions remain in force and will be executed. Modifications or amendments to existing implemented FMS cases are allowed, when approved by DSAA on a case-by-case basis, as long as program scope is not increased. \*
  - f. New IMET students may not travel to the U.S. or other locations for initiation of training. IMET students outside their countries of origin whose course of study or

training program began before the effective date of the sanctions may complete such courses, *including already funded sequential courses*. However, no additional sequential courses may be added on or after the effective date of the sanctions. IMET students outside their countries of origin whose course of study or training program did not begin before the effective date of the sanctions should normally be returned to their home country as soon as possible. For the purposes of the Brooke Amendment, an IMET-funded course is deemed to begin on the report date specified in the Standardized Training Listing (STL). (If sanctions are lifted, these students will be considered for late admittance or admittance to the next available course of study or training program.)

g. IMET funded MTTs and LTDs may not be dispatched or extended beyond their scheduled termination date.

h. IMET funded training aids may not be issued from supply nor placed on contract by the supplying agency.

i. The foregoing sanctions remain in effect until payment is received or a bilateral debt rescheduling agreement is signed by both the country and the USG. All concerned will be advised by DSAA of a change in status of sanctions.

2. Cash FMS purchases are not subject to these restrictions. Cash payments from national funds may be used to sustain existing FMS cases or fund new cases when available credit or MAP funds cannot be committed. However, in most instances it is preferred that a country under the Brooke Amendment use its available national funds to eliminate the arrearage rather than undertake new programs. (NOTE: If cash or FMSCR financing is used to finance, in whole or part, any existing MAP financed case, any preferential pricing attributable to 100 percent MAP financing under section 503(a)(3) of the FAA of 1961, as amended, is void and FMS pricing guidelines must be applied to the entire case in accordance with paragraph 71010 of DOD 7290.3-M. This action could increase the value of the case significantly and may not be in the best interest of the purchaser or the USG.)

3. Pipeline deliveries on materiel blanket open-ended cases implemented prior to the effective date of sanctions are allowed to continue regardless of term.

4. Requisitions on materiel blanket open-ended cases may be processed.

E. DSAA Role as Guarantor of FFB Loans. Overdue repayments on FFB (guaranteed) loans which remain unpaid ten days after the payment due-date are paid by the DSAA from its Guaranty Reserve Fund. This action does not in any way relieve the borrowing country from its obligation to repay--interest continues to accrue on the overdue amount until the repayment is received from the borrowing country.

## TABLE 902-1

DOD GUARANTEED LOAN AGREEMENT  
ISSUED BY THE FEDERAL FINANCING BANK

## LOAN AGREEMENT

**LOAN AGREEMENT** made and entered into as of the \_\_\_\_\_ day of \_\_\_\_\_ between the \_\_\_\_\_ ("Borrower") and the Federal Financing Bank ("FFB").

**WHEREAS**, The Borrower desires to enter into purchase contracts ("Purchase Arrangements") with Military Departments and Agencies of the United States Department of Defense ("DOD"), various United States commercial suppliers, or both of them for the purchase of defense articles and defense services of United States Origin (with regard to articles and services financed hereunder, hereinafter collectively referred to as "Defense Items"); and

**WHEREAS**, the Borrower has requested a loan from the FFB to finance payments required to be made by the Borrower under the Purchase Arrangements; and

**WHEREAS**, it has been determined by the Defense Security Assistance Agency ("DSAA") of the DOD that the aforesaid requested loan will facilitate the purposes of the Arms Export Control Act, as amended ("AECA").

**NOW, THEREFORE**, in consideration of the premises and of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

**SECTION I COMMITMENT**

1.1 Subject to the terms and conditions of this Loan Agreement ("Agreement"), the FFB agrees to make advances to the Borrower from time to time the date of this Agreement to and including \_\_\_\_\_ in an aggregate principal amount not to exceed \_\_\_\_\_ (U.S. \$), the obligation of the FFB under this section being hereinafter called the "Commitment".

1.2 The Commitment shall be used only to procure Defense Items purchased under Purchase Arrangements approved by the DSAA for this purpose. The current DSAA procedures for obtaining this approval are, without being incorporated herein, attached hereto as Exhibit A.

1.3 Before requesting any advance hereunder, the Borrower shall execute and deliver to the FFB a promissory note ("Note") substantially in the form attached hereto as Annex I.

1.4 (a) Each advance hereunder shall be made upon the delivery to the FFB of a letter request from the Borrower, and a certificate from the DSAA approving the requested advance. The letter request and certificate shall be in the form set forth in Annex II and shall be delivered to the FFB not less than four business days before the Disbursement Date. The current DSAA procedures for obtaining this certificate are, without being incorporated herein, attached hereto as Exhibit B.

(b) Not more than one advance shall be requested in any single month, except that an advance of \$500,000 or more may be requested at any time.

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TABLE 902-1. DOD Guaranteed Loan Agreement Issued by the FFB.

(c) Each letter request shall state the amount of the advance, and the date the advance is to be made ("Disbursement Date"). If, because the letter request was not timely delivered, the FFB is unable to make an advance on the Disbursement Date, it may, unless notified otherwise by the Borrower, make the advance as soon as possible thereafter.

## SECTION 2 REPAYMENT AND ASSIGNABILITY

2.1 (a) The Borrower hereby agrees to repay the principal of the advances made under this Agreement semi-annually in accordance with the repayment schedule set forth in the Note ("Schedule"), and to pay interest on such principal as provided in the Note. All payments of principal and interest shall be made in immediately available funds of lawful money of the United States of America, at the Federal Reserve Bank of New York, as provided in Annex II hereof.

(b) If on any installment date in the Schedule the Borrower shall not have availed itself of the Commitment in an aggregate amount (less repayments previously made) equal to the principal which is repayable on such date, the Borrower shall, on such installment date, repay the aggregate amount (less repayments previously made) to which it has availed itself of the Commitment, plus accrued interest thereon. If thereafter the Borrower shall avail itself of the Commitment in an amount which would have been payable on a prior installment date but for the provisions of the immediately preceding sentence, such amount, plus accrued interest thereon, shall be repayable on the next succeeding installment date and the scheduled principal repayable on that date shall be increased by such amount.

(c) If by the final date specified in Section 1.1 hereof the Borrower has not availed itself of the entire amount of the Commitment, the installments of principal in the Schedule shall be reduced in the inverse order of the maturity thereof to the extent of the unused balance of the Commitment.

2.2 Whenever any payment under the Note shall be due on a Saturday, Sunday, or day on which the FFB of the Federal Reserve Bank of New York are not open for business, such payment shall be made on the first day thereafter on which the FFB and the Federal Reserve Bank of New York are open for business, and such extension of time shall be included in computing interest in connection with such payment, but excluded from the next interest period.

2.3 If the Borrower fails to make payment when and as due of any installment of principal or interest under the Note, the amount payable shall be the overdue installment of principal or interest, plus interest thereon at the rate specified in the Note, from the due date to the date of payment. If the Borrower's failure to pay such installment or any part thereof continues for sixty days, the Borrower shall pay an additional charge of 4% per annum on such installment or part thereof for each day thereafter until payment is made.

2.4 The FFB may sell or assign the Note at any time, in whole or in part. However, if the FFB intends to sell or assign the Note or any part thereof to any entity other than an agency of the United States, the FFB shall give the Borrower written notice thereof not less than fifteen days prior to the date of the intended sale or assignment; in that event, the Borrower shall have the option, to be exercised by giving written notice to the FFB at least five days prior to the intended sale or assignment, to purchase the entire Note on such terms and conditions as are established by the FFB.

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TABLE 902-1. (Continued)

**SECTION 3 REPRESENTATIONS AND WARRANTIES**

The FFB has entered into this Agreement and will make the loan provided for herein on the basis of the following representations and warranties of the Borrower:

(a) The Borrower has full power, authority and legal right to incur the indebtedness contemplated in this Agreement on the terms and conditions contained herein, and to execute, deliver and perform this Agreement and the Note.

(b) The execution, delivery and performance of this Agreement and the Note will not violate any provisions of, and have been duly and validly authorized under, the laws of the Borrower, and all actions necessary to authorize the borrowings hereunder and the execution, delivery and performance of this Agreement and the Note have been duly taken.

(c) This Agreement has been, and the Note when issued will be, duly executed and delivered by persons duly authorized, and this Agreement constitutes, and the Note when issued will constitute, the valid, legal and binding obligation of the Borrower, enforceable in accordance with their respective terms.

**SECTION 4 CONDITIONS OF LENDING**

4.1 The obligation of the FFB to make the initial advance hereunder is subject to the conditions precedent that, prior to the first disbursement, it shall have received, satisfactory to it in form and substance:

(a) The guaranty of the United States ("Guaranty"), executed by DOD, guaranteeing the FFB against all political and credit risks of nonpayment of the obligation of the Borrower to the FFB hereunder;

(b) An opinion of the General Counsel of DOD, or the designee of the General Counsel acceptable to the FFB, to the effect that (i) DOD has full power, authority and legal right to execute, deliver and perform the Guaranty, (ii) the Guaranty has been executed in accordance with the provisions of the Act and DOD has not, in issuing the Guaranty, exceeded the maximum amount of guaranties authorized to be issued under the Act, (iii) the Guaranty has been duly executed and delivered by a duly authorized representative of DOD, and (iv) the Guaranty constitutes the valid, legal and binding obligation of the United States, enforceable in accordance with the terms thereof and backed by the full faith and credit of the United States;

(c) Evidence of the authority of each person who (i) signed this Agreement on behalf of the Borrower, (ii) signed the Note, and (iii) will sign on behalf of the Borrower, any notices, requests for advances, or other documents contemplated by this Agreement; and

(d) The Note executed by the duly authorized representative of the Borrower.

4.2 The obligation of the FFB to make any advance hereunder is subject to the further conditions precedent that:

(a) No event of default within the meaning of Section 6 hereof shall have occurred.

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TABLE 902-1. (Continued)



(b) The FFB shall have received a letter request executed by the duly authorized representative of the Borrower and certified by the DSAA in the form specified in Annex II.

(c) All legal matters incident to the Guaranty, the Note, and this Agreement shall be satisfactory to the Counsel of the FFB.

## SECTION 5 COVENANTS.

The Borrower covenants and agrees that from the date of this Agreement and so long as any amounts remain unpaid on the note or otherwise under this Agreement:

(a) All payments of principal and interest on the Note and other fees and expenses shall be made free and clear of, and without deduction for, any taxes, levies, duties, fees, charges, deductions, withholdings, restrictions or conditions of any nature whatsoever now or hereafter imposed, levied, collected or assessed with respect thereto, by or with request to the Borrower or any authority thereof or therein;

(b) Any claim which it may not or hereafter have against any person, corporate or other entity (including without limitation, the United States, DOD, the FFB, any assignee of the FFB, and any supplier of Defense Items in connection with any transaction, for any reason whatsoever, shall not affect the obligation of the Borrower to make the payments required to be made to the FFB under this Agreement or the Note, and shall not be asserted as a defense to the payment of such obligation or as a setoff, counterclaim, or deduction against such payments;

(c) It will pay all taxes, now or hereafter in effect, imposed with respect to this Agreement or the Note by any government other than the Government of the United States of America and will save and hold harmless any holder of the Note from all losses or liabilities resulting from any delay or omission to pay such taxes; and

(d) Any legal action or proceeding against it by the FFB with respect to this Agreement or the Note may be brought in the Superior Court of the District of Columbia or in the courts of the Borrower, as the FFB may elect, and by execution and delivery of this Agreement, the Borrower submits to each jurisdiction. In the case of the Superior Court of the District of Columbia or of the United States District Court for the District of Columbia, the Borrower consents to the service of process out of said courts by mailing copies of such process by registered United States mail, postage prepaid, to it at its address set forth in Section 8.3(a) hereof.

## SECTION 6 DEFAULTS.

6.1 A condition of default shall exist upon the occurrence of any of the following events of default:

(a) If the Borrower fails for a period of ten calendar days to make any payment of principal or interest on the Note when due;

(b) If a default shall have occurred on any other loan to the Borrower by the DSAA, a holder of the Note, or the United States of America or any agency thereof;

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TABLE 902-1. (Continued)

(c) If any representation or warranty made by the Borrower herein or in any certification of the Borrower required herein proves to be at any time incorrect in any material respect;

(d) If (i) the Borrower defaults in the performance of any of the provisions in Section 1, 2 or 7 hereof, and (ii) such default shall continue unremedied for thirty calendar days after written notice thereof shall have been given by the DSAA to the Borrower; or

(e) If the Borrower defaults in the performance of any other provisions in this Agreement and such default shall continue unremedied for thirty calendar days after written notice thereof shall have been given to the Borrower.

6.2 Upon each and any such event, the holder of the Note may declare immediately due and payable the unpaid principal and accrued interest on the Note and any other note or other indebtedness of the Borrower held by the holder of the Note and thereupon such amount shall become immediately due and payable without protest, presentment, notice or other demand of any kind, all of which are hereby expressly waived by the Borrower, and if such event occurs before the full amount of the Loan Proceeds has been disbursed or before any other loan commitment of the holder of the Note to the Borrower has been fulfilled, the holder of the Note may terminate or suspend such commitments. The Borrower shall pay all costs and expenses, including attorney fees incurred in the collection of amounts due hereunder after default.

## SECTION 7 TRANSPORTATION.

7.1 All Defense Items to be transported from the United States by ocean vessel shall be transported in vessels of United States registry unless a waiver is obtained from DSAA or the Maritime Administration, U.S. Department of Transportation ("MARAD"). The current DSAA and MARAD procedures for obtaining a waiver are, without being incorporated herein, attached hereto as Exhibit C. In each instance where a supplier will arrange ocean transportation for Defense Items being purchased, the Borrower shall give written notice of this requirement to the supplier: (a) for Purchase Arrangements already entered into, within ten days of the date hereof, and (b) for Purchase Arrangements hereafter entered into, on the date the Purchase Arrangement is consummated.

7.2 The Borrower shall provide the following information to the Director, Office of Market Development, MARAD, with respect to any ocean or air shipments of Defense Items from the United States: (a) FMS Case Identifier, (b) FAS value of cargo, (c) supplier, (d) freight forwarder, (e) freight cost, (f) name of vessel or airline, (g) vessel/aircraft flag of registry, (h) date of loading, (i) port or place of loading, (j) port or place of final discharge, (k) cargo description, (l) gross weight of cargo, and (m) cubic measurement of cargo. This information shall be provided as soon as possible and in any event not later than 90 days from the date of shipment, and shall contain a reference to this Agreement.

7.3 Advances hereunder may be used to pay ocean or air freight costs only when the articles being transported are Defense Items being carried on vessels or aircraft of United States Registry.

## SECTION 8. MISCELLANEOUS

8.1 Upon the execution of this Agreement, the Borrower shall pay DSAA \$ in payment of the fee charged by DOD with respect to the Guaranty.

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TABLE 902-1. (Continued)

8.2 No omission or delay on the part of the FFB in exercising any right hereunder shall operate as a waiver of such right or any other right hereunder. The rights and remedies prescribed herein are cumulative and not in limitation of or substitution for other rights or remedies of the FFB.

8.3 Any notice, demand or other communication hereunder shall be deemed to have been given if in writing and actually delivered at the addresses shown below:

(a) In the case of the Borrower to:

(b) In the case of MARAD:

Director, Office of Market Development Maritime Administration  
U.S. Department of Transportation Washington, D.C. 20590-0001

(c) In the case of the FFB to:

Secretary,  
Federal Financing Bank  
Main Treasury Building  
Washington, D.C. 20220-0001

or to such other addresses as may be specified in writing.

8.4 This Agreement and the Note shall be construed and interpreted in accordance with the laws of the United States of America, and if none is applicable, with those of the District of Columbia, United States of America.

8.5 This Agreement shall be binding upon and inure to the benefit of the Borrower and the FFB and their respective successors and assigns, except that the Borrower may not assign its rights hereunder without the prior written consent of the FFB. All agreements, covenants, representations and warranties made herein shall survive the delivery of the Note and the making of the advances hereunder.

8.6 This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but all the counterparts shall together constitute a single instrument. Annexes I and II attached hereto are, by this reference, made a part of this Agreement.

8.7 All notices, demands, or other communications given under this Agreement, unless submitted in the English language, shall be accompanied by an English translation and such translation shall govern.

8.8 In case one of more of the provisions contained in this Agreement or the Note should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein or therein shall not in any way be affected or impaired.

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TABLE 902-1. (Continued)

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be executed by their duly authorized officers and representatives on the day and year first above written.

GOVERNMENT OF

BY \_\_\_\_\_

FEDERAL FINANCING BANK

BY \_\_\_\_\_

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TABLE 902-1. (Continued)

FFB NOTE: FMS-\_\_\_\_\_

## ANNEX I

PROMISSORY NOTE

FOR VALUE RECEIVED, THE GOVERNMENT OF \_\_\_\_\_ ("Borrower") hereby promises to pay to the Federal Financing Bank ("FFB") such sums as shall be advanced by the FFB hereunder. The FFB shall not be obliged to advance more than \_\_\_\_\_ dollars (U.S. \$) not to make any advance after \_\_\_\_\_.

Advances shall bear interest payable on \_\_\_\_\_ and \_\_\_\_\_ of each year, commencing \_\_\_\_\_, on the unpaid principal balance of each advance from time to time outstanding. A separate interest rate shall be established for each advance at the time thereof by the Secretary of the Treasury pursuant to Section 6(b) of the Federal Financing Bank Act of 1973. After all advances under this Note have been made, the FFB shall establish a single equivalent interest rate for application against all principal outstanding thereafter, in lieu of the several separate rates. Interest shall be calculated on the basis of a year of 365 days and the actual number of days elapsed. The total amount of advances hereunder shall be repaid, without right of prepayment, in accordance with the Schedule on the reverse side of this Note.

All payments of principal shall be endorsed by the FFB or its assigns on the reverse side of this Note. Both principal and interest shall be paid in lawful money of the United States in immediately available funds at the Federal Reserve Bank of New York.

This Note is issued pursuant to the Loan Agreement dated \_\_\_\_\_ between the Borrower and the FFB, and is subject to the terms and entitled to the benefits of that agreement.

GOVERNMENT OF

DATE: \_\_\_\_\_ By \_\_\_\_\_ (SEAL)

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 TABLE 902-1. (Continued)

### PRINCIPAL REPAYMENT SCHEDULE

**FFB NOTE: FMS-**

<b>The first \$</b>	<b>will be repaid on</b>
<b>The next \$</b>	" " " "
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<b>The last \$</b>	<b>will be repaid on</b>

TABLE 902-1. (Continued)

## ANNEX II

## FORM OF LETTER REQUEST FOR ADVANCE OF FUNDS

Secretary,  
Federal Financing Bank  
c/o United States Department of the Treasury  
Washington, D.C. 20220

Dear Sir

First  
Paragraph

An advance of \_\_\_\_\_ is requested pursuant to \_\_\_\_\_ the terms of the Loan Agreement of \_\_\_\_\_ between the Government of \_\_\_\_\_ and the Federal Financing Bank ("Agreement" and "Bank" respectively). The Disbursement Date of the advance shall be \_\_\_\_\_ 198\_.

Second  
Paragraph

(Use the appropriate combination of the following examples to express the desired distribution of the advance. Some changes may be required in order to reflect specific needs.)

For use where payment is to be made to the U.S. Department of Defense:

The Government of \_\_\_\_\_ hereby directs the Bank to transfer this advance to the account of the United States Department of Defense as may be required to meet obligations on the following FMS Cases:

<u>FMS Case</u>	<u>Military Department</u> Army, Navy or Air Force)	<u>Amount U.S. \$</u>
-----------------	---	-----------------------

- 1.
- 2.
- 3., etc.

For use when payment is to be made to a commercial supplier by FFB wire transfer of funds directly to payee's bank

The Government of \_\_\_\_\_ hereby directs the Bank to transmit \$ \_\_\_\_\_ of the advance to ( \_\_\_\_\_ ) by direct wire transfer to the (Name and full address of U.S. bank to which advance is to be sent) for credit to Account No. \_\_\_\_\_ of that corporation. (Also add any desired notification instructions.)

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TABLE 902-1. (Continued)

For use when payment is to be made to a commercial supplier by the U.S. Department of Defense subsequent to the transfer of funds from FFB to a trust fund account with the U.S. Defense Security Assistance Agency:

The Government of \_\_\_\_\_ hereby directs the Bank to transfer \$ \_\_\_\_\_ of the advance to Trust Fund Account No. \_\_\_\_\_ administrated by the U.S. Department of Defense for the purpose of making payments to U.S. Commercial vendors on behalf of this Government.

Very truly yours,

GOVERNMENT OF \_\_\_\_\_

\_\_\_\_\_  
(Name and Title Typed)

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TABLE 902-1. (Continued)



DSAA CERTIFICATION APPROVING  
REQUEST FOR ADVANCE  
OF FUNDS

Secretary,  
Federal Financing Bank  
c/o United States Department  
of the Treasury  
Washington, D.C. 20220

Dear Sir:

Pursuant to Section 1.4 of the Loan Agreement dated \_\_\_\_\_ between the Government of \_\_\_\_\_ and the Federal Financing Bank ("Agreement", "Borrower", and "Bank" respectively), the Defense Security Assistance Agency ("DSAA") hereby approves the request for advance in the attached letter dated \_\_\_\_\_ from the Borrower, and certifies to the Bank that the Borrower has complied and is complying with all of the provisions of Sections 1.2 and 7 of the Agreement. In consideration of the making of the advance approved hereby, DSAA agrees to monitor the Borrower's compliance with Sections 1.2 and 7 of the Agreement and to notify the Bank immediately in the event that the Borrower fails to comply with any of the provisions of these sections.

Sincerely yours,

Defense Security Assistance  
Agency

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TABLE 902-1. (Continued)

## REPAYMENT PROCEDURES

All repayments shall be in immediately available U.S. dollars at the New York Federal Reserve Bank, New York, New York, on the day payment is due. To this end, payment shall be made by either of the following methods.

The New York Federal Reserve Bank maintains accounts for many foreign central banks. The Borrower may make payment by a direct transfer from its central bank (or a central bank being utilized by it for that purpose) to the New York Federal Reserve Bank. In effecting the transfer, the central bank should use the exact credit information provided in the following paragraph and indicate to the New York Federal Reserve Bank that the funds are for credit to the United States Treasury, for credit to the account of the Federal Financing Bank.

The other method of payment is the use of the Federal Reserve wire payment system ("Fedwire")--a system for making instantaneous transfers of funds between U.S. banks. If this system is used, the Borrower should instruct its local U.S. bank to transfer the funds to the New York Federal Reserve Bank by Fedwire on the payment date and to include in the wire the following credit information:

United States Treasury  
New York, New York  
021030004  
TREAS NYC/(20180006)  
For credit to the Federal Financing Bank  
Treasury Annex No. 1  
Washington, D.C. 20226

This information must be exactly in this form (including spacing between words or numbers) to insure timely receipt by the Federal Financing Bank.

Checks, drafts, and other orders for payment will not be accepted since they require collection and therefore do not constitute immediately available funds to the Federal Financing Bank.

**EXHIBIT A  
PROCEDURES FOR OBTAINING  
DSAA APPROVAL FOR CREDIT  
FUNDING OF PURCHASE ARRANGEMENTS**

**1. General.**

The Defense Security Assistance Agency, Office of the Comptroller ("DSAA Comptroller"), is responsible for approving Purchase Arrangements ("case") for credit funding when U.S. Government financing is to be utilized. In reviewing requests for advances of funds, the DSAA Comptroller is guided by a general list of defense articles and defense services (referred to as Justification List) approved by the U.S. Department of State, and by U.S. Government policy pertaining to the sale of defense articles and services. Each purchase the Borrower wishes to fund under this loan must be approved by the DSAA Comptroller.

**2. Purchases from Military Departments.**

a. The U.S. Military Departments effect Foreign Military Sales ("FMS") by means of the Letter of Offer and Acceptance ("LOA"), Department of Defense Form 1513. Each LOA then becomes a case and is identified by a three digit alphabetic code referred to as ("case identifier"). If a Borrower desires to fund a case from this loan, it must so inform the Military Department prior to the issuance of the LOA. In turn, the Military Department will submit the LOA to the DSAA Comptroller for approval.

b. When the Borrower wishes to use this loan to pay amounts due under an FMS case which has already been established as a "cash" or "dependable undertaking" case, the Borrower must ask the pertinent Military Department to convert all or part of that case from cash to credit funding. The Military Department must also submit the case to the DSAA Comptroller for review and approval before the requested change in funding will be made.

c. For each case it approves for financing from this loan the DSAA Comptroller will reserve enough funds from the uncommitted loan balance to cover the entire estimated cost of the case, or, as the situation may be, that part of the case requested for credit funding. The portion of the loan so reserved then will be available only for such payments. Payments, either for deliveries of materiel or progress payments, from advances requested by the Borrower, will be made by the DSAA Comptroller against the amount committed for that purpose.

**3. Purchases From Commercial Firms.**

a. This loan may be used to finance procurement from U.S. Commercial Suppliers, provided such financing has been authorized by the DSAA. In order that DSAA may advise a Borrower whether it will approve use of this loan to finance a purchase, the Borrower must provide a copy of the contract or proforma purchase order to the DSAA Comptroller for its review, preferably before the Borrower obligates itself to a purchase which it desires to be financed from this loan.

b. In addition to the approval mentioned above, the DSAA, at the time it certifies requests for advances (disbursements) of funds pursuant to Annex II, also will require from the Borrower properly executed invoices, bills-of-lading, and statements as may be applicable and substantially in the formats shown in paragraph 4 of Exhibit B (DSAA Requirements for Documentation to Support Requests for Advances).

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TABLE 902-1. (Continued)

c. For each commercial Purchase Arrangement approved, the DSAA Comptroller will identify it as a case and will provide to the Borrower a Purchase Arrangement Authorization letter in the form of the Attachment to this Exhibit. This letter will provide the case identifier assigned to the case. For each case it approves for financing from this loan, the DSAA Comptroller will reserve a sufficient amount of funds from the uncommitted loan balance to cover the estimated cost of the contract or purchase order, or, as the situation may be, that part of the contract or purchase order requested for credit funding. The portion of the loan so reserved then will be available only for such payments. Payments for deliveries, progress or advance payments, will be authorized by the DSAA Comptroller against the reserved portion of the credit.

d. The DSAA Comptroller will also provide a letter to the commercial firm indicating DSAA approval of the Purchase Arrangement, and inform it of certain provisions of Sections 1.1, 1.2, 1.4, 6, and 7.3 of the Loan Agreement.

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TABLE 902-1. (Continued)

ATTACHMENT TO  
EXHIBIT A

## PURCHASE ARRANGEMENT AUTHORIZATION

Dear Sir:

Pursuant to the provisions of Section 1.2 of the Loan Agreement between your Government and the Federal Financing Bank, and in response to your recent request, the following Purchase Arrangement is hereby authorized:

<u>Supplier</u>	<u>Funds Reserved for this Contract/Purchase</u>	<u>Case Identifier Assigned to This Purchase</u>
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Sincerely,

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(DSAA Comptroller's Office)

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TABLE 902-1. (Continued)

## EXHIBIT B

DSAA REQUIREMENTS FOR  
DOCUMENTATION TO SUPPORT  
REQUESTS FOR ADVANCES

1. This Exhibit describes the documents which the Borrower must furnish to the DSAA Comptroller in support of letter requests for advances.
2. Whenever the Borrower desires funds from the FFB, its representative(s), as designated per Section 4.1(c) of the Loan Agreement, shall forward the written request (in duplicate), prepared in accordance with Annex II of the Agreement, to the Office of the Comptroller, DSAA, The Pentagon, Washington, D.C. 20301-2800, not less than 18 working days before the desired disbursement date.
3. With each request for an advance, the Borrower will provide a letter addressed to the Director, Defense Security Assistance Agency, substantially in the format as follows:

Dear Sir:

In accordance with the provisions of Section 1.4 of our Loan Agreement with the Federal Financing Bank dated \_\_\_\_\_, the Government of \_\_\_\_\_ hereby requests DSAA approval for an advance of \_\_\_\_\_ from that loan.

The Government of \_\_\_\_\_ acknowledges that all materiel financed from this loan which is to be shipped by ocean surface transportation must be transported in privately owned vessels of United States registry unless a waiver is obtained in accordance with Section 7 of the Loan Agreement. In furtherance of this requirement, the suppliers of the materiel being financed with this advance were so notified and given appropriate shipping instructions.

In connection with this request, the Government of \_\_\_\_\_ also confirms that: [Select the proper clause from the following.]

the services and/or items for which payment is requested have been satisfactorily delivered

or

the advance payment requested is in accordance with requirements of the contract

or

the progress payment requested is in accordance with requirements of the contract

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TABLE 902-1. (Continued)

and that payment is therefore due under the Purchase Arrangement Contract  
Number/Case Identifier with the \_\_\_\_\_.

Sincerely,

GOVERNMENT OF \_\_\_\_\_

BY \_\_\_\_\_  
 (Name and Title)

4. Whenever funds from this loan are to be used to pay a commercial supplier, the Borrower shall also provide invoices, bills-of-lading, and statements in support of the letter request for an advance, as follows:

a. An invoice, which has been prepared in accordance with the relevant provisions of the Purchase Arrangement between the Borrower and the Commercial Supplier, covering the Materiel and services for which payment is to be received from this advance. The invoice should, as a minimum (1) list items for which payment is requested; (2) reflect the amount and date payment is due; (3) indicate by separate entry the amount included in the invoice for transportation and related costs; and (4) if transportation is invoiced for delivery of materiel to a port outside the United States, state the name of the carrier(s) of the materiel from the U.S. Port of Embarkation.

b. A copy of each Bill-of-Lading (rated, "on-board" bill-of-lading) connected with the invoice. If an invoice has no cost entry for transportation from a United States port of embarkation the supplier will include a certification with the invoice as follows:

The (Commercial Supplier) acknowledges that United States Government funds are being used by the Borrower to finance the materiel included in this invoice and certifies that no charges of any nature are included for transportation from a United States port of embarkation.

\_\_\_\_\_  
 (Commercial Supplier)

c. Before DSAA authorizes the use of this loan to finance any purchase from a Commercial Supplier, the Borrower must provide two statements, signed by the Commercial Supplier, and substantially in the following format:

1. The (Commercial Supplier) agrees that authorized representatives of the Government of the United States shall have access to and the right to examine any directly related books, documents, papers, or records which involve transactions relating to this sale for a period of three years immediately following the receipt of final payment therefor. The (Commercial Supplier) confirms that the materiel for which payment is requested are United States source end products.

2. The (Commercial Supplier) hereby confirms that the contract price includes sales commissions and contingency fees in the aggregate amount of \_\_\_\_\_.

\_\_\_\_\_  
 (Commercial Supplier)

TABLE 902-1. (Continued)

or

The (Commercial Supplier) hereby confirms that no sales commissions or contingent fees are included in the contract price.

---

(Commercial Supplier)

d. If a Commercial Supplier requires payment in advance for work yet to be performed, as distinguished from payment for delivery of defense items or reimbursement in the form of progress payments for work or services performed, the Borrower must include a statement signed by the commercial supplier and substantially in the format as follows:

The (Commercial Supplier) agrees to maintain the full amount of this advance payment in a segregated account and apply the funds solely to the performance of obligations under this contract.

5. Whenever funds from this loan are to be used to pay a Military Department, the Borrower shall also provide an invoice (Quarterly Billing Statement - DD Form 645). Only when an initial payment ("Downpayment") is required by a LOA approved for credit funding will be DSAA Comptroller use such LOA as a basis for making payments.

6. Whenever funds from this loan are to be used to pay the Defense Property Disposal Service (DPDS), the Borrower can use a copy of the LOA received from the DPDS in support of the request for an advance. Since the DPDS normally requires payment with a Borrower's acceptance of a LOA, the DSAA Comptroller will make payment directly to the DPDS for LOAs it approves for financing from this loan.

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TABLE 902-1. (Continued)



## EXHIBIT C

## PROCEDURES FOR OBTAINING OCEAN TRANSPORTATION WAIVERS

1. This Exhibit outlines the procedures for obtaining a waiver of the requirement that Defense Items be transported in privately owned vessels of United States registry.

2. If a waiver of the requirement for shipping materiel in ocean vessels of U.S. registry is necessary, the Borrower should request such waiver from either the Director, Defense Security Assistance Agency, Room 4E837, The Pentagon, Department of Defense, Washington, D.C. 20301-2800, or the Director, Office of Market Development, Maritime Administration, U.S. Department of Transportation, Washington, D.C. 20590-0001, as directed in paragraphs 3-5 below. Requests for waivers are categorized as: (a) general; (b) non-availability; and (c) security. A description of these waivers and the procedures connected with each follow.

3. General Waivers.

a. Consideration will be given to waiver applications to authorize ocean vessels flying the flag of the Borrower to participate in the transportation of cargo generated under the Agreement provided the Borrower does not discriminate against United States flag vessels in the carriage of the exports or imports of the Borrower. Approval may be granted for the Borrower's flag vessels to carry up to, but not in excess of 50 percent of the cargo under the Agreement. Ocean freight revenue is the main criterion for determining the flag participation but cargo valuation shall also be taken into consideration. Accordingly, throughout the life of the Agreement, U.S. flag vessels shall not receive less than 50% of the cargo valuation and ocean freight revenue insofar as practicable.

b. Applications for general waiver should be submitted as soon as practicable after determination has been made to use the Borrower's flag vessels but at least twenty-one (21) days in advance of intended shipping dates to enable verification of the treatment accorded vessels of U.S. registry and to process the application. Applications should be submitted to the Director, Defense Security Assistance Agency, Room 4E837, The Pentagon, Department of Defense, Washington, D.C. 20301-2800, with a copy to the Director, Office of Market Development, Maritime Administration, U.S. Department of Transportation, Washington, D.C. 20590-0001.

c. Subsequent to the granting of a general waiver, if it occurs that neither United States flag vessels nor the Borrower's flag vessels are available, consideration will be given to specific waiver applications to authorize, on a shipment-by-shipment basis, the use of third country flag vessels. Applications for the use of a third flag vessel under an approved general waiver should be submitted at least 21 days prior to the intended shipping date to allow time to process the application. If a waiver is granted to allow the use of a third flag vessel for a particular shipment under an existing general waiver, the cargo carried by the third flag vessel shall be recorded against the Borrower's flag vessels' portion of the cargo available under the general waiver.

4. Non-Availability Waivers.

a. Consideration will be given to waiver applications to authorize use of other than United States flag vessels in those cases of non-availability of United States flag vessels or in instances of non-availability of United States flag vessels at reasonable rates.

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TABLE 902-1. (Continued)

b. Applications for non-availability waivers to permit use of the Borrower's flag vessels need not be submitted if a general waiver has been approved and the Borrower will use U.S. flag vessels to carry over 50 percent of the cargo under the Agreement. Applications are required where a general waiver (1) has not been applied for, (2) has not been approved, or (3) has been approved but, on a shipment-by-shipment basis, U.S. flag vessels are not available or not available at reasonable rates and shipments on Borrower's flag vessels will exceed 50 percent of the cargo under the Agreement. If a general waiver has been approved but U.S. flag vessels are not available or not available at reasonable rates, effort should be made to ship defense articles under the Borrower's portion of the general waiver. Thus, applications for non-availability waivers, where a general waiver has been approved, should be submitted only under unusual circumstances.

c. Applications on the basis of non-availability of vessels of United States registry must establish and document that the Borrower has made a reasonable, timely and bona fide effort to arrange shipment on ocean vessels of United States registry and that such ocean vessels are not available. Such applications must be submitted at least 21 days in advance of the intended shipping date to enable verification of non-availability of vessels of United States registry and to process the application.

d. Applications on the basis of non-availability of vessels of United States registry at reasonable rates must establish and document all applicable comparative rates and should be submitted at least 21 days in advance of the intended shipping date to enable verification of non-availability of vessels of United States registry at reasonable rates and to process the application.

e. Applications for non-availability waivers must be submitted by the Borrower, or on its behalf by the shipping agent or supplier, on a shipment-by-shipment basis. Applications should be submitted to the Director, Office of Market Development, Maritime Administration, U.S. Department of Transportation, Washington, D.C. 20590-0001, with a copy to the Director, Defense Security Assistance Agency, Room 4E837, The Pentagon, Department of Defense, Washington, D.C. 20301-2800.

f. Each application for a non-availability waiver should contain the following information:

1. Identification and address of the applicant
2. Recipient country
3. Date and source of loan (FFB, etc.)
4. Supplier and/or exporter
5. List and description of commodities to be shipped
6. FAS value of commodities
7. Shipping date
8. Discharge port
9. Discharge port
10. Estimated ocean freight cost
11. Proposed vessel(s) to be used
12. Weight of shipment
13. Cube measurement of shipment
14. Original point of production

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TABLE 902-1. (Continued)

## 5. Security Waivers.

a. Where sabotage may reasonably be expected, or a State of emergency exists, so that extraordinary security precautions are required, consideration will be given to authorized vessels flying the Borrower's flag to transport a specific shipment or series of shipments of cargo financed with this loan.

b. Applications for security waivers need not be submitted if a general waiver has been approved and the Borrower will use U.S. flag vessels to carry over 50 percent of the value of the cargo being financed under the Agreement. Applications are required where a general waiver (1) has not been applied for, (2) has not been approved, or (3) has been approved but, on a shipment-by-shipment basis, use of the Borrower's flag vessels will exceed 50 percent of the cargo under this Agreement. If a general waiver has been approved, defense articles and equipment involving special security or safety requirements should be shipped under the Borrower's portion of the cargo available under the general waiver. Therefore, waiver applications for security or safety reasons where a general waiver has been approved should be submitted only under unusual circumstances.

c. Applications for security waivers must provide information about the specific security or safety requirements involved, as well as other identifying information about the shipment(s).

d. Security waiver applications should be sent by the Borrower to the Director, Defense Security Assistance Agency, Room 4E837, The Pentagon, Department of Defense, Washington, D.C. 20301-2800, with a copy to the Director, Office of Market Development, Maritime Administration, U.S. Department of Transportation, Washington, D.C. 20590-0001. Applications should be forwarded at least 21 days in advance of the intended shipment date(s) to enable verification of the security or safety requirements and to process the application.

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TABLE 902-1. (Continued)

## TABLE 902-2

## GUARANTY

FOR VALUE RECEIVED, the Defense Security Assistance Agency of the Department of Defense ("DSAA"), hereby unconditionally and irrevocably guarantees to the Federal Financing Bank ("FFB"), under the authority of Section 24 of the Arms Export Control Act, as amended ("Act"), the due and punctual payment of any and all amounts due: (1) on the promissory note ("Note") in the principal amount of up to \$ \_\_\_\_\_ dated \_\_\_\_\_ issued to the FFB by \_\_\_\_\_ ("Borrower") pursuant to the Loan Agreement between the FFB and the Borrower dated ("Agreement"); and (2) the FFB from the Borrower pursuant to the Agreement.

This Guaranty is a guaranty of payment covering all political and credit risks of nonpayment, including any nonpayments arising out of any claim which the Borrower may now or hereafter have against any person, corporation, or other entity (including, without limitation, the United States, the FFB and any supplier of defense items) in connection with any transaction, for any reason whatsoever. This Guaranty shall inure to the benefit of and shall be enforceable by the FFB, its successors or assigns. This Guaranty shall not be impaired by any law, regulation or decree of the Borrower now or hereafter in effect which might in any manner change any of the terms of the Note or Agreement. The obligation of the DSAA hereunder shall be binding irrespective of the irregularity, invalidity or unenforceability under any laws, regulations or decrees of the Borrower of the Note, the Agreement or other instruments related thereto.

The DSAA hereby waives diligence, demand, protest, presentment and any requirement that the FFB exhaust any right or power to take any action against the Borrower and any notice of any kind whatsoever other than the demand for payment required to be given to the DSAA hereunder in the event of default on a payment due under the Note.

In the event of failure of the Borrower to make payment, when and as due, of any installment of principal or interest under the Note, the DSAA shall make payment immediately to the FFB upon demand to the DSAA after the Borrower's failure to pay has continued for 10 calendar days. The amount payable under this Guaranty shall be the amount of the overdue installment of principal and interest, plus any and all late charges and interest thereon as provided in the Agreement. Upon payment by the DSAA to the FFB, the FFB will assign to the DSAA, without recourse or warranty, all of its rights in the Note and the Agreement with respect to such payment.

In the event of a default under the Agreement or the Note by the Borrower and so long as this Guaranty is in effect and the DSAA is not in default hereunder:

- (i) The FFB or other holder of the Note shall not accelerate or reschedule payment of the principal or interest on the Note or any other note of the Borrower guaranteed by the DSAA except with the written approval of the DSAA; and
- (ii) The FFB shall, if so directed by the DSAA, invoke the default provisions of the Agreement, and shall suspend any further payments under its Commitment until the FFB has been advised by the DSAA that it may resume payments under its Commitment.

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TABLE 902-2. Guaranty.

The FFB's rights under this Guaranty may be assigned to any individual, corporation, partnership, or other association doing business in the United States of America. In the event of such assignment the DSAA shall be promptly notified. The FFB will not agree to any materiel amendment of the Agreement or Note or consent to any materiel deviation from the provisions thereof without the prior written consent of the DSAA.

Any notice, demand, or other communication hereunder shall be deemed to have been given if in writing and actually delivered to the Comptroller, DSAA, The Pentagon, Washington, D.C. 20301, or the successor, or such other place as may be designated in writing by the Comptroller, DSAA, or the successor thereof.

By acceptance of the Note, the FFB agrees to the terms and conditions of this Guaranty.

DATED: \_\_\_\_\_

BY: \_\_\_\_\_

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TABLE 902-2. (Continued)

## TABLE 902-3

## LOAN AGREEMENT

LOAN AGREEMENT made and entered into as of the \_\_\_\_\_ day of \_\_\_\_\_ between the Government of \_\_\_\_\_ ("Borrower") and the Government of the United States of America as represented by the Defense Security Assistance Agency ("DSAA").

WHEREAS, the Borrower desires to enter into purchase contracts ("Purchase Agreements") with Military Departments and Agencies of the United States Department of Defense ("DOD"), various United States commercial suppliers, or both of them for the purchase of defense articles, defense services, and design and construction services of United States origin (with regard to articles and services financed hereunder, hereinafter collectively referred to as "Defense Items"); and

WHEREAS, the Borrower has requested a loan from the Government of the United States of America (hereinafter sometimes referred to as the "Lender") to finance payments required to be made by the Borrower under the Purchase Agreements; and

WHEREAS, it has been determined that the aforesaid requested loan will facilitate the purposes of the Arms Export Control Act, as amended ("Act").

NOW THEREFORE, in consideration of the premises and the mutual covenants hereinafter set forth, the parties hereto agree as follows:

#### SECTION 1. COMMITMENT

1.1 Subject to the terms and conditions of this Loan Agreement ("Agreement"), the Lender agrees to make advances to the Borrower from time to time in an aggregate principal amount not to exceed \_\_\_\_\_ dollars (U.S. \$ \_\_\_\_\_), the obligation of the Lender under this section being hereinafter called the "Loan Proceeds."

1.2 Before requesting any advance hereunder, the Borrower shall execute and deliver to the DSAA a single promissory note ("Note") substantially in the form attached hereto as Annex I.

1.3 The Loan Proceeds shall be available only to finance the purchase of Defense Items by the Borrower pursuant to Purchase Agreements approved for such financing by the DSAA in accordance with the policies and procedures in effect at the time such financing is approved. The current DSAA procedures for obtaining this approval are, without being incorporated herein, attached hereto as Exhibit A. Each authorization for the Borrower to enter into a Purchase Agreement in implementation of this Loan Agreement shall be separately communicated by the DSAA in writing to the Borrower substantially in the form of the Attachment to Exhibit A. The authorization shall specify the case identifier assigned by the DSAA to, and the amount of financing authorized for, the approved Purchase Agreement.

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TABLE 902-3. Loan Agreement.

1.4 (a) Each advance hereunder by the Lender shall be made upon the delivery to the DSAA of a letter request from the Borrower. The letter request shall be in the form set forth in Annex II and shall be delivered to the DSAA not less than fifteen business days before the disbursement date. Documentation in support of letter requests shall be in accordance with DSAA policies and procedures in effect at the time the Purchase Agreement, for which the advance is requested, was approved by the DSAA. The current DSAA requirements for documentation supporting requests for disbursement are, without being incorporated herein, attached hereto as Exhibit B.

(b) Not more than two advances shall be requested in any single month, except that an advance of \$100,000 or more may be requested at any time. An advance may consist of payments to more than one supplier.

(c) Advances made to the Borrower shall be authorized in accordance with Requests for Advances, which shall be prepared by the Borrower in the form of Annex II hereof and forwarded to the Lender for each advance. Each advance shall bear interest, as provided in Section 2, commencing with the disbursement date of the advance.

(d) Subject to the terms and conditions of this Loan Agreement, the Lender agrees to make advances to the Borrower from time to time for a period of three (3) years from the date of this Loan Agreement.

## **SECTION 2. REPAYMENT AND ASSIGNABILITY.**

2.1 (a) The Borrower hereby agrees to repay the principal of the advances made under this Agreement semiannually in accordance with the repayment schedule set forth in the Note ("Schedule"), and to pay interest on such outstanding unpaid principal as provided in the Note. All payments of principal and interest shall be made in immediately available funds of lawful money of the United States of America, at the Federal Reserve Bank of New York, as provided in Annex III hereof.

(b) If on any installment date in the Schedule the outstanding balance of the advances is less than the amount of principal due, the Borrower shall, on such installment date, repay the entire outstanding balance, plus accrued interest thereon. If thereafter the Borrower shall avail itself of the Loan Proceeds in an amount which would have been payable on a prior installment date but for the provisions of the immediately preceding sentence, such amount, plus accrued interest thereon, shall be repayable on the next succeeding installment date of the Schedule occurring after the disbursement of such amount and the scheduled principal repayable on that date shall be increased by such amount.

(c) If by the final date specified in Section 1.4(d) hereof the Borrower has not availed itself of the entire amount of the Loan Proceeds, and if such date is not extended by amendment to this agreement, the installments of principal in the Schedule shall be reduced in the inverse order of the maturity thereof to the extent of the unused balance of the Loan Proceeds.

(d) The Borrower may prepay principal in part or in full without penalty or premium, but such prepayment must be accompanied by payment of interest on the amount prepaid to the date of repayment and must be applied to the satisfaction of installments of principal repayments in the inverse order of their maturities.

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TABLE 902-3. (Continued).

2.2 Whenever any payment under the Note shall be due on a Saturday, Sunday, or a day on which the DOD or the Federal Reserve Bank of New York are not open for business, such payment shall be made on the first day thereafter on which the DOD and the Federal Reserve Bank of New York are open for business, and such extension of time shall be included in computing interest in connection with such payment, but excluded from the next interest period, if any.

2.3 If the Borrower fails to make payment when and as due of any installment of principal or interest under the Note, the amount payable shall be overdue installment of principal or interest, plus interest thereon at the rate specified in the Note, from the due date to the date of payment.

2.4 The Lender may sell or assign the Note at any time, in whole or in part. However, if the Lender intends to sell or assign the Note or any part thereof to any entity other than an agency of the United States, the Lender shall give the Borrower written notice thereof not less than fifteen days prior to the date of the intended sale or assignment; in that event, the Borrower shall have the option, to be exercised by giving written notice to the Lender at least five days prior to the intended sale or assignment, to purchase the entire Note on such terms and conditions as are established by the Lender.

### SECTION 3. REPRESENTATIONS AND WARRANTIES

The Lender has entered into this Agreement and will make the loan provided for herein on the basis of the following representations and warranties of the Borrower:

(a) The Borrower has full power, authority and legal right to incur the indebtedness contemplated in this Agreement on the terms and conditions contained herein, and to execute, deliver and perform this Agreement and the Note;

(b) The execution, delivery and performance of this Agreement and the Note will not violate any provisions of, and have been duly and validly authorized under, the laws of the Borrower, and all actions necessary to authorize the borrowings hereunder and the execution, delivery and performance of this Agreement and the Note have been duly taken; and

(c) This Agreement has been, and the Note when issued will be, duly executed and delivered by persons duly authorized, and this Agreement constitutes, and the Note when issued will constitute, the valid, legal and binding obligation of the Borrower, enforceable in accordance with their respective terms.

### SECTION 4. CONDITIONS OF LENDING

4.1 The obligation of the Lender to make advances hereunder is subject to the conditions precedent that, prior to the first disbursement, it shall have received, satisfactory to it in form and substance:

(a) Evidence of the authority of each person who (i) signed this Agreement on behalf of the Borrower, (ii) signed or will sign the Note, and (iii) will sign on behalf of the Borrower, any notices, requests for advances, or other documents contemplated by this Agreement. Evidence of this authority shall be in the form of the letter at Annex IV; and

(b) The Note executed by the duly authorized representative of the Borrower.

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TABLE 902-3. (Continued).



4.2 The obligation of the Lender to make any advance hereunder is subject to the further conditions precedent that:

- (a) No event of default within the meaning of Section 6 hereof shall have occurred;
- (b) The DSAA shall have received a letter request executed by the duly authorized representative of the Borrower and prepared in accordance with the procedures for disbursement of Loan Proceeds; and
- (c) All legal matters incident to the Note, and this Agreement shall be satisfactory to the General Counsel of the DSAA.

## SECTION 5. COVENANTS

The Borrower covenants and agrees that from the date of this Agreement and so long as any amounts remain unpaid on the Note or otherwise under this Agreement and at least until ten years has elapsed from the date first above written:

- (a) All payments of principal and interest on the Note and other fees and expenses shall be made free and clear of and without deduction for, any and all taxes, levies, duties, fees, charges, deductions, withholdings, restrictions or conditions of any nature whatsoever now or hereafter imposed, levied, collected or assessed with respect thereto, by or with respect to the Borrower or any authority thereof or therein;
- (b) Any claim which it may now or hereafter have against any person, corporation or other entity (including without limitation, the Government of the United States, DOD, DSAA and any supplier of Defense Items) in connection with any transaction, for any reason whatsoever, shall not affect the obligation of the Borrower to make the payments required to be made to the Lender under this Agreement or the Note, and shall not be asserted as a defense to the payment of such obligation or as a setoff, counterclaim, or deduction against such payments;
- (c) It will pay all taxes, now or hereafter in effect, imposed with respect to this Agreement or the Note by any government other than the Government of the United States of America and will save and hold harmless any holder of the Note from all losses or liabilities resulting from any delay or omission to pay such taxes;
- (d) Any legal action or proceeding against it by the Lender with respect to this Agreement or the Note may be brought in the Courts of the District of Columbia or in the United States District Court for the District of Columbia or in the courts of the Borrower, as the Lender may elect, and by execution and delivery of this Agreement, the Borrower submits to each jurisdiction. In the case of the Courts of the District of Columbia or of the United States District Court for the District of Columbia, the Borrower consents to the service of process out of said courts by mailing copies of such process by registered United States mail, postage prepaid, to it at its address set forth in Section 8.3(a) hereof;
- (e) The Borrower shall make all of its records and files relating to its use or other disposition of the Loan Proceeds and to any Purchase Agreement approved for financing with such Loan Proceeds available upon request for inspection by the Department of Defense of the Lender or by the Department of Justice of the Lender;

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TABLE 902-3. (Continued).

(f) The Borrower shall make its officials and its employees as well as its nationals who are neither officials nor employees available, to the fullest extent allowed by the laws of the Borrower, for interview by the Department of Defense of the Lender or by the Department of Justice of the Lender in connection with any investigation of crime under the laws of the Lender arising out of the use or other disposition of any of the Loan Proceeds or arising out of any Purchase Agreement approved for financing with such Loan Proceeds; and,

(g) The Borrower shall notify in writing each commercial supplier with which it has a Purchase Agreement approved for financing with the Loan Proceeds promptly upon its receipt of notification by DSAA of such approval that United States Government funds are being and will be used to finance such Purchase Agreement.

## SECTION 6. DEFAULTS

6.1 A condition of default shall exist upon the occurrence of any of the following events of default:

(a) If the Borrower fails for a period of ten calendar days to make any payment of principal or interest on the Note when due;

(b) If a default shall have occurred on any other loan to the Borrower by the DSAA, a holder of the Note, or the Government of the United States of America or any agency thereof;

(c) If any representation or warranty made by the Borrower herein or any certification of the Borrower required herein proves to be at any time incorrect in any material respect;

(d) If (i) the Borrower defaults in the performance of any of the provisions in Sections 1, 2 or 7 hereof, and (ii) such default shall continue unremedied for thirty calendar days after written notice thereof shall have been given by the DSAA to the Borrower; or

(e) If the Borrower defaults in the performance of any other provision in this Agreement, and such default shall continue unremedied for thirty calendar days after written notice thereof shall have been given to the Borrower.

6.2 Upon each and any such event, the holder of the Note may declare immediately due and payable the unpaid principal and accrued interest on the Note and any other note or other indebtedness of the Borrower held by the holder of the Note and thereupon such amount shall become immediately due and payable without protest, presentment, notice or other demand of any kind, all of which are hereby expressly waived by the Borrower, and if such event occurs before the full amount of the Loan Proceeds has been disbursed or before any other loan commitment of the holder of the Note to the Borrower has been fulfilled, the holder of the Note may terminate or suspend such disbursements and commitments. The Borrower shall pay all costs and expenses, including attorney fees incurred in the collection of amounts due hereunder after default.

## SECTION 7. TRANSPORTATION

7.1 All Defense Items to be transported from the United States by ocean vessel shall be transported in vessels of United States registry unless a waiver is obtained from the DSAA or the Maritime Administration, U.S. Department of Transportation ("MARAD"). The current DSAA and MARAD procedures for obtaining a waiver are, without being incorporated herein, attached hereto as Exhibit C. In each instance where a supplier will arrange ocean transportation for

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TABLE 902-3. (Continued).

Defense Items being purchased, the Borrower shall give written notice of this requirement to the supplier:

(a) for Purchase Agreements already entered into, within ten days of the date hereof, and

(b) for Purchase Agreements hereafter entered into, on the date the Purchase Agreement is consummated.

7.2 The Borrower shall provide the following information to the Director, Office of Market Development (MARAD), with respect to any ocean or air shipments of Defense Items from the United States: (a) FMS Case Identifier, (b) FAS value of cargo, (c) supplier, (d) freight forwarder, (e) freight cost, (f) name of vessel or airline, (g) vessel/aircraft flag of registry, (h) date of loading, (i) port or place of loading, (j) port or place of final discharge, (k) cargo description, (l) gross weight of cargo, and (m) cubic measurement of cargo. This information shall be provided as soon as possible and in any event not later than 90 days from the date of shipment, and shall contain a reference to this Agreement.

7.3 Advances hereunder may be used to pay ocean or air freight costs for transportation of only those Defense Items financed by this loan and only if such items are carried on vessels or aircraft of United States registry.

## SECTION 8. MISCELLANEOUS

8.1 The Borrower and the Lender may agree at any time hereafter to apply a portion or portions of Loan Proceeds that have not been approved to finance Purchase Agreements (in accordance with Section 1.3 hereof) as a participation or participations in credit(s) furnished to the Borrower for the financing of the purchase of Defense Items by the Borrower pursuant to Purchase Agreements so approved. Such participation(s) shall be limited to those in credit(s) furnished by any individual, corporation, partnership, or other juridical entity doing business in the United States, and the Borrower and the Lender shall agree for that purpose with the entity furnishing said credit(s) on the terms and conditions under which the credit(s) will be furnished.

8.2 No omission or delay on the part of the Lender in exercising any right hereunder shall operate as a waiver of such right or any other right hereunder. The rights and remedies prescribed herein are cumulative and not in limitation of or substitution for other rights or remedies of the Lender.

8.3 Any notice, demand or other communication hereunder shall be deemed to have been given if in writing and actually delivered at the addresses shown below:

(a) In the case of the Borrower to:

(b) In the case of MARAD to:

Director, Office of Market Development  
Maritime Administration  
U.S. Department of Transportation  
Washington, D.C. 20590-0001

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TABLE 902-3. (Continued).

(c) In the case of the Lender to:

Director, Defense Security Assistance Agency  
The Pentagon  
Washington, D.C. 20301-2800

or to such other addresses as may be specified in writing.

8.4 Notwithstanding Section 1.3 hereof, the Loan Proceeds shall also be available to make payment of principal and interest owed to the United States Government under any loan made or guaranteed pursuant to the Arms Export Control Act except principal and interest not due at the time payment is to be made. Advances requested to be made for such purpose shall be made upon delivery to the DSAA of a letter request from the Borrower not less than fifteen business days before the disbursement date. \*\*

8.5 This Agreement and the Note shall be construed and interpreted in accordance with the laws of the United States of America, and if none is applicable, with those of the District of Columbia, United States of America.

8.6 This Agreement shall be binding upon and inure to the benefit of the Borrower and the Lender and their respective successors and assigns, except that the Borrower may not assign its rights or obligations hereunder without the prior written consent of the DSAA. All agreements, covenants, representations and warranties made herein shall survive the delivery of the Note and the making of the advances hereunder.

8.7 This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but all the counterparts shall together constitute a single instrument. Annexes I, II, III, and IV attached hereto are, by this reference, made a part of this Agreement.

8.8 All notices, demands, or other communications given under this Agreement, unless submitted in the English language, shall be accompanied by an English translation and such translation shall govern.

8.9 In case any one or more of the provisions contained in this Agreement or the Note should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein or therein shall not in any way be affected or impaired. This Agreement or the Note may be amended only with the mutual written consent of the Borrower, Lender, and holder of the Note.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers and representatives on the day and year first above written.

GOVERNMENT OF \_\_\_\_\_

By \_\_\_\_\_

GOVERNMENT OF THE UNITED STATES OF AMERICA

By \_\_\_\_\_

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TABLE 902-3. (Continued).

## ANNEX I

## PROMISSORY NOTE

FOR VALUE RECEIVED, THE GOVERNMENT OF \_\_\_\_\_ ("Borrower") hereby promises to pay to the Government of the United States of America ("Lender") such sums as may be advanced by the DSAA hereunder. The Lender shall not be obliged to advance more than \_\_\_\_\_ dollars (U.S. \$\_\_\_\_\_).

The principal amount advanced under this Note shall be repaid in \_\_\_\_\_ installments of \$\_\_\_\_\_ and \_\_\_\_\_ installment of \$\_\_\_\_\_. The installments shall be due and payable on \_\_\_\_\_ and \_\_\_\_\_ of each year commencing on \_\_\_\_\_, with the final installment due on \_\_\_\_\_. A schedule of the principal amounts due is attached hereto.

Advances shall bear interest on the unpaid principal balance outstanding at a rate of \_\_\_\_\_ percent per annum on \_\_\_\_\_ and \_\_\_\_\_ of each year commencing on \_\_\_\_\_.

Interest shall be calculated on the basis of a year of 365 days and the actual number of days elapsed. The total amount of advances hereunder shall be repaid, with right of prepayment, in accordance with the schedule attached to this Note.

Both principal and interest shall be paid in lawful money of the United States in immediately available funds at the Federal Reserve Bank of New York.

This Note is issued at Washington, D.C., pursuant to the Loan Agreement dated \_\_\_\_\_ between the Borrower and the Lender, and is subject to the terms and entitled to the benefits of that Agreement.

GOVERNMENT OF \_\_\_\_\_

Date: \_\_\_\_\_ By \_\_\_\_\_ (SEAL)

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TABLE 902-3. (Continued)

ATTACHMENT TO  
ANNEX IPRINCIPAL REPAYMENT SCHEDULE

The first	(amount)	shall be repaid on	(date)
The next		shall be repaid on	
The next		shall be repaid on	
The next		shall be repaid on	
The next		shall be repaid on	
The next		shall be repaid on	
The next		shall be repaid on	
The next		shall be repaid on	
The next		shall be repaid on	
The next		shall be repaid on	
The next		shall be repaid on	
The next		shall be repaid on	
The last		shall be repaid on	

Total

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TABLE 902-3. (Continued)

## ANNEX II

FORM OF LETTER REQUEST FOR ADVANCE OF FUNDS

Director  
Defense Security Assistance Agency  
Pentagon  
Washington, D.C. 20301-2800

Dear Sir:

In accordance with the provisions of Section 1.4 of our Loan Agreement with the Government of the United States of America dated \_\_\_\_\_, the Government of \_\_\_\_\_ hereby requests the DSAA approval and disbursement of an advance of \_\_\_\_\_ from that loan.

The Government of \_\_\_\_\_ acknowledges that advances hereunder may be used to pay ocean and air freight costs only for transportation of Defense Items being carried on vessels or aircraft of United States registry, and that all materiel financed from this loan which is to be shipped by ocean surface transportation must be transported in privately-owned vessels of United States registry unless a waiver is obtained in accordance with Section 7 of the Loan Agreement. In furtherance of this requirement, the suppliers of the materiel being financed with this advance were so notified and given appropriate shipping instructions.

In connection with this request, the Government of \_\_\_\_\_ confirms that, as appropriate: the defense articles and services for which payment is requested have been satisfactorily delivered; or the advance payment requested is in accordance with requirements of the contract; or the progress payment requested is based on the contractor's satisfactory progress and is in accordance with requirements of the contract; and that payment is therefore due and unpaid under the Purchase Agreement \_\_\_\_\_ with the \_\_\_\_\_.

Sincerely,

GOVERNMENT OF \_\_\_\_\_

By \_\_\_\_\_  
(Name and Title)

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TABLE 902-3 (Continued)

## ANNEX III

REPAYMENT PROCEDURES

All repayments shall be in immediately available U.S. dollars at the New York Federal Reserve Bank, New York, New York, on the day payment is due. To this end, payment shall be made by either of the following methods.

The New York Federal Reserve Bank maintains accounts for many foreign central banks. The Borrower may make payment by a direct transfer from its central bank (or a central bank being utilized by it for that purpose) to the New York Federal Reserve Bank. In effecting the transfer, the central bank should use the exact payment account information provided below, and indicate to the New York Federal Reserve Bank that the funds are for credit to the United States Treasury, for credit to the account of the Defense Security Assistance Agency:

021030004      (Note 1)  
 (Note 2)      (Note 3)      Payment Amount (in U.S. dollars)  
 LEAVE BLANK LINE HERE - for Federal Reserve Bank use only  
 TREASURY NYC/CTR/BNF=/AC-00005037 OBI=(Begin third party text -  
     may use up to 219 characters with this optimum format;  
     this text should include the precise loan installments(s)  
     to which the remitted amount should be credited.)

<u>Notes:</u>	1	Type-Subtype-CD	Provided by sending bank.
	2	Sender-DFI-No.	Provided by sending bank.
	3	Sender-REF-No.	Optional information provided by sending bank.

Should the Borrower choose to use the Federal Reserve wire payment system ("Fedwire"), a system for making instantaneous transfers of funds between U.S. banks, the Borrower should instruct its local U.S. bank to transfer the funds to the New York Federal Reserve Bank by Fedwire on the payment date and to include in the wire the payment account information set forth in the preceding paragraph.

The payment account information must be exactly in the form shown above (including spacing between words or numbers) to insure timely receipt by the DSAA, and to avoid the assessment of late charges.

Checks, drafts, and other orders for payment do not constitute immediately available funds and therefore do not meet the requirements of the Promissory Note. These instruments will be accepted but funds will be credited to accounts only after confirmation by the U.S. Treasury.

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TABLE 902-3 (Continued)



## ANNEX IV

DESIGNATION OF AUTHORITY

1. The Borrower shall provide to the DSAA a written communication that evidences the authority for incumbents of specifically named offices or specifically named individuals to sign the loan documents on its behalf. As a minimum the communication will contain the following:

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Director  
Defense Security Assistance Agency  
The Pentagon  
Washington, D.C. 20301-2800

Dear Sir:

The following officials of the Government of \_\_\_\_\_ are duly authorized to execute and deliver documents as indicated below in connection with a loan agreement in the amount of \_\_\_\_\_ between the Government of the United States and this Government:

a. LOAN AGREEMENT:

[Person's Name(s) and/or Title(s) of Office(s)]

b. PROMISSORY NOTE:

[Person's Name(s) and/or Title(s) of Office(s)]

c. REQUESTS FOR DISBURSEMENT AND SUCH OTHER DOCUMENTS AS MAY BE REQUIRED UNDER THIS LOAN AGREEMENT:

[Person's Name(s) and/or Title(s) of Office(s)]

Very truly yours,

Date: \_\_\_\_\_ By \_\_\_\_\_  
(Name and Title Typed)

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2. The designation of authority letter shall be signed by an appropriate person empowered under the laws of the Borrower to delegate to selected officials authority to sign debt obligations or the other documents as stated in the name of its Government. The Borrower shall submit a designation of authority letter to DSAA containing the names and signatures of newly designated officials whenever changes occur.

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TABLE 902-3. (Continued)

## EXHIBIT A

PROCEDURES FOR OBTAINING DSAA APPROVAL  
FOR  
LOAN FINANCING OF PURCHASE AGREEMENTS

1. General

The Defense Security Assistance Agency (DSAA) is responsible for approving loan financing of all Purchase Agreements that the Borrower wishes to finance with proceeds from the loan issued by the DSAA under the provisions of the Arms Export Control Act. The use of loan proceeds shall be approved for the financing of purchases by the Borrower only of defense articles, defense services, and design and construction services of U.S. origin. In reviewing requests for financing of Purchase Agreements, the DSAA is guided by objectives established by the U.S. Government for improvement of the Borrower's defense capabilities, by generally accepted financing practices, and by United States laws, regulations and policies in effect at the time the financing is requested. The U.S. Government reserves the right to refuse to finance any purchase agreement and is not required to explain its reason(s) for such refusal.

2. Purchases from U.S. Military Departments

a. The U.S. Military Departments effect Foreign Military Sales (FMS) by means of the Letter of Offer and Acceptance (LOA), Department of Defense Form 1513. Each LOA, also referred to as an FMS case, is identified by a three digit alphabetic code referred to as "case identifier". If a Borrower desires to fund an FMS case from this loan, it must so inform the Military Department prior to the issuance of the LOA. In turn, the Military Department will reflect the desired loan financing on the LOA and submit it to the DSAA Comptroller for approval and countersignature.

b. When the Borrower wishes to use FMS loan funds to pay amounts due under an FMS case which has already been established as a "cash" or "dependable undertaking" case, the Borrower must ask the pertinent Military Department to convert all or part of that case from cash to loan funding. The Military Department must also submit the amended case to the DSAA Comptroller for review and approval to support the requested change in funding.

c. For each case it approves for financing from the FMS loan, the DSAA Comptroller will reserve funds from the uncommitted loan balance in an amount equal to the entire estimated cost of the FMS case, or, as the situation may be, that part of the FMS case requested for loan funding. The portion of the loan so reserved will then be available only for such payments. Payments, either for deliveries of materiel or progress payments, from advances requested by the Borrower, will be made by the DSAA Comptroller against the amount reserved for that purpose.

3. Purchases from Commercial Firms.

a. Loan funds may be used to finance purchases from U.S. Commercial Suppliers, provided such financing has been approved by the DSAA. In order that the DSAA may advise a Borrower whether it will approve such financing, the Borrower must provide a copy of the

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TABLE 902-3. (Continued)

contract or proforma purchase order to the DSAA Comptroller for its review, preferably before the Borrower obligates itself to a purchase which it desires to be financed with loan funds. Before the DSAA can give its final approval of loan financing, the commercial supplier must submit to the DSAA the "Contractor's Certification and Agreement with Defense Security Assistance Agency" as illustrated in Exhibit B. The Borrower should allow at least 90 days for the DSAA's review of the contract for approval of loan financing. Each loan financing approval shall be separately communicated by the DSAA in writing to the Borrower by use of the "Loan Financing Approval" illustrated as an attachment to this exhibit.

b. Loan financing shall be approved and made available only to finance the purchase of defense articles and services authorized for such financing by DSAA in accordance with policies and procedures in effect at the time such financing is approved. Current DSAA policies pertinent to approval of loan financing for purchase agreements are included in the Security Assistance Management Manual.

c. In addition to the approval mentioned above, the DSAA, at the time it approves requests for advances (disbursements) of funds pursuant to Annex II, also will require from the Borrower invoices properly executed by the commercial supplier, and bills-of-lading and statements, as may be applicable, substantially in the formats described in paragraph 4 of Exhibit B (DSAA Requirements for Documentation to Support Requests for Advances).

d. For each commercial purchase agreement for which financing is approved, the DSAA Comptroller will assign a case identifier and will provide to the Borrower a Loan Financing Approval letter in the form of the Attachment to this Exhibit. This letter will provide the case identifier assigned to the case. For each case it approves for loan financing, the DSAA Comptroller will reserve loan funds in the amount requested. The loan funds so reserved will then be available only for payments on that case, unless the Borrower directs otherwise. Payments for deliveries, progress, or advance payments, will be processed by the DSAA Comptroller against the amount reserved for the approved purchase agreement.

e. The DSAA Comptroller will also provide letters to the commercial firm informing it of conditions of loan financing and certifications required as prerequisites to the DSAA approving FMS loan financing for the purchase agreement, and indicating the DSAA approval of financing of the purchase agreement.

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TABLE 902-3. (Continued)

ATTACHMENT TO  
EXHIBIT A

## LOAN FINANCING APPROVAL

Dear Sir:

Pursuant to the provisions of Section 1.3 of the Loan Agreement between your Government and the U.S. Government, and in response to your recent request for loan financing of a purchase directly from a commercial firm, financing for the following purchase arrangement is hereby approved:

Supplier:

Contract or Proforma Invoice number and date:

Case Identifier  
Assigned to  
This PurchaseFunds Previously  
Reserved for  
This PurchaseFunding  
RevisionFunds Reserved  
for  
This Purchase

Sincerely,

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TABLE 902-3. (Continued)

## EXHIBIT B

DSAA REQUIREMENTS FOR DOCUMENTATION  
TO SUPPORT REQUESTS FOR ADVANCES

1. This Exhibit describes the documents which the Borrower must furnish to the DSAA Comptroller in support of requests for advances.
2. Whenever the Borrower desires a disbursement of FMS loan funds, its authorized representative(s), as designated pursuant to provisions of the Loan Agreement, shall forward the written request, prepared in accordance with Annex II of the Agreement, to the DSAA Comptroller, The Pentagon, Washington, D.C. 20301-2800, not less than 15 business days before the desired disbursement date.
3. With each request for an advance, the Borrower will provide a letter addressed to the Director, Defense Security Assistance Agency, substantially in the format as follows:

Dear Sir:

In accordance with the provisions of Section 1.4 of our Loan Agreement with the Government of the United States of America dated (date), the Government of                      hereby requests the DSAA approval and disbursement of an advance of (amount) from that loan.

The Government of                      acknowledges that advances hereunder may be used to pay ocean and air freight costs only for transportation of Defense Items being carried on vessels or aircraft of United States registry, and that all materiel financed from this loan which is to be shipped by ocean surface transportation must be transported in privately owned vessels of United States registry unless a waiver is obtained in accordance with Section 7 of the Loan Agreement. In furtherance of this requirement, the suppliers of the materiel being financed with this advance were so notified and given appropriate shipping instructions.

In connection with this request, the Government of                      confirms that, as appropriate: the defense articles and services for which payment is requested have been satisfactorily delivered; or the advance payment requested is in accordance with requirements of the contract; or the progress payment requested is based on the contractor's satisfactory progress and is in accordance with requirements of the contract; and that payment is therefore due and unpaid under the Purchase Agreement (Case Identifier) with the (Supplier).

Sincerely,

GOVERNMENT OF                     

By                       
(Name and Title)

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TABLE 902-3. (Continued)

4. Whenever funds from this loan are to be used to pay a Commercial Supplier, the Borrower shall also provide invoices and bills-of-lading in support of each request for an advance, as follows:

a. As a minimum, the invoices must: (1) reflect the amount due and payment due date; (2) specify whether the amount billed is a down payment, progress/milestone payment, or delivery payment; (3) list the items and services delivered for which payment is requested; (4) indicate by a separate entry the transportation costs, if not included in the item price; (5) designate the FOB point and "ship to" address; (6) designate the address to where the payment should be sent; (7) if the billed amount consists of "cost, insurance and freight" (CIF) terms for delivery of materiel to a destination point outside the United States, provide the name of the carrier(s) of the materiel from the U.S. Port of Embarkation; and (8) be supported by a copy of freight bills, air waybills, or rated on-board bills-of-lading, fully accounting for the cost of inland and export transportation of the items covered by the invoice for which payment is requested. If the Contractor pays for the transportation, whether the transportation cost is included in the price of the item or billed separately to the Purchaser, bills-of-lading or air waybills must be submitted with the invoice for which payment is requested. A copy of the invoice for the cost of any insurance coverage on the shipment must also be submitted along with the shipping documents.

b. If the purchaser is paying the export transportation cost with other than U.S. Government funds (i.e., the Contractor is not paying for the export transportation cost) the Contractor will submit a certification with the invoice as follows:

The (Contractor) acknowledges that U.S. Government funds are being used by the Government of \_\_\_\_\_ to finance this purchase and certifies that no shipping cost has been incurred by this firm for exporting this materiel from the United States and no shipping cost is included in the sales price or otherwise included in the invoice amount for which payment is requested.

c. All Contractor's invoices must be submitted with the following certification:

The (Contractor) acknowledges U.S. Government funds are being used by the Government of \_\_\_\_\_ to finance this purchase and certifies that the invoice(s) submitted with respect thereto are free from any material false statement or misrepresentation and do not omit any material facts.

d. Before DSAA authorizes the use of loan funds to finance any purchase from a Commercial Supplier, the Borrower must ensure that the Commercial Supplier completes and submits to the DSAA the "Contractor's Certification and Agreement with Defense Security Assistance Agency" as illustrated in Table 902-7.

5. Whenever funds from this loan are to be used to pay an amount owed on an FMS case, the Borrower shall also provide a listing of the FMS cases for which payment is requested and the amounts applicable to each.

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TABLE 902-3. (Continued)

## EXHIBIT C

## MARINE TRANSPORTATION WAIVER PROCEDURES

1. The following procedures and conditions shall be adhered to concerning marine transportation of defense articles, the purchase of which is to be financed under this agreement. All defense articles, which are transported by ocean vessel, shall be transported in privately owned vessels of U.S. registry unless a waiver of this requirement is obtained from the Director, Defense Security Assistance Agency, Department of Defense. Requests for waiver are categorized as general, non-availability, or security as outlined below:

A. General Waivers.

Consideration will be given to a waiver application to authorize vessels flying the flag of the country to whom this agreement applies to participate in the transportation of cargo generated under this agreement provided the recipient country does not discriminate against United States flag vessels in the carriage of the exports or imports of the recipient nation. Approval may be granted for recipient country's vessels to carry up to, but not in excess of 50 percent of the cargo under this agreement. Ocean freight revenue is the main criterion for determining flag participation but cargo valuation shall also be taken into consideration. Accordingly, throughout the life of this agreement, U.S. flag vessels shall not receive less than 50 percent of the cargo valuation and ocean freight revenue insofar as practicable.

Applications for general waiver should be submitted as soon as practicable after determination has been made to use recipient country flag vessels but at least 21 days in advance of intended shipping dates to enable verification of the treatment accorded vessels of U.S. registry and to process the application.

Subsequent to the granting of a general waiver, if it occurs that neither United States flag vessels nor recipient country flag vessels are available, consideration will be given to specific waiver applications to authorize, on a shipment-by-shipment basis, the use of third flag vessels. Applications for the use of a third flag vessel under an approved general waiver should be submitted at least 21 days prior to the intended shipping date to allow time to process the application. If a waiver is granted to allow the use of a third flag vessel for a particular shipment under an existing general waiver, the cargo carried by the third flag vessel shall be recorded against the recipient country flag vessels' portion of the cargo available under the general waiver.

The application for a general waiver and subsequent waivers for the use of third flag vessels should be submitted by the recipient country directing the shipment (or his freight forwarder) to the Director, Defense Security Assistance Agency, The Pentagon, Washington, D.C. 20301-2800, with a copy to the Director, Office of Market Development, Maritime Administration, U.S. Department of Transportation, Washington, D.C. 20590-0001.

B. Non-Availability Waivers.

Consideration will be given to waiver applications to authorize use of foreign flag vessels in those cases of non-availability of United States flag vessels or in instances of non-availability of United States flag vessels at reasonable rates.

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TABLE 902-3. (Continued)

Applications for non-availability waivers to permit use of recipient country flag vessels need not be submitted if a general waiver has been approved and the recipient country will use U.S. flag vessels to carry over 50 percent of the cargo under this agreement. Applications are required where a general waiver (1) has not been applied for, (2) has not been approved, or (3) has been approved but, on a shipment-by-shipment basis, U.S. flag vessels are not available or not available at reasonable rates and shipments on non-U.S. flag vessels will exceed 50 percent of the cargo under this agreement. If a general waiver has been approved, every effort should be made to ship defense articles and equipment, where U.S. flag vessels are not available or not available at reasonable rates, under the recipient country's portion of the cargo available under the general waiver. Therefore, applications for non-availability waivers, where a general waiver has been approved, should be submitted only under unusual circumstances.

Applications on the basis of non-availability of vessels of U.S. registry must establish and document that the recipient country has made a reasonable, timely and bona fide effort to arrange shipment on vessels of U.S. registry and that such vessels are not available. Such applications must be submitted at least 21 days in advance of the intended shipping date to enable verification of non-availability of vessels of U.S. registry and to process the application.

Applications on the basis of non-availability of vessels of U.S. registry at reasonable rates must establish and document all applicable comparative rates and should be submitted at least 21 days in advance of the intended shipping date to enable verification of non-availability of vessels of United States registry at reasonable rates and to process the application.

Applications for non-availability waivers must be submitted on a shipment-by-shipment basis. Applications should be submitted to the Director, Defense Security Assistance Agency, The Pentagon, Washington, D.C. 20301-2800, with a copy to the Director, Office of Market Development, Maritime Administration, U.S. Department of Transportation, Washington, D.C. 20590-0001.

Each application for a non-availability waiver should contain the following information.

1. Identification and address of the applicant
2. Recipient country
3. Date of loan
4. Manufacturer and/or exporter
5. List and description of commodities to be shipped
6. FAS value of commodities
7. Shipping date
8. Loading port
9. Discharge port
10. Estimated ocean freight cost
11. Proposed vessel(s) to be used
12. Weight of shipment
13. Cube measurement of shipment
14. Original point of production

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TABLE 902-3. (Continued)



### C. Security Waivers.

Consideration will be given to waiver applications to authorize vessels flying the flag of the country to whom the agreement applies on the basis of reasonable security needs in regards to the cargo and the arrival of such cargo at its destination. A security waiver may be requested for a specific shipment or series of shipments under this agreement where sabotage may reasonably be expected or a state of emergency exists.

Application for security waivers need not be submitted if a general waiver has been approved and the recipient country will use U.S. flag vessels to carry over 50 percent of the cargo under this agreement. Applications are required where a general waiver (1) has not been applied for, (2) has not been approved, or (3) has been approved but, on a shipment-by-shipment basis, use of recipient country flag vessels will exceed 50 percent of the cargo under this agreement. If a general waiver has been approved, every effort should be made to ship those defense articles and equipment involving special security or safety requirements under the recipient country's portion of the cargo available under the general waiver. Therefore, waiver applications for security or safety reasons where a general waiver has been approved should be submitted only under unusual circumstances.

Applications on the basis of security must provide the specific security or safety requirements and information involved in the shipment(s) to be made at least 21 days in advance of the intended shipment(s) dates to enable verification of the security or safety requirements and to process the application.

The application should be provided by the recipient country to the Director, Defense Security Assistance Agency, Department of Defense, Washington, D.C. 20301-2800, with a copy to the Director, Office of Market Development, Maritime Administration, U.S. Department of Transportation, Washington, D.C. 20590-0001.

2. In order to monitor the use of marine transportation under this agreement, pertinent information should be forwarded as early as possible but not later than 90 days after shipment to the Director, Office of Market Development, Maritime Administration, U.S. Department of Transportation, Washington, D.C. 20590-0001, for all shipments of goods financed in whole or in part with loan funds. The following information must be reported:

- (A) Date of Loan
- (B) FAS Value of Cargo
- (C) Manufacturer
- (D) Freight Forwarder
- (E) Ocean Freight Cost
- (F) Name of Vessel
- (G) Vessel Flag of Registry
- (H) Date of Loading
- (I) Port of Loading
- (J) Port of Final Discharge
- (K) Cargo Description
- (L) Gross Weight of Cargo
- (M) Cubic Measurement of Cargo

A properly rated and legible copy of the ocean bill of lading in English will suffice so long as all the above information is contained thereon.

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TABLE 902-3. (Continued)

## TABLE 902-3A

**GRANT AGREEMENT**

GRANT AGREEMENT made and entered into as of the \_\_\_\_\_ day of \_\_\_\_\_ between the Government of \_\_\_\_\_ ("Grant Recipient") and the Government of the United States of America as represented by the Defense Security Assistance Agency ("DSAA").

WHEREAS, the Grant Recipient desires to enter into purchase contracts ("Purchase Agreements") with Military Departments and Agencies of the United States Department of Defense ("DOD"), various United States commercial suppliers, or both of them for the purchase of defense articles, defense services, and design and construction services of United States origin (with regard to articles and services financed hereunder, hereinafter collectively referred to as "Defense Items"); and

WHEREAS, the Grant Recipient has requested a grant from the Government of the United States of America (hereinafter sometimes referred to as the "Grantor") to finance payments required to be made by the Grant Recipient under the Purchase Agreements; and

WHEREAS, it has been determined that the aforesaid requested grant will facilitate the purposes of the Arms Export Control Act, as amended ("Act").

NOW THEREFORE, in consideration of the premises and the mutual covenants hereinafter set forth, the parties hereto agree as follows:

**SECTION 1. COMMITMENT**

1.1 Subject to the terms and conditions of this Grant Agreement ("Agreement"), the Grantor agrees to make advances to the Grant Recipient from time to time in an aggregate principal amount not to exceed \_\_\_\_\_ dollars (U.S. \$ \_\_\_\_\_), the obligation of the Grantor under this section being hereinafter called the "Grant Proceeds."

1.2 The Grant Proceeds shall be available only to finance the purchase of Defense Items by the Grant Recipient pursuant to Purchase Agreements approved for such financing by the DSAA in accordance with the policies and procedures in effect at the time such financing is approved. The current DSAA procedures for obtaining this approval are, without being incorporated herein, attached hereto as Exhibit A. Each authorization for the Grant Recipient to enter into a Purchase Agreement in implementation of this Grant Agreement shall be separately communicated by the DSAA in writing to the Grant Recipient substantially in the form of the Attachment to Exhibit A. The authorization shall specify the case identifier assigned by the DSAA to, and the amount of financing authorized for, the approved Purchase Agreement.

1.3 (a) Each advance hereunder shall be made upon the delivery to the DSAA of a letter request from the Grant Recipient. The letter request shall be in the form set forth in Annex II and shall be delivered to the DSAA not less than fifteen business days before the disbursement date. Documentation in support of letter requests shall be in accordance with DSAA policies and procedures in effect at the time the Purchase Agreement, for which the advance is requested, was approved by the DSAA. The current DSAA requirements for documentation supporting requests for disbursement are, without being incorporated herein, attached hereto as Exhibit B.

TABLE 902-3A

(b) Not more than two advances shall be requested in any single month, except that an advance of \$100,000 or more may be requested at any time. An advance may consist of payments to more than one supplier.

(c) Advances made to the Grant Recipient shall be authorized in accordance with Requests for Advances, which shall be prepared by the Grant Recipient in the form of Annex II hereof and forwarded to the Grantor for each advance.

## **SECTION 2. REPRESENTATIONS AND WARRANTIES**

The Grantor has entered into this Agreement and will make the grant provided for herein on the basis of the following representations and warranties of the Grant Recipient:

(a) The Grant Recipient has full power, authority and legal right to enter into this Agreement on the terms and conditions contained herein, and to execute, deliver and perform this Agreement ;

(b) The execution, delivery and performance of this Agreement will not violate any provisions of, and have been duly and validly authorized under, the laws of the Grant Recipient, and all actions necessary to authorize the borrowings hereunder and the execution, delivery and performance of this Agreement have been duly taken; and

(c) This Agreement has been, duly executed and delivered by persons duly authorized, and this Agreement constitutes the valid, legal and binding obligation of the Grant Recipient, enforceable in accordance with its terms.

## **SECTION 3. CONDITIONS OF GRANT**

3.1 The obligation of the Grantor to make advances hereunder is subject to the conditions precedent that, prior to the first disbursement, it shall have received, satisfactory to it in form and substance, evidence of the authority of each person who (i) signed this Agreement on behalf of the Grant Recipient and, (ii) will sign on behalf of the Grant Recipient, any notices, requests for advances, or other documents contemplated by this Agreement. Evidence of this authority shall be in the form of the letter at Annex I.

3.2 The obligation of the Grantor to make any advance hereunder is subject to the further conditions precedent that:

(a) No event of default within the meaning of Section 5 hereof shall have occurred;

(b) The DSAA shall have received a letter request executed by the duly authorized representative of the Grant Recipient and prepared in accordance with the procedures for disbursement of Grant Proceeds; and

(c) All legal matters incident to this Agreement shall be satisfactory to the General Counsel of the DSAA, or his successor.

**SECTION 4. COVENANTS**

The Grant Recipient covenants and agrees that from the date of this Agreement at least until ten years has elapsed from the date first above written:

(a) It will pay all taxes, now or hereafter in effect, imposed with respect to this Agreement by any government other than the Government of the United States of America and will save and hold harmless from all losses or liabilities resulting from any delay or omission to pay such taxes.

(b) Any legal action or proceeding against it by the Grantor with respect to this Agreement may be brought in the Courts of the District of Columbia or in the United States District Court for the District of Columbia or in the courts of the Grant Recipient, as the Grantor may elect, and by execution and delivery of this Agreement, the Grant Recipient submits to each jurisdiction. In the case of the Courts of the District of Columbia or of the United States District Court for the District of Columbia, the Grant Recipient consents to the service of process out of said courts by mailing copies of such process by registered United States mail, postage prepaid, to it at its address set forth in Section 7.2(a) hereof.

(c) The Grant Recipient shall make all of its records and files relating to its use or other disposition of the Grant Proceeds and to any Purchase Agreement approved for financing with such Grant Proceeds available upon request for inspection by the Department of Defense of the Grantor or by the Department of Justice of the Grantor.

(d) The Grant Recipient shall make its officials and its employees as well as its nationals who are neither officials nor employees available, to the full extent allowed by the laws of the Grant Recipient, for interview by the Department of Defense of the Grantor or by the Department of Justice of the Grantor in connection with any investigation of crime under the laws of the Grantor arising out of the use or other disposition of any of the Grant Proceeds or arising out of any Purchase Agreement approved for financing with such Grant Proceeds.

(e) The Grant Recipient shall notify in writing each commercial supplier with which it has a Purchase Agreement approved for financing with the Grant Proceeds promptly upon its receipt of notification by DSAA of such approval that United States Government funds are being and will be used to finance such Purchase Agreement.

**SECTION 5. DEFAULTS**

5.1 A condition of default shall exist upon the occurrence of any of the following events of default:

(a) If a default shall have occurred on any loan made to or guaranteed for the Grant Recipient by the DSAA or the Government of the United States of America or any agency thereof;

(b) If any representation or warranty made by the Grant Recipient herein or in any certification of the Grant Recipient required herein proves to be at any time incorrect in any material respect;

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TABLE 902-3A. (Continued)

(c) If (i) the Grant Recipient defaults in the performance of any of the provisions in Section 6 hereof, and (ii) such default shall continue unremedied for thirty calendar days after written notice thereof shall have been given by the DSAA to the Grant Recipient; or

(d) If the Grant Recipient defaults in the performance of any other provision or covenant in this Agreement, and such default shall continue unremedied for thirty calendar days after written notice thereof shall have been given to the Grant Recipient.

5.2 Upon each and any such event, the Grantor may declare immediately due and payable the unpaid principal and accrued interest on any note or other indebtedness of the Grant Recipient held by the Grantor and thereupon such amount shall become immediately due and payable without protest, presentment, notice or other demand of any kind, all of which are hereby expressly waived by the Grant Recipient, and if such event occurs before the full amount of the Grant Proceeds has been disbursed or before any loan commitment of the Grantor to the Grant Recipient has been fulfilled, the Grantor may terminate or suspend such disbursements and commitments. The Grant Recipient shall pay all costs and expenses, including attorney fees incurred in the collection of amounts due hereunder after default.

## SECTION 6. TRANSPORTATION

6.1 All Defense Items to be transported from the United States by ocean vessel shall be transported in vessels of United States registry unless a waiver is obtained from the DSAA or the Maritime Administration, U.S. Department of Transportation ("MARAD"). The current DSAA and MARAD procedures for obtaining a waiver are, without being incorporated herein, attached hereto as Exhibit C. In each instance where a supplier will arrange ocean transportation for Defense Items being purchased, the Grant Recipient shall give written notice of this requirement to the supplier:

(a) for Purchase Agreements already entered into, within ten days of the date hereof, and

(b) for Purchase Agreements hereafter entered into, on the date the Purchase Agreement is consummated.

6.2 The Grant Recipient shall provide the following information to the Director, Office of Market Development (MARAD), with respect to any ocean or air shipments of Defense Items from the United States: (a) FMS Case Identifier, (b) FAS value of cargo, (c) supplier, (d) freight forwarder, (e) freight cost, (f) name of vessel or airline, (g) vessel/aircraft flag of registry, (h) date of loading, (i) port or place of loading, (j) port or place of final discharge, (k) cargo description, (l) gross weight of cargo, and (m) cubic measurement of cargo. This information shall be provided as soon as possible and in any event not later than 90 days from the date of shipment, and shall contain a reference to this Agreement.

6.3 Advances hereunder may be used to pay ocean or air freight costs for transportation of only those Defense Items financed by this grant and only if such items are carried on vessels or aircraft of United States registry.

## SECTION 7. MISCELLANEOUS

7.1 No omission or delay on the part of the Grantor in exercising any right hereunder shall operate as a waiver of such right or any other right hereunder. The rights and remedies prescribed

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TABLE 902-3A. (Continued)

herein are cumulative and not in limitation of or substitution for other rights or remedies of the Grantor.

7.2 Any notice, demand or other communication hereunder shall be deemed to have been given if in writing and actually delivered at the addresses shown below:

(a) In the case of the Grant Recipient to:

(To be inserted at the time the Grant Agreement is issued.)

(b) In the case of MARAD to:

Director, Office of Market Development  
Maritime Administration  
U.S. Department of Transportation  
Washington, D.C. 20590-0001

(c) In the case of the Grantor to:

Director, Defense Security Assistance Agency  
The Pentagon  
Washington, D.C. 20301-2800

or to such other addresses as may be specified in writing.

7.3 Notwithstanding Section 1.2 hereof, the Grant Proceeds shall also be available to make payment of principal and interest owed to the United States Government under any loan made or guaranteed pursuant to the Arms Export Control Act except principal and interest not due at the time payment is to be made. Advances requested to be made for such purpose shall be made upon delivery to the DSAA of a letter request from the Grant Recipient not less than fifteen business days before the disbursement date. \*

7.4 (a) This Agreement shall be construed and interpreted in accordance with the laws of the United States of America, and if none is applicable, with those of the District of Columbia, United States of America.

(b) In the event of a dispute regarding a Purchase Agreement between the Grant Recipient and a Military Department or Defense Agency of DOD that is approved for grant financing under this or other Grant Agreements, the Grantor reserves the right to make an advance hereunder, notwithstanding Section 1.3 hereof, if the Grant Recipient fails to deliver to DSAA a letter request for disbursement in the form set forth in Annex II or fails to comply with the documentation requirements set forth as Exhibit B, within fifteen business days after the date the disbursement was to have been made.

(c) In the event of a dispute regarding a Purchase Agreement between the Grant Recipient and a Commercial Supplier that is approved for grant financing under this or other Grant Agreements, no advance hereunder can be made until the Grant Recipient complies with the provisions of Section 1.3 hereof, notwithstanding any dispute settlement provisions or procedures included in such a Purchase Agreement or dispute resolution.

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TABLE 902-3A. (Continued)

7.5 This Agreement shall be binding upon and inure to the benefit of the Grant Recipient and the Grantor and their respective successors and assigns, except that the Grant Recipient may not assign its rights or obligations hereunder without the prior written consent of the DSAA. All agreements, covenants, representations and warranties made herein shall survive the making of the advances hereunder.

7.6 This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but all the counterparts shall together constitute a single instrument. Annexes I and II attached hereto are, by this reference, made a part of this Agreement.

7.7 All notices, demands, or other communications given under this Agreement, unless submitted in the English language, shall be accompanied by an English translation and such translation shall govern.

7.8 In case any one or more of the provisions contained in this Agreement should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein or therein shall not in any way be affected or impaired. This Agreement or the Note may be amended only with the mutual written consent of the Grantor and the Grant Recipient.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers and representatives on the day and year first above written.

GOVERNMENT OF \_\_\_\_\_

By \_\_\_\_\_

GOVERNMENT OF THE UNITED STATES OF AMERICA

By \_\_\_\_\_

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TABLE 902-3A. (Continued)

## ANNEX I

DESIGNATION OF AUTHORITY

1. The Grant Recipient shall provide to the DSAA a written communication that evidences the authority for incumbents of specifically named offices or specifically named individuals to sign the grant documents on its behalf. As a minimum the communication will contain the following:

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Director  
 Defense Security Assistance Agency  
 The Pentagon  
 Washington, D.C. 20301-2800

Dear Sir:

The following officials of the Government of \_\_\_\_\_ are duly authorized to execute and deliver documents as indicated below in connection with a grant agreement in the amount of \_\_\_\_\_ between the Government of the United States and this Government:

a. GRANT AGREEMENT:

[Person's Name(s) and/or Title(s) of Office(s)]

b. REQUESTS FOR DISBURSEMENT AND SUCH OTHER DOCUMENTS AS MAY BE REQUIRED UNDER THIS GRANT AGREEMENT:

[Person's Name(s) and/or Title(s) of Office(s)]

Very truly yours,

Date: \_\_\_\_\_ By \_\_\_\_\_  
 (Name and Title Typed)

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2. The designation of authority letter shall be signed by an appropriate person empowered under the laws of the Grant Recipient to delegate to selected officials authority to sign documents as stated in the name of its Government. The Grant Recipient shall submit a designation of authority letter to DSAA containing the names and signatures of newly designated officials whenever changes occur.

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TABLE 902-3A. (Continued)



## ANNEX II

## FORM OF LETTER REQUEST FOR ADVANCE OF FUNDS

**Director  
Defense Security Assistance Agency  
Pentagon  
Washington, D.C. 20301-2800**

Dear Sir:

In accordance with the provisions of Section 1.3 of our Grant Agreement with the Government of the United States of America dated \_\_\_\_\_(date)\_\_\_\_\_, the Government of \_\_\_\_\_hereby requests the DSAA approval and disbursement of an advance of \_\_\_\_\_(amount)\_\_\_\_\_ from that grant.

The Government of \_\_\_\_\_ acknowledges that advances hereunder may be used to pay ocean and air freight costs only for transportation of Defense Items being carried on vessels or aircraft of United States registry, and that all materiel financed from this grant which is to be shipped by ocean surface transportation must be transported in privately owned vessels of United States registry unless a waiver is obtained in accordance with Section 6 of the Grant Agreement. In furtherance of this requirement, the suppliers of the materiel being financed with this advance were so notified and given appropriate shipping instructions.

In connection with this request, the Government of \_\_\_\_\_ confirms that, as appropriate: the defense articles and services for which payment is requested have been satisfactorily delivered; or the advance payment requested is in accordance with requirements of the contract; or the progress payment requested is based on the contractor's satisfactory progress and is in accordance with requirements of the contract; and that payment is therefore due and unpaid under the Purchase Agreement (Case Identifier) with the (Supplier).

Sincerely,

GOVERNMENT OF \_\_\_\_\_

By \_\_\_\_\_  
(Name and Title)

TABLE 902-3A. (Continued)

## EXHIBIT A

PROCEDURES FOR OBTAINING DSAA APPROVAL  
FOR  
GRANT FINANCING OF PURCHASE AGREEMENTS

1. General

The Defense Security Assistance Agency (DSAA) is responsible for approving grant financing of all Purchase Agreements that the Grant Recipient wishes to finance with proceeds from the grant issued by the DSAA under the provisions of the Arms Export Control Act. The use of grant proceeds shall be approved for the financing of purchases by the Grant Recipient only of defense articles, defense services, and design and construction services of U.S. origin. In reviewing requests for financing of Purchase Agreements, DSAA is guided by objectives established by the U.S. Government for improvement of the Grant Recipient's defense capabilities, by generally accepted financing practices, and by United States laws, regulations and policies in effect at the time the financing is requested. The U.S. Government reserves the right to refuse to finance any purchase agreement and is not required to explain its reason(s) for such refusal.

2. Purchases from U.S. Military Departments

a. The U.S. Military Departments effect Foreign Military Sales ("FMS") by means of the Letter of Offer and Acceptance ("LOA"), Department of Defense Form 1513. Each LOA, also referred to as an FMS case, is identified by a three digit alphabetic code referred to as "case identifier." If a Grant Recipient desires to fund an FMS case from this grant, it must so inform the Military Department prior to the issuance of the LOA. In turn, the Military Department will reflect the desired grant financing on the LOA and submit it to the DSAA Comptroller for approval and countersignature.

b. When the Grant Recipient wishes to use grant funds to pay amounts due under an FMS case which has already been established as a "cash" or "dependable undertaking" case, the Grant Recipient must ask the pertinent Military Department to convert all or part of that case from cash to grant funding. The Military Department must also submit the amended case to the DSAA Comptroller for review and approval to support the requested change in funding.

c. For each case it approves for financing from the grant, the DSAA Comptroller will reserve funds from the uncommitted grant balance in an amount equal to the entire estimated cost of the FMS case requested for grant funding. The portion of the grant so reserved will then be available only for such payments. Payments, either for deliveries of materiel or progress payments, from advances requested by the Grant Recipient, will be made by the DSAA Comptroller against the amount reserved for that purpose.

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TABLE 902-3A. (Continued)

### 3. Purchases from Commercial Firms.

a. Grant funds under the Arms Export Control Act may be used to finance purchases from U.S. Commercial Suppliers, provided such financing has been approved by the DSAA. In order that the DSAA may advise a Grant Recipient whether it will approve such financing, the Grant Recipient must provide a copy of the contract or proforma purchase order to the DSAA Comptroller for its review, preferably before the Grant Recipient obligates itself to a purchase which it desires to be financed with grant funds. Before the DSAA can give its final approval of grant financing, the commercial supplier must submit to DSAA the "Contractor's Certification and Agreement with Defense Security Assistance Agency" as illustrated in Exhibit B which is subject to change by the DSAA any time hereafter. The Grant Recipient should allow at least 90 days for DSAA's review of the contract for approval of grant financing. Each grant financing approval shall be separately communicated by DSAA in writing to the Grant Recipient by use of the "Grant Financing Approval" illustrated as an attachment to this exhibit.

b. Grant financing shall be approved and made available only to finance the purchase of defense articles and services authorized for such financing by the DSAA in accordance with policies and procedures in effect at the time such financing is approved. Current DSAA policies pertinent to approval of grant financing for purchase agreements are included in the Security Assistance Management Manual.

c. In addition to the approval mentioned above, the DSAA, at the time it approves requests for advances (disbursements) of funds pursuant to Annex II, also will require from the Grant Recipient invoices properly executed by the commercial supplier, and bills-of-lading and statements, as may be applicable, substantially in the formats described in paragraph 4 of Exhibit B (DSAA Requirements for Documentation to Support Requests for Advances).

d. For each commercial purchase agreement for which financing is approved, the DSAA Comptroller will assign a case identifier and will provide to the Grant Recipient a Grant Financing Approval letter in the form of the Attachment to this Exhibit. This letter will provide the case identifier assigned to the case. For each case it approves for grant financing, the DSAA Comptroller will reserve grant funds in the amount requested. The grant funds so reserved will then be available only for payments on that case, unless the Grant Recipient directs otherwise. Payments for deliveries, progress, or advance payments, will be processed by the DSAA Comptroller against the amount reserved for the approved purchase agreement.

e. The DSAA Comptroller will also provide letters to the commercial firm informing it of conditions of grant financing and certifications required as prerequisites to the DSAA approving grant financing for the purchase agreement, and indicating the DSAA approval of financing of the purchase agreement.

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TABLE 902-3A. (Continued)

ATTACHMENT TO  
EXHIBIT A

## GRANT FINANCING APPROVAL

Dear Sir:

Pursuant to the provisions of Section 1.2 of the Grant Agreement between your Government and the U.S. Government, and in response to your request for grant financing of a purchase directly from a commercial firm, financing for the following purchase agreement is hereby approved:

Supplier:

Contract or Proforma Invoice number and date:

Case Identifier Assigned to <u>This Purchase</u>	Funds Previously Reserved for <u>This Purchase</u>	Funding Revision	Funds Reserved for <u>This Purchase</u>
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Sincerely,

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TABLE 902-3A. (Continued)

## EXHIBIT B

# DSAA REQUIREMENTS FOR DOCUMENTATION TO SUPPORT REQUESTS FOR ADVANCES

1. This Exhibit describes the documents which the Grant Recipient must furnish to the DSAA Comptroller in support of requests for advances.
2. Whenever the Grant Recipient desires a disbursement of grant funds, its authorized representative(s), as designated pursuant to provisions of the Grant Agreement, shall forward the written request, prepared in accordance with Annex II of the Agreement, to the DSAA Comptroller, The Pentagon, Washington, D.C. 20301-2800, not less than 15 business days before the desired disbursement date.
3. With each request for an advance, the Grant Recipient will provide a letter addressed to the Director, Defense Security Assistance Agency, substantially in the format as follows:

Dear Sir:

In accordance with the provisions of Section 1.3 of our Grant Agreement with the Government of the United States of America dated (date), the Government of                      hereby requests the DSAA approval and disbursement of an advance of (amount) from that grant.

The Government of                      acknowledges that advances hereunder may be used to pay ocean and air freight costs only for transportation of Defense Items being carried on vessels or aircraft of United States registry, and that all materiel financed from this grant which is to be shipped by ocean surface transportation must be transported in privately owned vessels of United States registry unless a waiver is obtained in accordance with Section 6 of the Grant Agreement. In furtherance of this requirement, the suppliers of the materiel being financed with this advance were so notified and given appropriate shipping instructions.

In connection with this request, the Government of                      confirms that, as appropriate: the defense articles and services for which payment is requested have been satisfactorily delivered; or the advance payment requested is in accordance with requirements of the contract; or the progress payment requested is based on the contractor's satisfactory progress and in accordance with requirements of the contract; and that payment is therefore due and unpaid under the Purchase Agreement (Case Identifier) with the (Supplier).

Sincerely,

GOVERNMENT OF                     

By                       
(Name and Title)

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TABLE 902-3A. (Continued)

4. Whenever funds from this grant are to be used to pay a Commercial Supplier, the Grant Recipient shall also provide invoices and bills-of-lading in support of each request for an advance, as follows:

a. As a minimum, the invoice must: (1) reflect the amount due and payment due date; (2) specify whether the amount billed is a down payment, progress/milestone payment, or delivery payment; (3) list the items and services delivered for which payment is requested; (4) indicate by a separate entry the transportation costs, if not included in the item price; (5) designate the FOB point and "ship to" address; (6) designate the address to where the payment should be sent; (7) if the billed amount consists of "cost, insurance and freight" (CIF) terms for delivery of materiel to a destination point outside the United States, provide the name of the carrier(s) of the materiel from the U.S. Port of Embarkation; and (8) be supported by a copy of freight bills, air waybills, or rated on-board bills-of-lading, fully accounting for the cost of inland and export transportation of the items covered by the invoice for which payment is requested. If the Contractor pays for the transportation, whether the transportation cost is included in the price of the item or billed separately to the Purchaser, bills-of-lading or air waybills must be submitted with the invoice for which payment is requested. A copy of the invoice for the cost of any insurance coverage on the shipment must also be submitted along with the shipping documents.

b. If the purchaser is paying the export transportation cost with other than U.S. Government funds (i.e., the Contractor is not paying for the export transportation cost) the Contractor will submit a certification with the invoice as follows:

The (Contractor) acknowledges U.S. Government funds are being used by the Government of \_\_\_\_\_ to finance this purchase and certifies that no shipping cost has been incurred by this firm for exporting this materiel from the United States and no shipping cost is included in the sales price or otherwise included in the invoice amount for which payment is requested.

c. All Contractor's invoices must be submitted with the following certification:

The (Contractor) acknowledges U.S. Government funds are being used by the Government of \_\_\_\_\_ to finance this purchase and certifies that the invoice(s) submitted with respect thereto are free from any material false statement or misrepresentation and do not omit any material facts.

d. If the Grant Recipient is paying the export transportation cost with other than funds granted under the Arms Export Control Act or FMS loan funds, and therefore the Commercial Supplier is not paying for the export transportation cost, the supplier will be required to submit a certification with the invoice as follows:

The (Commercial Supplier) acknowledges that U.S. Government funds are being used by the Government of \_\_\_\_\_ to finance this purchase, and certifies that no shipping cost has been incurred by this firm for exporting this materiel from the United States, and therefore no cost is included in the sales price or otherwise included in the invoiced amount for which payment is requested.

\_\_\_\_\_  
(Signed)  
(Commercial Supplier)

---

TABLE 902-3A. (Continued)

e. Before the DSAA authorizes the use of grant funds to finance any purchase from a Commercial Supplier, the Grant Recipient must ensure that the Commercial Supplier completes and submits to the DSAA the "Contractor's Certification and Agreement with Defense Security Assistance Agency" as illustrated in Table 902-7.

5. Whenever funds from this grant are to be used to pay an amount owed on an FMS case, the Grant Recipient shall also provide a listing of the FMS cases for which payment is requested and the amounts applicable to each.

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TABLE 902-3A. (Continued)

EXHIBIT C

MARINE TRANSPORTATION WAIVER PROCEDURES

(See Exhibit C, Table 902-3)

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TABLE 902-3A. (Continued)



## TABLE 902-4

**DSAA SAMPLE LETTER TO PURCHASING COUNTRY APPROVING USE  
OF  
FMS LOAN FINANCING FOR DIRECT COMMERCIAL PURCHASES**

In reply refer to:  
I- \_\_\_\_\_

Dear Sir:

Pursuant to the provisions of Section 1.3 of the Loan Agreement between your Government and the U.S. Government, and in response to your recent request for loan financing of a purchase directly from a commercial firm, financing for the following purchase agreement is hereby approved:

Supplier: \_\_\_\_\_

Contract or Proforma Invoice number and date: \_\_\_\_\_

Items to be purchased: \_\_\_\_\_

Case Identifier Assigned to <u>This Purchase</u>	Funds Previously Reserved For <u>This Purchase</u>	Funding Revision	Funds Reserved for <u>This Purchase</u>
--	--	---------------------	---

Sincerely,

Chief, Accounting and Finance Division  
Office of the Comptroller

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TABLE 902-4. DSAA Sample Letter Approving Use of FMS Loan Financing.

TABLE 902-5

# DSAA SAMPLE LETTER TO SUPPLIER APPROVING USE OF FMS LOAN FINANCING FOR DIRECT COMMERCIAL PURCHASES

In reply refer to:

I-

x  
x  
x  
x  
x

Dear Sir:

The Defense Security Assistance Agency (DSAA) has approved financing in the amount, and for the purchase agreement noted below. Funds will be disbursed to your firm from financing available to the Government of \_\_\_\_\_ (Purchaser) through the Foreign Military Sales Financing (FMSF) program. The Case Identifier assigned to this Purchase Agreement and the Supplier Code assigned to your firm are also noted below and should be referenced on any questions that you may have regarding this financing. This approval does not constitute an approval for export; your firm is responsible for obtaining export licenses, as required:

Contract Number:

Date:

Supplier Code:

Case Identifier:

- S -

Financing Approved:

Purchase of:

The amount of financing approved will be available to the Purchaser for payment of this Purchase Agreement unless the Purchaser defaults on any of the provisions of the agreements entered into by the Purchaser with the U.S. Government for such financing. Additionally, although we have set aside FMSF funds in the amount shown above for this purchase, this reservation is for program administration purposes only and should not be construed as a firm and irrevocable commitment to pay. The Purchaser is not obligated to use U.S. Government FMSF funds in payment of this purchase; therefore, the Purchaser could request a reduction of the amount reserved for your Purchase Agreement. In such event, however, we would endeavor to advise you of the Purchaser's request prior to effecting the reduction.

Although the U.S. Government is not a party to the Purchase Agreement, the DSAA is required to ensure that the Purchaser utilizes loan funds only for the purposes intended by law, and for which the financing is approved. This financing is available only for articles and services (including insurance) of U.S. origin, except where non-U.S. articles and services are specifically authorized by the DSAA. Suppliers may be reimbursed shipping costs, but only when shipments are made on U.S. flag carriers. Waivers granted to the Purchaser by the DSAA to ship materiel via its own carriers does not authorize reimbursement to your firm of costs for shipping by a non-U.S. flag carrier. In such instances, the Purchaser is responsible to pay for non-U.S. flag carrier freight charges or to reimburse you directly for such charges. Shipping charges for shipments via non-U.S. carriers will be deducted from Suppliers invoices.

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TABLE 902-5. DSAA Sample Letter to Supplier Approving Use of FMS Loan  
Financing for Direct Commercial Purchases. (Continued)

To prevent unnecessary delays in the processing of payments to you, your firm must ensure that invoices contain the information specified in the Contractor's Certification and Agreement, show the Case Identifier noted above, and include signed, "rated," "on-board" bills of lading or air waybills. FURTHER, IT SHOULD BE UNDERSTOOD THAT, AFTER RECEIPT OF PROPERLY DOCUMENTED INVOICE(S) IN DSAA, A PERIOD OF APPROXIMATELY THREE (3) WEEKS WILL BE REQUIRED TO PROCESS THE PAYMENT BY WIRE TRANSFER AND LONGER IF PAYMENT IS BY CHECK.

Payments will be made directly to your firm by wire transfer, but only if the amount is \$25,000.00 or more. Therefore, it is imperative that you provide to us your wire transfer address and your check mailing address for payments of less than \$25,000.00. As quickly as possible, please send us these addresses on a letter signed by an official of your firm. The wire transfer address must include your bank's name, street address, zip code, and the bank's American Banking Association (ABA) routing number, and the name and number of your account. We will send payments under this purchase agreement only to those addresses officially provided to us, including official notifications of changes. NO PAYMENTS WILL BE PROCESSED TO YOU UNTIL WE HAVE RECEIVED YOUR OFFICIAL ADDRESSES RELATIVE TO THIS PURCHASE AGREEMENT.

If your contract provides for a downpayment, the downpayment amount must be limited as follows, and you are required to include the following certification on your downpayment invoice:

(Name of your firm) certifies that the downpayment requested does not exceed cost incurred at time of submission of this invoice plus termination liability to be incurred during the first 90 days, less profit.

The DSAA does not require that bank instruments such as Performance Bonds or Letters of Credit be obtained relative to the purchase agreement. However, if such bank instruments are obtained pursuant to your contract provisions, such instruments must be issued and payable by U.S. banking institutions operating within the United States, and copies of such instruments must be submitted to the DSAA for review as prerequisite to disbursements by the DSAA. These instruments must be received and deemed satisfactory by the DSAA, relative to payee provisions, prior to the processing of any disbursements to your firm under this Purchase Agreement.

All contractor's invoices must also contain the following certification:

The (Contractor) acknowledges that U.S. Government funds are being used by the Government of \_\_\_\_\_ to finance this purchase and certifies that the invoice(s) submitted with respect thereto are free from any material false statement or misrepresentation and do not omit any material facts.

Full and final billing on the contract must not be presented to the DSAA for payment prior to full and final completion of contract deliveries and performance.

Should refunds to the Purchaser become necessary for any reason, from funds paid by the DSAA under this Purchase Agreement, such refunds must be made directly to the DSAA rather than to the Purchaser. The DSAA will credit such refunds to the Purchaser's Foreign Military Sales (FMS) Trust Fund Account. Refunds may be made either by check or by wire transfer. Checks should be made payable to the U.S. Treasury, be accompanied by a letter identifying the Purchaser, and the DSAA's case identifier, and should be mailed to the following address. Correspondence relating to financial matters should also be mailed to this address.

Defense Security Assistance Agency  
Architect Building, Suite 535  
1400 Wilson Boulevard  
Arlington VA 22209-2325

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TABLE 902-5. DSAA Sample Letter to Supplier Approving Use of FMS Loan  
Financing for Direct Commercial Purchases. (Continued)

Refunds by wire transfer should be addressed as follows:

United States Treasury  
New York, New York  
0210-3000-4  
Treasury NYC/(5037)  
Defense Security Assistance Agency  
Refund from: (Company Name) for purchase made by the  
Government of                      under DSAA Case (Identifier).

Should you have any questions regarding any of the above information, please telephone us at (202) 694-3112

Sincerely,

Chief, Accounting and Finance Division  
Office of the Comptroller

Copy to:  
Maritime Administration  
Room 7209  
400 7th Street, S.W.  
Washington, D.C. 20590-0001

Embassy of                       
(Address)  
Washington, D.C. 200    

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TABLE 902-5. DSAA Sample Letter to Supplier Approving Use of FMS Loan  
Financing for Direct Commercial Purchases. (Continued)

TABLE 902-6  
ESSENTIAL CONTRACT ELEMENTS

1. Elements that Must be Included in the Contract:
  - a. Country
  - b. Complete identification of U.S. Contractor to include name, address, and telephone number
  - c. Contract number
  - d. Complete nomenclature of defense articles and description of services to be provided
  - e. Complete description of quantities and price(s)
  - f. Complete description of financial arrangements:
    - Unit prices
    - Down payment
    - Payment schedule (to include method of liquidating down payment based on deliveries)
  - g. Identification of shipment terms
  - h. Identification of any bonds or clauses that could result in a refund to the purchaser, such as, but not limited to:
    - Advance payment bond
    - Progress payment bond
    - Performance bond
    - Liquidated damages
  - i. Acceptance (signatures) by both parties
2. Elements that May be Included in the Contract, or Submitted by the Contractor in a Separate Document to DSAA Prior to Approval of the Contract for FMS Credit Funding.
  - a. Identification of the non-U.S. origin components and services. However, raw materials and items procured by a manufacturer from both U.S. and foreign sources, which are not ordinarily segregated by origin, and are incorporated on an interchangeable basis into the manufacturer's products, need not be identified.
  - b. Identification of offsets or countertrade requirements or agreements.

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TABLE 902-6. Essential Contract Elements.

## TABLE 902-7

**CONTRACTOR'S CERTIFICATION AND AGREEMENT  
WITH  
DEFENSE SECURITY ASSISTANCE AGENCY**

**Effective February 1989**

Contractor's Name: \_\_\_\_\_  
Contractor's Address: \_\_\_\_\_

Purchaser: Government of \_\_\_\_\_

Contract Number: \_\_\_\_\_ Contract Date: \_\_\_\_\_

The Contractor, named above, in entering into an agreement to sell defense articles, defense services, or design and construction services to the foreign government listed above as purchaser, hereby acknowledges that the sum to be claimed as due and owing under the contract or proforma invoice identified above (hereafter sometimes referred to as the "Purchase Agreement") is to be paid, in whole or in part, to the Contractor from U.S. Government funds made available to the foreign government under provisions of the Arms Export Control Act, as amended. In consideration of the receipt of such sum, the Contractor certifies to and agrees with, the U.S. Government (USG), as represented by the Defense Security Assistance Agency (DSAA), the following:

1. Agrees that an authorized representative of the Department of Defense or other authorized representative of the Government of the United States shall, for a period of three years following receipt of the final payment made by DSAA on this Purchase Agreement, have access to and the right to examine any of the Contractor's directly pertinent books, documents, papers, or other records involving transactions related to this contract. The Contractor agrees to include in first-tier contracts under this contract, a clause to the effect that authorized representatives of the Government of the United States shall have access to and the right to examine, for a period of three years following the final payment to the Contractor by DSAA, any of the subcontractor's directly pertinent books, documents, papers, or other records involving transactions related to the subcontract. "Subcontract" for the purposes of this certification and agreement, is defined as all first-tier agreements and purchase orders except: (1) those orders less than \$10,000 in value, (2) those orders in implementation of a Purchase Agreement awarded by the foreign government to the Contractor on a competitive lowest responsive bid basis, (3) those orders for common hardware items purchased at widely circulated catalog prices, or (4) those orders issued prior to and effective prior to date of the Purchase Agreement identified above.
2. Agrees to include in the written terms and conditions of each such subcontract *a prominently displayed statement* that United States Government funds will be used to finance such subcontract, and that acceptance of the subcontract order will constitute acknowledgement of such notification of U.S. Government financing.

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TABLE 902-7 Contractor's Certification and Agreement.

3. Certifies and agrees that no bribes, rebates, gifts, kickbacks or gratuities have been or will be offered to or given to (directly or indirectly) contrary to United States law, or have been or will be arranged contrary to United States law with, officers, officials, or employees of the purchaser by the Contractor, its employees or agents which are intended to secure the Purchase Agreement or favorable treatment under the Purchase Agreement or for any other purpose relating to the Purchase Agreement.

4. Agrees to include in the written terms and conditions of each such subcontract applicable to this contract *a prominently displayed statement* that acceptance and implementation of the subcontract constitutes a declaration and agreement by the principal executive officers of the subcontractor that no bribes, rebates, gifts, kickbacks, or gratuities have been or will be offered to, or given to (directly or indirectly) contrary to United States law, or have been or will be arranged contrary to United States law with, officers, officials, or employees of the purchaser by the subcontractor, its employees or agents which are intended to secure the Purchase Agreement or the subcontract or favorable treatment under such agreements or for any other purpose relating to the Purchase Agreement or the subcontract.

5. Agrees that the U.S. Government has the right to suspend the financing of this Purchase Agreement on the instruction of the purchaser, or for any suspected or confirmed misrepresentation or violation of any certification provided by this Contractor to obtain such financing, without any liability accruing to the U.S. Government.

6. Certifies that, unless identified below, the materiel or components to be provided under the Purchase Agreement are of U.S. manufacture. Agrees that, if DSAA approves financing of the dollar value of non-U.S. origin components or services stated in this certification, or a specified dollar value of non-U.S. origin content, this value will not be exceeded. Certifies that the dollar value of all non-U.S. origin or non-U.S. manufactured items and components, and non-U.S. services procured or to be procured specifically for this Purchase Agreement is indicated below. The value of raw materials and common hardware items which are procured by a manufacturer from both U.S. and foreign sources which are not ordinarily segregated by origin, and which are incorporated on an interchangeable basis into the manufacturer's products, need not be identified.

\$\_\_\_\_ (Total dollar value of non-U.S. origin components and services in the Purchase Agreement)

7. Certifies that the Purchase Agreement price includes only the following commissions or other contingent fees which shall have been or shall be paid only to bona fide employees or bona fide agencies which neither exerts nor proposes to exert improper influence to solicit or obtain this Purchase Agreement as defined in the Federal Acquisition Regulation (FAR) 3.401:

Recipient(s) of Commissions or Other Contingent Agents Fees

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Aggregate Amount Paid and To Be Paid: \$\_\_\_\_\_

Certifies that if "NONE" is indicated above the Contractor has not employed or retained any agent to solicit or obtain the Purchase Agreement on a contingent basis who has been or is to be paid from funds received by the Contractor from the U.S. Government under the Purchase Agreement.

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TABLE 902-7 (Continued)

8. Certifies that funds received by the Contractor from the U.S. Government under the Purchase Agreement will not be used to purchase services, other than described in paragraphs six (6) or seven (7) above, utilized in the performance of the Purchase Agreement from non-U.S. contractors or individuals that are not resident in the United States of America, unless the financing of such services is expressly authorized by the DSAA.

9. Agrees to identify the full amount of any down payment received under the Purchase Agreement in its accounting records as a down payment, to apply these funds solely to the performance of obligations under this Purchase Agreement, and to provide a clear audit trail on the use of these funds. Agrees to certify on the down payment invoice that payment requested does not exceed Contractor costs incurred at the time of submission of invoice. These costs may not exceed the total expenditures incurred prior to implementation of the Purchase Agreement, plus termination liability to be incurred during the first 90 days, less profit. Agrees to include in the written terms and conditions of each subcontract *a prominently displayed statement* that acceptance and implementation of the subcontract constitutes agreement by the subcontractor to identify the full amount of any payment received under the subcontract in its accounting records and to provide a clear audit trail of the use of these funds.

10. Agrees that export transportation costs financed under terms of the Purchase Agreement will be paid only to steamship, barge, tug, and airline companies of United States registry. Agrees that amounts billed for such transportation shall be only the cost for shipping only the defense articles provided under terms of the Purchase Agreement.

11. Certifies that the cost of transportation, lodging, meals and other personal support costs incurred by or in behalf of the purchaser's personnel relating in any way to this contract will be paid by the purchaser, and that these costs will not be financed, in whole or in part, with USG funds received from the U.S. Government under the Purchase Agreement either directly or indirectly.

12. Certifies that the entire agreement which affects the contractual relationship between the Contractor and the purchasing government relating to this Purchase Agreement consists of: (list articles, clauses, annexes, exhibits, appendices, letters, purchase orders, etc.) \_\_\_\_\_ Further, recognizes that the U.S. Government makes no commitment to finance any additional subsequent agreements related to this Purchase Agreement.

13. Agrees that the Contractor's invoices will be prepared in accordance with the relevant provisions of the Purchase Agreement and will be submitted through the purchaser for presentation to the DSAA for payment, as follows:

a. As a minimum, the invoices must: (1) reflect the amount due and payment due date; (2) specify whether the amount billed is a down payment, progress/milestone payment, or delivery payment; (3) list the items and services delivered for which payment is requested; (4) indicate by a separate entry the transportation costs, if not included in the item price; (5) designate the FOB point and "ship to" address; (6) designate the address to where the payment should be sent; (7) if the billed amount consists of "cost, insurance and freight" (CIF) terms for delivery of materiel to a destination point outside the United States, provide the name of the carrier(s) of the materiel from the U.S. Port Of Embarkation; and (8) be supported by a copy of freight bills, air way bills, or rated on-board bills-of-lading, fully accounting for the cost of inland and export transportation of the items covered by the invoice for which payment is requested. If the Contractor pays for the transportation, whether the transportation cost is included in the price of the item or billed

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TABLE 902-7 (Continued)



separately to the Purchaser, bills-of-lading or air way bills must be submitted with the invoice for which payment is requested. A copy of the invoice for the cost of any insurance coverage on the shipment must also be submitted along with the shipping documents.

b. If the purchaser is paying the export transportation cost with other than U.S. Government funds (i.e., the Contractor is not paying for the export transportation cost), the Contractor will submit a certification with the invoice as follows:

The (Contractor) acknowledges that U.S. Government funds are being used by the Government of \_\_\_\_\_ to finance this purchase and certifies that no shipping cost has been incurred by this firm for exporting this materiel from the United States and no shipping cost is included in the sales price or otherwise included in the invoiced amount for which payment is requested.

c. All Contractor's invoices must be submitted with the following certification:

The (Contractor) acknowledges that U.S. Government funds are being used by the Government of \_\_\_\_\_ to finance this purchase and certifies that the invoice(s) submitted with respect thereto are free from any material false statement or misrepresentation and do not omit any material facts.

14. Agrees that any penalty payment, refund, or other reimbursement due to the purchaser pursuant to this Purchase Agreement will be paid to the U.S. Government for credit to the FMS trust fund account of the purchaser. Agrees to ensure that the DSAA receives a copy of the bonding or guarantee documents, such as Performance Bonds or Letters of Guarantee applicable to this Purchase Agreement.

15. Certifies that neither the Contractor nor any of its employees are suspended or debarred from conducting business with any agency of the U.S. Government, and that export privileges are not suspended or revoked. Also agrees that no such suspended or debarred firms will not be used as a source of supplies or as a subcontractor for this Purchase Agreement.

16. In addition to the agreement in paragraph 1 above, for purposes of facilitating official U.S. Government inquiries to determine whether criminal offenses may have been committed regarding the use, disbursement or other disposition of funds made available under the U.S. Arms Export Control Act, involved in this Purchase Agreement, agrees:

a. to identify and to consent to the disclosure of the following accounts to (and at the request of) the U.S. Department of Defense or the U.S. Department of Justice or U.S. Federal grand juries:

(1) accounts wherever located in the name of such Contractor; and

(2) accounts located outside the United States in the name of the principle executive officers of such Contractor (and any nominees) who have been personally and substantially involved in this Purchase Agreement.

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TABLE 902-7 (Continued)

b. for these purposes to include in the written terms and conditions of each subcontract (as defined in paragraph 1 above) applicable to this Purchase Agreement a statement that acceptance and implementation of the subcontract constitutes agreement by the subcontractor to identify and to consent to the disclosure of the following accounts to (and at the request of) the U.S. Department of Defense or the U.S. Department of Justice or U.S. Federal grand juries:

(1) accounts wherever located in the name of such subcontractor or supplier; and

(2) accounts located outside the United States in the name of the principle executive officers of such subcontractor or supplier (and any nominees) who have been personally and substantially involved in this subcontract under the Purchase Agreement.

The term "consent to the disclosure" for the purposes of subparagraphs (a) and (b) of this paragraph includes an agreement to provide consent documents authorizing the disclosure of such information upon request.

17. By signature below, the named individual hereby separately certify: (1) that he or she has actual authority to sign on behalf of the Contractor and to bind the Contractor with regard to all agreements and certifications contained hereon; (2) that this certification and agreement is being signed and submitted for the purpose of receiving payment under terms of the above listed Purchase Agreement to be financed by U.S. Government funds; and (3) that the information provided in this Certification and Agreement is complete and correct to the best of each signatory's knowledge and belief after each has taken appropriate steps to verify the accuracy thereof. The person(s) signing the Purchase Agreement may not also sign this Certification and Agreement. In the event that the Contractor is a partnership, two general partners are required to sign this Certification and Agreement.

VICE PRESIDENT (OR MORE SENIOR OFFICIAL)  
HAVING SUPERVISORY RESPONSIBILITIES OVER  
THE MAKING OF THIS PURCHASE AGREEMENT

TREASURER, COMPTROLLER,  
OR OTHER SENIOR FISCAL OFFICIAL.

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Typed Name)

\_\_\_\_\_  
(Typed Name)

\_\_\_\_\_  
(Title)

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
(Title)

\_\_\_\_\_  
(Date)

TABLE 902-7 (Continued)

TABLE 902-8

NOTIFICATION OF REQUIREMENTS FOR DIRECT ACQUISITION  
TO BE FUNDED WITH U.S. FMS LOAN FUNDS

- A. Country: \_\_\_\_\_
- B. Identification of Requirements:
1. U.S. Defense Items or Services: \_\_\_\_\_
  2. Quantity: \_\_\_\_\_
  3. Estimated Purchase Agreement Value: \$ \_\_\_\_\_
  4. Projected date of submission of contract to DSAA for funding approval:  
\_\_\_\_\_
- C. Comments: (Include information regarding firms to receive bid requests and your competitive acquisition process) \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

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TABLE 902-8. Notification of Requirements for Direct Acquisition to be  
Funded with U.S. FMS Loan Funds

TABLE 902-9  
DETERMINATION

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

[for the Government of (country) under a Letter of Offer and Acceptance]

[by the Government of (country) pursuant to a direct commercial contract]

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

DATE: \_\_\_\_\_

\_\_\_\_\_  
Director, DSAA

cc: Comptroller, DSAA

## CONCURRENCES:

\_\_\_\_\_  
Department of the Treasury

\_\_\_\_\_  
Department of State

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TABLE 902-9. OSP DETERMINATION

**SECTION 903 - TRANSPORTATION**

**90301 GENERAL.** Public Resolution 17 (48 Stat. 500), 46 U.S.C. 1241-1, expresses the sense of Congress that export cargo generated as a result of loans made by federal instrumentalities should be carried exclusively in U.S. flag vessels. FMS loan agreements, both DOD direct and FFB guaranteed, require that all items financed with these funds, which are transported by ocean vessel, shall be transported in privately owned vessels of U.S. registry unless a waiver of this requirement is granted by the DSAA or the Maritime Administration (MARAD), U.S. Department of Commerce. Section 901(b) of the Merchant Marine Act of 1936, as amended, 46 U.S.C. 1241, requires "at least 50 per centum" of such cargo be transported on U.S. flag privately-owned vessels. When FMS LOAs are changed from cash financing to FMS credit financing it is the recipient's responsibility to assure that the U.S. flag shipping requirements are followed.

**90302 MARINE TRANSPORTATION WAIVER PROCEDURES.** The following procedures and conditions shall be adhered to concerning marine transportation of defense articles, the purchase of which is to be financed under a loan agreement. All defense articles, which are transported by ocean vessel, shall be transported in privately owned vessels of U.S. registry unless a waiver of this requirement is obtained. Requests for waiver are categorized as general, non-availability, or security as outlined below:

**A. General Waivers.**

1. Consideration will be given to a waiver application to authorize vessels flying flags of the country to whom the loan agreement applies to participate in the transportation of cargo generated under the loan agreement provided the recipient country does not discriminate against U.S. flag vessels in the carriage of the exports or imports of the recipient nation. Approval may be granted for the recipient nation's vessels to carry up to, but not in excess of 50 percent of the cargo under this agreement. Ocean freight revenue is the main criterion for determining flag participation but cargo valuation shall also be taken into consideration. Accordingly, throughout the life of this agreement, U.S. flag vessels shall not receive less than 50 percent of the cargo valuation and ocean freight revenue insofar as practicable.

2. Applications for general waiver should be submitted as soon as practicable after determination has been made to use the recipient country flag vessels but at least 21 days in advance of intended shipping dates to enable verification of the treatment accorded vessels of U.S. registry and to process the application.

3. Subsequent to the granting of a general waiver, if it occurs that neither the U.S. flag vessels nor recipient country flag vessels are available, consideration will be given to specific waiver applications to authorize, on a shipment-by-shipment basis, the use of third country flag vessels. Applications for the use of a third country flag vessel under an approved general waiver should be submitted at least 21 days prior to the intended shipping date to allow time to process the application. If a waiver is granted to allow the use of a third country flag vessel for a particular shipment under an existing general waiver, the cargo carried by the third country flag vessel shall be recorded against the recipient country flag vessels' portion of the cargo available under the general waiver.

4. The application for a general waiver and subsequent waivers for the use of third country flag vessels should be submitted to the Director, Defense Security Assistance Agency, Room 4E841, Department of Defense, Washington, D.C. 20301-2800, with a copy to the Director, Office of Market Development, Maritime Administration, U.S. Department of Transportation, Washington, D.C. 20590-0001.

**B. Non-Availability Waivers.**

1. Consideration will be given to waiver applications to authorize use of foreign flag vessels in those cases of non-availability of U.S. flag vessels or in instances of non-availability of U.S. flag vessels at reasonable rates.

2. Applications for non-availability waivers to permit use of recipient country flag vessels need not be submitted if a general waiver has been approved and the recipient nation will use U.S. flag vessels to carry over 50 percent of the cargo under this agreement. Applications are required where a general waiver (1) has not been applied for, (2) has not been approved, or (3) has been approved but, on a shipment-by-shipment basis, U.S. flag vessels are not available or not available at reasonable rates and shipments on non-U.S. flag vessels will exceed 50 percent of the cargo under this agreement. If a general waiver has been approved, every effort should be made to ship defense articles and equipment, where U.S. flag vessels are not available or not available at reasonable rates, under the recipient country's portion of the cargo available under the general waiver. Therefore, applications for non-availability waivers, where a general waiver has been approved, should be submitted only under unusual circumstances.

3. Applications on the basis on non-availability of vessels of U.S. registry must establish and document that the recipient nation has made a reasonable, timely and bona fide effort to arrange shipment on vessels of United States registry and that such vessels are not available. Such applications must be submitted at least 21 days in advance of the intended shipping date to enable verification of non-availability of vessels of U.S. registry and to process the application.

4. Applications on the basis on non-availability of vessels of United States registry at reasonable rates must establish and document all applicable comparative rates and should be submitted at least 21 days in advance of the intended shipping date to enable verification on non-availability of vessels of United States registry at reasonable rates and to process the application.

5. Applications for non-availability waivers must be submitted on a shipment-by-shipment basis. Applications should be submitted to the Director, Office of Market Development, Maritime Administration, U.S. Department of Transportation, Washington, D.C. 20590-0001, with a copy to the Director, Defense Security Assistance Agency, Room 4E841, Department of Defense, Washington, D.C. 20301-2800.

6. Each application for a non-availability waiver should contain the following information:

- a. Identification and address of the applicant
- b. Recipient country
- c. Date and source of loan (FFB, etc.)
- d. Manufacturer and/or exporter
- e. List and description of commodities to be shipped
- f. FAS value of commodities
- g. Shipping date
- h. Loading port
- i. Discharge port
- j. Estimated ocean freight cost
- k. Proposed vessel(s) to be used
- l. Weight of shipment
- m. Cube measurement of shipment
- n. Original point of production

### C. Security Waivers.

1. Consideration will be given to waiver applications to authorize vessels flying the flag of the country to whom the agreement applies on the basis of reasonable security needs in regards to the cargo and the arrival of such cargo at its destination. A security waiver may be requested for a specific shipment or series of shipments under this agreement where sabotage may reasonably be expected or a state of emergency exists.

2. Application for security waivers need not be submitted if a general waiver has been approved and the recipient nation will use U.S. Flag Vessels to carry over 50 percent of the cargo under this agreement. Applications are required where a general waiver (1) has not been applied for, (2) has not been approved, or (3) has been approved but, on a shipment-by-shipment basis, use of recipient country flag vessels will exceed 50 percent of the cargo under this agreement. If a general waiver has been approved, every effort should be made to ship those defense articles and equipment involving special security or safety requirements under the recipient country's portion of the cargo available under the general waiver. Therefore, waiver applications for security or safety reasons where a general waiver has been approved should be submitted only under unusual circumstances.

3. Applications on the basis of security must provide the specific security or safety requirements and information involved in the shipment(s) to be made at least 21 days in advance of the intended shipment(s) dates to enable verification of the security or safety requirements and to process the application.

4. The application should be provided to the Director, Defense Security Assistance Agency, Room 4E841, Department of Defense, Washington, D.C. 20301-2800, with copy to the Director, Office of Market Development, Maritime Administration, U.S. Department of Transportation, Washington, D.C. 20590-0001.

**90303 REPORTS TO U.S. DEPARTMENT OF TRANSPORTATION.** In order to monitor the use of marine transportation under this agreement, pertinent information should be forwarded as early as possible but not later than 90 days after shipment to the Director, Office of Market Development, Maritime Administration, U.S. Department of Transportation, Washington, D.C. 20590-0001, for all shipments of goods financed in whole or in part with credit and/or Guaranteed Loan funds. The following information must be reported:

- A. Date and source of loan (FFB, etc.)
- B. FAS value of Cargo
- C. Manufacturer
- D. Freight forwarder
- E. Ocean freight cost
- F. Name of vessel
- G. Vessel flag of registry
- H. Date of loading
- I. Port of loading

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## CHAPTER 10

### TRAINING PROGRAM MANAGEMENT

#### **SECTION 1000 - INTRODUCTION TO TRAINING PROGRAM MANAGEMENT**

##### **100001 BASIC GUIDELINES.**

A. **Purpose.** This chapter provides guidance and instructions for providing training to eligible foreign countries and international organizations as authorized under the FAA and AECA. This chapter does not include military training or exchanges authorized under other legislative authority, e.g., foreign attendance at U.S. military academies.

B. **Nature of Training.** Training includes both formal and informal instruction of international students in the United States or overseas by officers or employees of the MILDEP, technicians on contract to the MILDEP, or contractors (including instruction at civilian institutions); or by correspondence courses; technical, educational, or information publications and media of all kinds; training aids, orientation, training exercises; and military advice to foreign military units and forces.

C. **Prohibitions.** Personnel providing defense services (including training) are prohibited from performing duties of a combatant nature by the AECA, Section 21(c). This precludes activity related to training and advising which may engage U.S. personnel in combat activities, outside the U.S., in connection with the performance of defense services. This prohibition is applicable only during hostilities involving the country where the training is taking place.

**100002 TRAINING EMPHASIS AREAS.** To the fullest extent possible, the principal emphasis in international training will be placed as follows:

A. **Individuals Likely to Occupy Key Positions.** Training of individuals who are likely in the future to occupy positions of influence or prominence within the foreign country's armed forces.

B. **Military Professionalism.** Training which encourages military professionalism and the interchange of military doctrine, particularly by attendance at U.S. service schools at the advanced career, command and staff, and war college levels.

C. **Defense Resources Management.** Training related to the management of resources at all levels within the foreign defense establishment.

**100003 INTERNATIONAL MILITARY TRAINING OBJECTIVES.** Within the above areas of emphasis, the objectives of providing international military training to foreign countries are:

A. **Operation and Maintenance Skills.** To create skills needed for effective operation and maintenance of equipment acquired from the U.S.

B. **Effective Management.** To assist the foreign country in developing expertise and systems needed for effective management of its defense establishment.

C. Development of Training Self Sufficiency. To foster development by the foreign country of its own indigenous training capability. Development of country self-sufficiency depends largely upon the quantity and quality of instructors available to operate in-country training establishments.

D. Provide an Alternative to Soviet Military Training. To reduce a foreign country's training dependence on the USSR and its allies.

E. Rapport and Understanding To promote military to military rapport and understanding leading to increased rationalization, standardization, and interoperability.

**100004** RESTRICTIONS ON TRANSFER OF TRAINING Governments acquiring training from the U.S. may not transfer training related to the use of U.S. materiel or services to other countries or organizations, or to anyone not an officer, employee or agent of the purchasing government, nor use or permit the use of such training for purposes other than those for which furnished, without the consent of the USG. Therefore, technical skills and information acquired through instructional military training may not be used by the recipient country to train personnel from a third country unless approved in advance. Requests to transfer training to third parties should be submitted via diplomatic note to the Department of State for action, information copy to DSAA. Training transfer requests received by the MILDEPs should be referred to DSAA for forwarding to the Department of State.

**SECTION 1001 - INTERNATIONAL MILITARY EDUCATION AND TRAINING PROGRAM****100101 INTRODUCTION**

A. **IMET Program Guidance.** This section provides guidance and instructions for providing military training and training aids to foreign countries as GA in a manner that will ensure the greatest benefit to the programs.

B. **General Authority.** The IMET Program is authorized by Chapter 5, Part II, of the FAA of 1961, as amended, and provides for military education and training on a grant basis to military and defense establishment civilian personnel of friendly countries.

C. **Scope of Program.** Such training and education may be provided through attendance at military educational and training facilities in the U.S. (other than service academies) and abroad; attendance in special courses of instruction at schools and institutions of learning or research in the U.S. and abroad; and observation and orientation visits to military facilities and related activities in the U.S. and abroad. As used in this chapter, CONUS excludes Hawaii; the term "United States," or "U.S." includes both Alaska and Hawaii. For programming purposes, Hawaii is considered to be an overseas location.

**100102 POLICY CONSTRAINTS REQUIRING DSAA APPROVAL.** International military students (IMS) are admitted to a wide range of the courses available through the MILDEPs, consistent with U.S. foreign policy, national security, and broad considerations involving legislation, training policy, technology transfer, and NDP. Consequently, requests for the following types of training must be approved by DSAA Plans/ TO&MD on a case-by-case basis and must include specific justification:

A. **Training not Related to Objectives.** Training which is not clearly related to achievement of the objectives set forth in paragraph 100003.

B. **Training for the Purpose of Obtaining a Degree.** This constitutes training at U.S. military or civilian schools leading to a Bachelors or Masters Degree, or credits toward such degrees, as opposed to specific military training. The justification should include the rationale for providing the training under IMET and not FMS, an indication of the benefits to both the country and the U.S., and a statement regarding the intended utilization of the international military student after completion of the training. Finally, the justification should also include the number of IMET graduates and/or students that have been enrolled in the same curriculum or field during the previous five years, to include students undergoing training, and why it is considered necessary to train additional personnel. (Note: DSAA approval for degree level training at U.S. military or civilian schools is contingent on a specific and demonstrated country requirement which necessitates education up to and including a master's degree for persons who perform designated functions.) Training leading to a Doctoral degree or which is at the PhD level is not eligible for IMET funding. See also paragraph 100102.S below.

C. **Training at U.S. Civilian Schools.** All training at U.S. civilian schools.

D. **Training of Civilians.** All training for which civilians are nominated or proposed under IMET must be approved by DSAA. A justification including the following information should be submitted to DSAA:

1. A description of the civilian's relationship to the foreign country's defense establishment.

2. A description of the student's current or future functions and responsibilities and the justification for the training requested.

3. Whether the civilian will remain in the position for which trained for a sufficiently long period to warrant the expenditure of IMET funds. At least two years after completion of the training is considered adequate.

E. Non-Career Personnel. Training in the U.S. for military personnel without career status.

F. Skills Used in Civil Sector or for Civic Action. Training in basic skills normally used by both the military and civilian sectors; also training which, even though uniquely military in nature, is primarily for the purposes of civic action or nation building.

G. Availability of In-Country Facilities. Training which is available in country at military or civilian educational and training facilities, or any training for which the foreign country possesses the technical competence and economic capability to establish in-country training facilities, exclusive of PME.

H. Sufficient Trained Personnel Available. Training already provided in a quantity which, taking into account reasonable attrition, is sufficient to meet the military requirements of the requesting country.

I. OTs. When requesting DSAA approval for orientation tours/visits to U.S. military installations and activities, approval of the U.S. ambassador must be cited. Certification of the importance of the tour to the country's training effort with supporting rationale, to include proposed itinerary and areas of interest must also be provided.

J. ELT. Except as specifically authorized elsewhere in this chapter, ELT not in support of the in-country ELT program or in support of specific U.S. training.

K. Foreign Language Training (FLT). Foreign language training will not be funded under the IMET program.

L. Non-Utilization of Skills. Any training where, on the basis of experience, it appears unlikely that the skills produced will be utilized properly by the requesting country.

M. Police Training and Related Programs. Any police, internal intelligence or surveillance, or civilian law enforcement training conducted in a foreign country or in the U.S., as indicated by restrictions placed on such training by Section 660 of the FAA. "Police" as used in the prohibition includes military as well as civilian police if the military police perform civilian law enforcement functions. Neither the name given to a unit by the foreign government nor the ministerial authority under which it operates is sufficient in and of itself to determine whether a particular force is a "police unit." The determining factor is the nature of the function performed by that unit. Certification is required from the country that the student(s) to attend military police training will not be involved with or assigned to a unit performing any civilian law enforcement functions for a period of at least two (2) years. This instruction does not apply to internal defense training in support of standard military operations. The following guidance is provided to assist SAOs concerning country police training certifications.

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1. SAOs may forward programming data for police training to MILDEPs. If properly prioritized within country allocation, training will be funded. However, training will not commence until the appropriate MILDEP is advised by SAO message, info DSAA Plans/TO & MD, that the SAO has received country certification as follows.

2. Certifications in a language other than English must be accompanied by an English translation.

3. Certification must include student name/rank, course title, MASL identification number, host country service, and WCN.

4. Certification must be signed by appropriate host country official.

5. The SAO is required to maintain appropriate country police training certifications on file for a minimum of three years. Unless specifically requested, certifications need not be forwarded to DSAA.

The following is a sample certification statement:

"The Government of (country) certifies that (student name/rank), 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."

A similar certification is required for any training provided on an individual rather than a unit basis, if the individual is from a unit which performs on-going civilian law enforcement functions.

N. **Intelligence and Other Sensitive Training.** The scope of military intelligence training normally available to international military 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 MILDEPs will be reviewed carefully by the cognizant MILDEP to ensure compliance with this paragraph. Other potentially sensitive training requests should be addressed to DSAA for appropriate guidance, processing, or decision. Requests for the Combined Strategic Intelligence Training Program (CSITP) should be addressed to the Defense Intelligence Agency (ATTN: DIC). Requests which include IMET program funds to support attendance at CSITP must be justified with information copies to DSAA and HQ USAF.

O. **Repetitive Training.** Repeat participation by foreign individuals in orientations and/or the same training courses, to include formal classroom training following MTT instruction in the same subject material.

P. **Training in Support of FMS Equipment.** Training in support of FMS equipment purchases should be programmed and accomplished as a part of the overall FMS agreement. IMET should not be used to support major equipment purchases unless specifically approved by DSAA and included as a part of the FMS agreement.

Q. **Minimum Duration of Student Training in U.S.** Prior DSAA approval is required to program students for training in the U.S. for less than eight weeks total duration if all or part of the overseas travel is paid by IMET. If host country elects to fund round-trip transoceanic travel, no DSAA approval is required to program such training. Mandatory CONUS personnel processing or English language training will not be considered as part of the eight-week

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requirement. This limitation does not apply to OTs or general/flag rank related courses conducted by the Defense Resources Management Education Center or those courses conducted by the U.S. Army School of the Americas (USARSA).

R. Deployment of DOD Personnel or Teams. All training which requires U.S. personnel to travel to another country to conduct the training must be approved by DSAA prior to programming the training or making any offer or commitment to the foreign government(s) involved. See paragraph 100404 for specific criteria regarding MTTs. This includes USN refresher training conducted outside the U.S. and its territorial waters.

S. DISAM Training. IMET funds will not be used to finance DISAM MTTs. IMET funded foreign attendance at DISAM is authorized under two conditions: (1) when no part of the overseas travel is paid by IMET; (2) if all or part of the overseas travel is paid by IMET, each funded student must be scheduled to attend other related courses to ensure at least eight weeks of training duration in CONUS. (See paragraph 100102.P. above). Under either condition, the individuals selected to attend DISAM should occupy security assistance positions within the defense establishment of the host country.

T. Excessive High Cost Training.

1. In principle, IMET funds should not be used for excessive high cost training. High cost training is defined as any education or any single course of training with a tuition cost of \$30,000 or higher. However, selected high cost training will be considered on a case-by-case basis by DSAA when justified, depending upon the training requested, the state of development of the host country, and within an overall balanced program. (See also paragraph 100102.B. above concerning degree training).

2. Education and training previously priced at less than the \$30,000 high cost threshold which is approved and programmed at the training workshops but subsequently experiencing a price increasing of not more than 10 percent does not require a waiver to the high cost restriction.

U. Correspondence Courses. Correspondence courses are not eligible for IMET funding.

V. Purchase of Training Aids and Materials Other than English Language Materials. These materials should be obtained through FMS channels. Requests for exceptions to this policy will be considered on a case-by-case basis upon receipt of complete written justification. The justification must include statements as to why the provision of training materials under the IMET program is necessary, why it is in the U.S. interest, and the impact on the country training program; i.e., specific courses and training that will be deleted and how this training will be accomplished. Exceptions will be granted only on a one-time case-by-case basis.

W. Training of Non-Defense Personnel. Requests for training of personnel whose status as members of a country's defense establishment or armed forces may be questionable. For this purpose, non-defense personnel is defined as those personnel, uniform or civilian, who are not members of the country's uniform armed forces, or otherwise, not members of the country's defense establishment reporting to the MOD.

## 100103 REQUESTS FOR IMET WAIVERS

A. Submitting Requests. Requests for waivers to the above constraints will be submitted to DSAA as soon as the requirement for such training is known. Requests will include complete justification for the training and except for Ambassadorial certification for OTs (see paragraph 100102.I. above) will include a statement of SAO chief concurrence. Such requests will



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be addressed by the SAO to DSAA Plans/TO&MD and the unified command as joint action addressees. DSAA will respond following receipt of unified command recommendation(s).

**B. Programming.** Training program lines requiring approval by DSAA will be programmed by the MILDEPs with the appropriate waiver code in the DSAA waiver (card column 58) of the 4/Q cards. (See paragraph 100308.C.) SAOs will be required to submit written justifications at the Unified Command Workshops. Waiver requests not submitted at the workshops will be submitted no later than 90 days prior to student report date. If approved, DSAA will authorize the MILDEP to program requested training and include an "A" in Card Column 57 to signify approval. The waiver code in Card Column 58 will be a permanent entry and maintained for historical purposes. Training waivers approved by DSAA at the Unified Command Workshop may be coded "A" in Card Column 57 by the MILDEPs.

#### **100104 SELECTION AND UTILIZATION OF TRAINEES**

**A. Selection of Trainees.** To the extent practicable, personnel trained under the auspices of the IMET program, and particularly those attending CONUS schools, will be selected from career personnel likely in the future to occupy key positions in the foreign country's defense establishment. Except as may be authorized specifically by DSAA, the requirement for selection of career personnel is mandatory for attendance at professional level school; e.g., command and staff or equivalent and higher, and college level.

**B. Utilization of Trainees.** Under the direction and supervision of Commanders of Unified Commands, SAOs are responsible for obtaining appropriate assurances that personnel trained under the auspices of this program are properly and effectively utilized. Such utilization is defined as prompt employment of the individual in the skill for which trained for a period of time sufficient to warrant the expense to the U.S. As a guide, optimum assignment periods are considered to be three years for flight instruction and highly technical training such as missile training, and not less than two years for other training, particularly instructor training. To the extent consistent with available resources, SAOs are expected to monitor utilization of U.S. trained personnel, with emphasis on the more critical and higher level skills. Periodic reports by appropriate foreign authorities normally will satisfy this requirement.

#### **100105 FIFTH QUARTER TRAINING.**

**A. Fund Availability.** Funds are made available for training under "Fiscal Limitation" .001, which identifies funds requiring obligation within the fiscal year for which appropriated. As a means of increasing course scheduling flexibility for IMET, training commencing between 1 October and 31 December may be programmed in either the preceding or current fiscal year program, thus providing a "fifth quarter" in which to implement training in a given fiscal year. Training having fifth quarter availability will be programmed with a "5" in column 70, and will be priced at budget year prices. (See paragraph 100308.C.)

**B. Obligation of Funds.** When fifth quarter training is programmed in the preceding year, funds must be obligated by 30 September of that year. Training in courses commencing between 1 January and 30 September must be included in the program of the fiscal year in which it commences. Particular problems should be referred to DSAA Comptroller for resolution.

**C. Restrictions.** Fifth quarter programming applies to IMET individual student training courses only, and may not be used for orientation training, MTTs, or other training materials or services.

**100106 TRANSPORTATION FOR IMET TRAINEES.** It is DOD policy to encourage foreign countries to assume the cost of transportation and living allowances for their students to the

maximum extent possible so that IMET funds are utilized to permit higher numbers of students to be enrolled in training.

A. Travel within Student's Country. The program will not pay travel costs of students traveling within their own country.

B. Use of Foreign Flag Carriers. Whenever possible, SAOs assigned to countries which have national flag carriers with routes to or part way to the U.S. will obtain agreement from the host countries to transport their respective students on such carriers at no cost to the U.S.

C. Modes of Transportation when Furnished by the U.S. Travel between home country and the training center for those international military students provided transportation by the USG will be the most direct route, except as specified below.

1. Travel to/from CONUS by MAC Aircraft. IMS are authorized to travel by MAC aircraft. Transportation of IMS including those whose country elects to pay the cost of the transportation will be at common user rates.

2. Travel to/from CONUS by U.S. Commercial Air or Surface. Travel to the from the U.S. will be via USG transportation (MAC) to the fullest extent feasible. When the use of USG transportation for the entire trip does not permit the student to meet course or class convening dates, combinations of U.S. commercial air or surface common carrier (tourist class) and government transport will be used. Where this combination has been used, USG transportation for the return travel to the home country will be utilized to the fullest extent possible. If a U.S. flag carrier is not available, the JTR requires a certificate of non-availability.

3. Travel within CONUS. Transportation to and from training installations within the U.S. generally will be by surface common carrier or commercial aircraft. Travel by privately owned vehicle may be authorized except in those instances in which it would be prejudicial to the best interests of the USG.

D. Funded Travel. Transportation may be funded except for those students from countries with which the U.S. has reached agreement for such countries to pay transportation expenses.

E. Transportation for Dependents of Trainees. Transportation for dependents of IMS will not be provided at USG expense. If the student elects to bring his dependents to the U.S. (or to an overseas training installation) for those courses in identified in Table 1001-1, Note 4, he may be allowed the cost of his transportation as prescribed in his ITO so that he may travel with his dependents. When this option is selected, the student is required to utilize U.S. flag carriers if available. In these instances, the student will be reimbursed for travel costs as follows:

1. The MAC tariff rate if MAC transportation would have been the mode utilized through USG arrangements, or the actual cost of travel, whichever is lower.

2. Category Z rate or the actual cost of travel, whichever is lower.

F. Transportation for Emergency Leave. Round trip transportation costs for a student returning to his homeland on emergency leave will be paid by the trainee or his government if he is to return to the U.S. for continuation of training.

G. Deviations From Planned Travel Routes. When a student is permitted by his government to deviate from the most direct route for the purpose of visiting other countries, U.S. sponsorship will terminate at the point and time of such deviation. Further, should a student elect

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to remain at a point enroute to his homeland beyond the time normally required to make travel connections, funding of allowances during that excess time is not authorized. Students who do not adhere to scheduled return flights will not be the responsibility of the USG.

H. Enroute Accommodations. Accommodations on U.S. installations provided to foreign students enroute will be commensurate with those provided U.S. personnel of equivalent grade.

I. Travel to Non-Resident SAO. SAOs responsible for managing an IMET program for a country in which it is not resident may program IMS transportation to/from that SAO for briefing/debriefing of IMET IMS, so long as there is no U.S. representation in the country of the IMET student that could provide the service and when requested by the Ambassador. This does not apply for cost sharing countries.

**100107 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 arrival in 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. In no case will the program pay travel costs or living allowances of students traveling within their own country. Living allowances will be computed incrementally in accordance with the JTR on the day of departure from home country and the day of arrival in home country.

B. Transoceanic Costs Borne by Foreign Country. IMS whose travel to the U.S. is paid by their own government are entitled to living allowances in a travel status to include the day of departure from the U.S. entry port enroute to the training location, through the day of arrival at the training location. Living allowance in a travel status will resume the day of departure from the last training location and include the day of arrival at the U.S. departure point. This policy also applies to 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 programmed for all students in a training status, unless otherwise directed, as indicated in paragraph 100107. See Table 1001-1 of this chapter. For programming purposes, a standard factor will be used for officers and for enlisted personnel, on the assumption that quarters are available, mess is not available for officers; quarters and mess are available for enlisted personnel. For enlisted personnel, the full entitlement is not paid directly to the student. Enlisted personnel are paid a reduced stipend per week for the purchase of personal items of health and comfort, with the remainder programmed for reimbursement to the appropriate MILDEP for laundry, maid fees and subsistence. Where it is known in advance that quarters and/or mess are not available, the appropriate factors in Table 1001-1 of this chapter will be used for programming. Where it is determined that dependents are authorized to accompany students; i.e., those attending selected courses designated by the MILDEPs as indicated in Note 4 of Table 1001-1 of this chapter, the "with-dependents" rate will be used.

\*

100107.D.

**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 MILDEP concerned when proceeding by other than USG transportation.
3. Periods of delay not in connection with training except for hospitalization or outpatient care.
4. Students whose country assumes the payment of all living costs.
5. Periods of training conducted in the home country of the student, except for Panamanian IMET students attending Panama Canal Area Military Schools (PACAMS).
6. Periods of leave for individuals on OTs.
7. Periods of leave authorized by student's government following termination of all training courses.

**E. Leave with Living Allowances.** IMET students who receive living allowances while in training status may be granted leave with living allowances within CONUS during authorized holidays, during periods between consecutive courses, and during periods of delay while awaiting transportation at the point of departure for their home country. The SAO and the MILDEPs are jointly responsible for reviewing scheduled sequences of training for individual IMS to determine whether additional training courses or OJT/OBT could be programmed to fill gaps between courses prior to preparation of the ITO for all IMS.

**F. Advance Payment of Living Allowances.** Advance payment of living allowances not to exceed \$100 may be made to students at the point of entry or the first training location for students in the U.S. and at the first training activity for overseas students. MILDEPs may authorize advance payment of allowances which may accrue during the remaining authorized periods following the termination of training.

**G. Settlement of Claims.** Vouchers for settlement of outstanding entitlements for IMET students will be submitted via the SAO to the nearest U.S. paying agent for payment to the students in local currency at the authorized exchange rate no later than 15 calendar days upon return to country. If it is determined that an IMET student who has departed the CONUS or overseas training activity was overpaid in CONUS or at the overseas activity by an amount in excess of any amount otherwise owed to the student upon submission of the final travel voucher by the SAO in country, no attempt will be made to collect the overpayment from the trainee. The MILDEP concerned will determine whether a funding adjustment via an IMET Order is necessary for the WCN series concerned.

**100108 BAGGAGE WEIGHT ALLOWANCE FOR IMS****A. Authorized Baggage.**

1. **Authorized Weight Allowance:** The baggage allowances outlined below are total allowances, excess baggage being the difference between the baggage permitted by the transportation carrier and the total allowance. These allowances apply for that portion of the travel costs payable from U.S. funds. (Note: Baggage sizes and dimensions are to conform to carrier stipulations.)

a. Two pieces of checked baggage, not to exceed 70 pounds each are authorized for IMS programmed for training of less than 40 weeks duration.

b. Three pieces of checked baggage, not to exceed 70 pounds each are authorized for IMS programmed for flying training of less than 40 weeks duration.

c. Four pieces of checked baggage, not to exceed 70 pounds each are authorized for IMS programmed for training of 40 weeks duration or longer.

d. In those instances where U.S. and foreign flag carriers differ in free baggage allowance, or baggage is authorized beyond 140 pounds, transportation officers will issue Government Excess Baggage Authorization Ticket (GEBAT) or equivalent to cover the difference up to the free allowable amount of the U.S. flag carrier(s) and also any authorized excess baggage allowance.

B. Unauthorized Baggage. Shipment of baggage in excess of the weight allowance contained in 100108.A. above is not authorized. Disposition of unauthorized baggage will be made at the expense of the student or his 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 Panama Canal Area Military Schools (PACAMS [SCIATTS and IAAFA]) and CONUS-USARSA

(1) Costs incidental to the use of international guest instructors at SCIATTS, IAAFA, and CONUS-USARSA are to be included in the fixed operating budgets of each school and not included in course tuition costs. These costs include travel of guest instructors and their authorized dependents, and shipment of household goods and living allowance in accordance with Table 1001-1.

(2) Shipment of household goods from the Panama Canal area of CONUS to their home country is authorized for Latin American guest instructors who have completed a tour of duty at PACAMS or USARSA. The net weight allowance is 2000 pounds for married guest instructors and 200 pounds for single guest instructors. A net weight allowance of 4,000 pounds is authorized for married Latin American guest instructors when assigned as Deputy Commandant. In addition to net weights listed above, weight allowances are authorized for crating and packing materials on the same basis as for U.S. military personnel and in accordance with the JTR. Shipment of household goods in excess of authorized net weight will be at the expense of the guest instructor or his government. Shipment will be by surface common carrier. Air freight may be used only when surface common carrier is not available.

100109 MEDICAL COSTS. A factor of \$35.00 per student training line (exclusive of orientation) is authorized for programming purposes under generic code NZE (MASL IIN 365003/365004) for medical treatment in USG facilities for IMET students. Funds for costs such as burial expense or other student support costs will be programmed under generic code N7F on a base-by-case basis only after DSAA approval.

TABLE 1001-1  
TABLE OF DAILY SUPPLEMENTAL LIVING ALLOWANCES  
FOR IMET INTERNATIONAL MILITARY STUDENTS

	<u>Officer</u> [And Civilian Equivalents]	<u>Enlisted(1)</u>
In Travel Status, Including Unscheduled Delays(2).	Various	Various
In Training Status:		
Dependents Authorized (3)(4)(12).....	\$40	N/A
Neither Quarters Nor Mess Available.....	40	\$40
Orientation Tour Participants (5).....	27	N/A
Mess Available, Quarters Not (6).....	27	22
Quarters Available, Mess Not (6).....	24	20
Both Quarters and Mess Available (6)(7)(11)(13).....	17	9
Both Quarters and Mess Available, Officers Charged for Mess (Aboard Ship).....	12	N/A
Both Quarters and Mess Available, Free of Charge (Aboard Ship).....	9	9
In Military Hospital (8).....	9	9
On Leave (9).....	Various	Various

NOTES:

- (1) Not applicable to enlisted international military students (IMS) attending training at the Small Craft Instruction and Technical Training School (SCIATTS) or the Inter-American Air Forces Academy (IAAFA). The daily living allowance rate authorized for these enlisted IMS is \$3.50 per day.
- (2) When IMET pays travel and living allowance, travel allowance rate is authorized to include the day of departure from home country to the day of arrival at, and day of departure from, each training installation, and the day of arrival at home country. Rates on travel status, including unscheduled delays, are based on rates equal to those in the JTR for U.S. personnel.
- (3) An additional \$5 per day is authorized for accompanied IMS attending senior level professional military education courses as follows: Army Command and General Staff College, Army War College, and National Defense University; Air Force Command and Staff College and Air War College; Naval Staff College and Naval Command College; USMC Command and Staff College, Armed Forces Staff College; and USARSA Command and Staff College.
- (4) This rate is authorized only for accompanied IMS attending the following courses designated by the MILDEPs: Army Command and General Staff College, Army War College, and National Defense University; Air Force Squadron Officer School, Air Force Command and Staff College, Air War College, and Air Force Institute of Technology; Naval Staff College, Naval Command College, and Naval Postgraduate School; USMC Command and Staff College, USMC Amphibious Warfare School, Armed Forces Staff College; and USARSA Command and Staff College. This rate is also authorized for prerequisite courses, follow-on courses, and authorized leave periods. This rate is applicable regardless of availability of quarters and is payable whether IMS lives on or off post.

- (5) Meal Allowance Only. Cost of quarters to be paid from programmed funds by Class A agent/cashier escort officer.
- (6) In overseas areas, including Hawaii where U.S. Government quarters and mess are not available, the rates authorized are equal to those authorized for U.S. personnel in the JTR. "Quarters Available" means that U.S. Government quarters were either furnished or made available. "Mess Available" means three meals per day were available in a U.S. Government mess, whether or not actually consumed. U.S. Government mess excludes open mess and is not considered available to officer IMS except during maneuvers, field exercises, training in the field or when an officer's field ration mess is specifically available (e.g., officers field ration mess is available at Lackland AFB and Maxwell AFB, both with a heavy student load). All IMS not authorized a U.S. Government living allowance will pay for their meals. Meals taken in other food service facilities will be paid for by the IMS at the menu rates.
- (7) Enlisted students from countries that participate in partial cost-sharing of living allowances who are not entitled to meal cards may receive living allowance in an amount greater than \$9. A higher rate is authorized as long as the programmed rate is less than the \$9 plus the daily cost of mess hall meals. When the programmed rate reaches or exceeds the \$9 plus the cost of meals, students will be issued meal cards and will be paid \$9 per day.
- (8) In those cases where an officer IMS is authorized an increased living allowance for accompanying dependents and is subsequently hospitalized, an increased living allowance (\$40) shall apply during period of hospitalization rather than the reduced rate specified herein.
- (9) Living allowance for leave periods following termination of training is not authorized. Leave with living allowances may be granted during periods of class breaks, authorized holidays, between consecutive courses and delays at a port while awaiting transportation at the rate that is appropriate to the training status.
- (10) Guest instructors assigned to the U.S. Army School of the Americas will be paid a living allowance based upon the installations's BAQ/VHA rates by grade and a standard subsistence allowance regardless of rank. \*\*
- (11) The rate of IMET living allowance for guest instructors at SCIATTS and IAAFA will be the minimum necessary consonant with the person's grade and position as determined by the appropriate MILDEP. \*\*
- (12) Foreign enlisted students are not authorized accompanied dependents except for students attending the U.S. Army Sergeant's Major Academy (SMA). The authorized living allowance for accompanied IMS at the SMA is \$36 per day.
- (13) In addition to the \$9 the enlisted IMS will receive directly, the MILDEPs will program additional funds to include reimbursement for meals and billeting fees. The programming figure will vary depending on type of government quarters available.

**SECTION 1002 - FOREIGN MILITARY SALES TRAINING****100201 AECA PROVISIONS**

A. **Reimbursement** In compliance with prescribed pricing categories, the cost to the USG in furnishing FMS training must be paid by the foreign purchaser. Payment must be cash on acceptance, unless a determination is made in the national interest that payment be made prior to the training. For billing purposes, formal training is considered "performed" on the date that the student enters the course or, in the case of MTTs or FTS, when a team member leaves his home station. At all times, there must be cash available to the DOD in advance of the performance of the training. Normally, a training case for the current fiscal year will not be used to fund any element of the training case for the following year.

B. **Bilateral, Combined, or Multilateral Exercises** Bilateral, combined, or multilateral exercises conducted to test and evaluate mutual capabilities do not require authorization or funding under the AECA. Costs of foreign participation in these exercises may not be paid directly or reimbursed from DOD funds, including O&M funds. DOD funds may be used to pay just the costs of U.S. armed forces participation which would have been incurred in the absence of foreign participation in the exercise. The costs of any U.S. support provided to the participating countries or international organizations for training exercises must be reimbursed under an FMS case. This is because providing exercise support is providing a defense service as defined in the AECA, Section 47(4) and Section 47(5).

C. **Separate and Specific Statutory Authorization** Outside the context of an exercise, USG costs of providing training for foreign military or paramilitary personnel must be borne by the foreign government of international organization under an FMS case. If there is separate and specific statutory authorization for such training, as in the case of the senior ROTC program or U.S. service academies, this general rule may not apply. Existing authority and regulations do not permit formal or informal training on a non-reimbursable or quid-pro-basis. This includes orientation, observation, or familiarization tours, as opposed to short formal tours.

**100202 PROGRAM FINALIZATION** The MILDEP conducting the training assigns an FMS case identifier, prepares the LOA, and submits it to the host country representative for acceptance and initial deposit. The MILDEP will implement the case by authorizing the issue of ITOs only after the case has been accepted and funded, and after the SAAC provides obligation authority. Any exception to this must be approved by DSAA, Comptroller.

**100203 PROGRAM AMENDMENTS**

A. **Changes** After implementation, changes in the scope of definitive training requirements may be made by using DD Form 1513-1. Customer requested changes for additions or deletions of programmed students or courses to an already signed FMS case are not considered as substantial changes in scope, if the same general area of training and the number of students are not substantially changed. Substantial changes will be noted in amendments to the annual case when they occur. All changes which reflect an increase in price of \$50,000 or more must be coordinated with DSAA. For deletions and for changes not affecting scope, the DD Form 1513-2 should be used.

B. **Changes within Ceiling** Changes in requirements within the dollar ceiling of annual open-end training cases do not require the use of DD Form 1513-2. This type of change may be made administratively.



**100204 FIFTH QUARTER PLANNING.** The IMET 5th quarter planning and programming concept is not applicable to FMS training.

**100205 TRAINING REQUIREMENTS RELATED TO PURCHASE OF MAJOR EQUIPMENT.**

A. **General.** Training is an essential, key element in the successful introduction of a new piece of equipment or weapons system. The time required to conduct adequate training should be given careful consideration when requesting delivery dates of equipment. In developing an "introductory training plan," the needs of each country must be considered separately. While general training requirements can be determined for any item, the exact composition and duration of the training program associated with the introduction of a new system or item of equipment will vary, based on the unique requirements and capabilities of the country.

B. **Planning Programs.** Training programs must be planned realistically, taking into account the availability of personnel, the skills that must be developed, the background and experience of the individuals selected for the training, and the time required to plan, implement, and complete the program. In the final analysis, the success of any training program also depends on student capability and potential for success. The individual and collective performance of the students will set the pace and measure the true progress of a program. It is important to have a good, workable selection and screening process to make sure the right student is fitted into the right training program. Also see Section 1003.

C. **Use of IMET Funds.** Training in support of FMS equipment purchase should normally be programmed as part of the overall FMS agreement. IMET funds should not be used to support major equipment purchases unless specifically approved by DSAA. Requests for exceptions to this policy should be referred to DSAA with appropriate justification on a case-by-case basis during initial negotiations on purchase of the equipment. In no event may a discrete training course, single training team, or a training aid be funded by both IMET and an FMS case.

**100206 FMS TRAINING TUITION RATES.** FMS training tuition rates will be priced in accordance with DOD 7290-3-M, Chapter 7, paragraphs 71001-71211. Other costs, associated with training, such as students' meals, custodial fees for quarters, medical care, and transportation, are not included in tuition rates. These costs must be paid by the purchaser.

**100207 TRAINING AT CIVILIAN INSTITUTIONS OR BY CONTRACTOR.**

A. **Civilian Institutions.** The AECA, Section 47, defines training for defense purposes at civilian institutions as training that may be sold under FMS. This type of training is more appropriately handled by direct negotiation between the civilian institution and the purchasing country. Training at civilian institutions, therefore, generally will not be permitted under FMS. Requests for exceptions to this policy should be addressed to DSAA.

B. **Training by Contractors.**

(1) International military personnel receiving training directly negotiated between the purchasing country and a contractor may not use U.S. military facilities to support the training.

(2) Administrative support for direct contractor training normally is not provided through an FMS case. Room and board, medical care, and related support arrangements for students undergoing commercial, contractor training must be arranged between the contractor and the purchaser.

**100208 TRAINING OF CIVILIANS UNDER FMS.**

A. **Eligibility.** International civilian personnel may receive training provided they are MOD employees of eligible FMS countries, or employees of military agencies of eligible international organizations. Civilians must meet the normal course requirements, including having the proper security clearance.

B. **Non-MOD Personnel.** International civilians who are not MOD employees of eligible FMS countries, or employees of eligible non-military international organizations; e.g., the United Nations, may receive training provided that a determination is made by the International Development Cooperation Agency (IDCA) in accordance with Sec. 607(a) of the FAA of 1961, as amended. Such request originating in-country should be forwarded to DSAA Plans/TO&MD, info MILDEP concerned, for appropriate action.

C. **Protocol Status.** Civilians are generally afforded the same protocol status as their equivalent military counterparts, as stated in the ITO.

**100209 POLICE, INTELLIGENCE, AND OTHER SENSITIVE TRAINING.** DOD policy on police, intelligence, and other sensitive training is stated in Section 1001. Any questions should be referred to DSAA Plans/TO&MD for resolution.

**100210 SECURITY ASSISTANCE MANAGEMENT TRAINING.** Courses designed to train international personnel in the significant aspects of the FMS program, including U.S. legislation, policies and procedures, and management concerns of purchaser/recipient countries, and including MTTs of this nature, should be purchased via FMS procedures.

**100211 TRANSPORTATION AND TRAVEL.**

A. **Responsibility.** The purchasing country is responsible for all transportation and travel costs for FMS students. These costs are not included in the LOA.

B. **Mode of Travel.** Use of U.S. civilian carriers is encouraged although any desired mode of travel or carrier can be used. Students may be authorized in their ITO to travel by MAC aircraft and reimbursement for MAC travel will be on a direct billing basis at the non-government rate.

C. **Baggage.** Since baggage shipping costs are paid by the purchasing country, no limitation is established; however, students are encouraged to limit baggage to a minimum. Baggage shipment costs are not included in the FMS case.

**100212 LIVING ALLOWANCES/PRIVILEGES.**

A. **Living Allowances.** An FMS student's living costs are defrayed by the student or by his government. The purchaser should ensure that students receive sufficient allowances to meet all mandatory living costs and personal expenses. Allowance costs are not included in tuition course costs, nor are they included in the FMS case. SAOs should be particularly aware of the status of living allowance provisions for their host country's students. Any difficulties or anticipated problems should be aired immediately.

(1) **Subsistence.** Officers and enlisted personnel will pay for meals taken in government dining facilities at the rate prescribed by the MILDEPs.

(2) **Quarters.** All FMS training students who occupy military quarters must personally pay the service charge or custodial fee as established by the installation commander.

100212.B.

B. **Privileges.** International military students involved in security assistance training, on competent orders (ITOs) authorized by the MILDEPs, and bona fide dependents, will be extended commissary, exchange, and similar privileges ordinarily available to military personnel of the U.S. armed forces of similar rank. Equivalent rank assigned in the ITO must be based on U.S. armed forces grade structure, not the rank title of the foreign country.

C. **Medical Care.**

(1) NATO personnel involved in SA training, on competent orders (ITOs) authorized by the MILDEPs, and bona fide dependents are eligible for outpatient care in DOD medical (to include dental) facilities, on the same basis as U.S. military personnel and their dependents. In-patient medical care and emergency dependent dental care must be reimbursed at rates established by DOD.

(2) Non-NATO personnel and their dependents and all associated civilian students and their dependents will be provided medical care on a space-available, reimbursable basis at rates established by DOD.

(3) Personnel from countries that have negotiated reciprocal medical arrangements authorized by U.S. law, will be provided medical care in accordance with those arrangements.

**100213 FINANCING OF STUDENT TLA UNDER AN LOA.** Policy is shown in Paragraph 60003.M. Exceptions should not be encouraged. When an exception is to be requested, the following guidance applies: \*\*

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

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

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

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

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

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

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

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

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

**SECTION 1003 - TRAINING PROGRAM DEVELOPMENT, SUBMISSION AND IMPLEMENTATION**

**100301 ADDITIONAL GUIDANCE.** In addition to guidance and instructions contained in this manual, the following documents provide information for the development of training programs: (1) The MASL, and (2) JSAT Regulation (AR 12-15, OPNAVINST 4950.1H, and AFR 50-29).

**100302 TRAINING AIASA REPORTS.** Input of IMET and FMS program requirements will be included by the SAO training officer in the training AIASA submitted for all security assistance recipients to the State Department to facilitate decisions as to the allocation of security assistance resources. Copies of these reports are required by DSAA as part of the planning process.

**100303 TRAINING PLANNING.** Particular emphasis should be placed on out-year planning of training requirements by SAOs and Unified Commands. SAOs should maintain an active dialogue with host country counterparts to develop a two-year training plan which consolidates host country training needs from a joint perspective taking into consideration all sources of funding (i.e., FMS, MAP, IMET) and all potential sources of training (i.e., indigenous, third country, commercial, and U.S.). SAOs should use the two-year training plan as the vehicle to encourage host country training counterparts to plan beyond a single year program. SAOs should also use the two-year training plan as part of the SAO input to the training AIASA in view of the overlapping reporting periods and similar statistical summary requirements by training analysis code categories. Specific guidance on preparation and presentation of the two-year training plan is contained in paragraph 100304.E. below.

**100304 JOINT SERVICE TRAINING PLANNING WORKSHOPS.** During each fiscal year Unified Commands will host Joint Service Training Planning Workshops on behalf of the training community. The workshop cycle presently commences during the last week of January with the EUCOM workshop, followed generally in sequence by the PACOM, CENTCOM, Caribbean, and SOUTHCOM workshops. There will be a one-week gap between each workshop with the exception of the Caribbean workshop which will be scheduled to commence on the Thursday and Friday immediately before the SOUTHCOM workshop.

**A. Workshop Objectives:**

1. Review and coordinate the two-year training plans developed by the SAOs and approved by the Unified Commands for the budget year and planning year.
2. Finalize the budget year training program for each country.
3. Reconcile training policy, program, and planning issues.

**B. Workshop Format.** Each workshop, 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 presentation by the Unified Command, SAOs, and CONUS attendees as appropriate. Phase 1 will focus primarily on training planning and policy issues and the review of SAO requests for exceptions to policy. Phase II (Programs) will consist principally of MILDEP panels devoted to a detailed review of country training program data.

C. Workshop Agenda. Unified Commands will provide a proposed workshop agenda to DSAA with an information copy to the MILDEPs for joint DSAA/MILDEP review, normally in November.

D. Workshop Attendance.

1. SAO attendance will be limited to one representative per country; this should normally be a U.S. person charged with development and execution of the SA training program.

2. Foreign national attendance is not authorized except in those cases where the Unified Command determines that foreign national attendance is critical to the presentation and review of the program and a U.S. training officer is not available to attend the Workshop.

3. Total number of representatives from each MILDEP will be limited to four personnel.

E. SAO Two-Year Training Plans. SAOs will submit written two-year training plans covering the budget year and the planning year prior to the Joint Service Training Planning Workshop in accordance with guidance from the Unified Command. Two-year training plans will consist of the following topics:

1. Overall host country training capabilities.
2. Primary suppliers of equipment and training to the host country.
3. Overall training program objectives.
4. Significant accomplishments toward meeting the objectives.
5. Future objectives and program requirements.
6. Program development, to include a brief description of the training planning process, highlighting host country and SAO roles, problems if any, and plans for improvement.
7. Brief summary of current year, budget year, and planning year IMET training programs broken out by the nine primary training analysis code categories: PME, MGT, PGS, UPT/FLT, TECH, OT, OCONUS, TEAMS, and SUPPORT (Paragraph 100306). Each category should reflect students, dollars, and dollar percentage of the program. FMS training programs should be broken out by total cases, students, and dollars.
8. Cost sharing, current status, and budget year forecast, noting service variations, if any.
9. Host country ELT, to include status of language labs, plans to enhance or develop ELT, in-country problems, etc.
10. Brief summary of policy waiver requests.

F. SAO Workshop Briefings. SAOs will provide an oral presentation within a time limit and format prescribed by United Commands. At a minimum, the SAO oral presentation will cover highlights of the two-year training plan and include the three-year statistical summary (current year/budget year/first plan year) by training analysis code categories broken out by

students, dollars, and percentage of dollars for each category. The overall objective of the SAO oral presentation is to highlight and clarify the vital aspects of each plan for Unified Command and CONUS workshop attendees to enable them to better respond to the unique requirements of each country.

G. **SAO Requests for Exception to Policy.** SAOs will submit written policy waiver requests to the Unified Command that include full justification for the training, and except for Ambassadorial certification for OTs, include a statement of the SAO Chief's concurrence. Unified Commands and MILDEPs will recommend waiver approval/disapproval no later than the end of the first day of the workshop. The justifications and recommendations will be provided to the DSAA representative no later than the second day of the workshop for final approval/disapproval. Unified Commands will coordinate this effort.

H. **MILDEP Presentations.** Each MILDEP will make one consolidated presentation during Phase I representing all MILDEP agencies that includes appropriate policy and programming issues. Each MILDEP will provide information copies of the MILDEP presentation to the other MILDEPs and the Unified Commands prior to the workshop cycle. DSAA and MILDEPs will review presentation topics at a pre-workshop meeting prior to the workshop cycle.

#### **100305 ASSIGNMENT OF BUDGET YEAR PRIORITY CODES (IMET ONLY).**

SAOs will assign priority codes A, B, and C for their Budget Year program using the Budget Year level at the annual training workshops. Priority codes A, B and C should each equal approximately one-third of the Budget Year level. Priority A is the highest priority. Priority C is the lowest priority and, if required, would be cut before priorities B and A. In addition, SAOs should assign priority codes D and E to other valid training requirements in excess of the budget level and to take place not earlier than the fourth quarter. Priority codes D and E should each comprise approximately one-half of the training above the budget level with priority D having the higher priority. Valid training priority coded D and E is defined as training in keeping with IMET policies and objectives, that MILDEPs can accommodate, for which the host country can provide qualified candidates and which has a dollar value that the SAO can reasonably expect to receive in mid-year/end-of-year if funds are available. In most cases, this should not exceed approximately ten percent of the budget level. SAOs should code all training lines in a WCN series to reflect the code of the program line with the highest priority within that series.

**100306 TRAINING ANALYSIS CODES (IMET ONLY).** Training Analysis Codes allow training program data to be grouped by categories that facilitate analysis as they relate to overall IMET objectives. These codes replace the material-oriented generic code structure for training and enable the training community to match country requirements with policy considerations, particularly in the preparation of two-year training plans and training AIASAs. A complete listing of all Training Analysis Codes is at Appendix D, Table D-14. The nine primary analysis code categories are:

<u>Category</u>	<u>Description</u>
PME	Officer Professional Military Education
MGT	Officer Management
PGS	Officer Postgraduate/Degree Related Training
UPT/FLT	Undergraduate Pilot and Other Flight Training
TECH	Technical, Operations, Maintenance, Medical and Enlisted Training
OT	Orientation Tours
OCONUS	OCONUS Student Training
TEAMS	Mobile Training Teams and Field Training Services
SUPPORT	English Language Equipment, Materials, PCH&T, Medical Lines and other Training Support

**100307 UNPROGRAMMED REQUIREMENTS.** Unprogrammed FMS training requirements, not included in the annual program, are handled on an exception basis. Unscheduled requirements have an adverse impact on the total training effort. This is particularly true in the case of courses where quota availability is a major constraint, for short notice assignment of MTT personnel from operational units for specialized requirements, or the preparation of tailored curricula. Unprogrammed training requirements distort planning and make forecasting ineffective. Annual training programs should, therefore, be adhered to as initially developed and reviewed at workshops, with add-ons by the host government during the program year generally discouraged.

#### **100308 TRAINING REQUEST SUBMISSION GUIDANCE.**

A. **Channels of Submission.** SAOs will submit initial budget year requirements data and all subsequent changes thereto directly to the MILDEPs, with information copies to DSAA (IMET only) and the Unified Command. The MILDEPs will review submissions for availability of the training requested and transmit accepted requirements to DSAA.

B. **Submission of Final Current Year Program Changes (IMET Only).** Final current year program changes (increases and/or additions) to IMET program requirements must be submitted by SAOs to MILDEPs in proper program change format no later than 5 August and be forwarded by MILDEPs to arrive in DSAA not later than 15 August in order to be considered during the end-of-year closeout of that program on 30 September. To accomplish that, SAO program changes must arrive at the appropriate MILDEP agency no later than Monday of the week before 15 August. Only changes justified as an urgent requirement will be considered after the 15 August cutoff date. These must be approved prior to submission by DSAA and approval will be contingent upon sufficient time remaining to process the change and obligate funds by the end of the fiscal year.

C. **SAO Submission Instructions.** As a minimum, the following data will be submitted to the MILDEPs by an SAO when requesting/programming training. Enter the Country, Program (IMET or FMS case) and Program Year and WCN (when known) in the message subject line.

##### **1. Program Additions. "4" Card.**

<u>Responsible Agency</u>	<u>Card Column</u>	<u>Data Element</u>	<u>Instruction</u>
SAO and MILDEP	1	Card Code	Must be filled. Enter "4".
MILDEP	2-5	Record Control Number	Leave blank or enter RCN.
SAO and MILDEP	14-20	Item ID Number	Must be filled. Enter IIN from the MASL.
MILDEP	21	Generic Code	Must be filled. Enter "N".
MILDEP	23-24	Reason for Change Code	Must be filled. See Appendix D for codes.

SAO and MILDEP	25	Student Code	Enter the appropriate code. See Appendix D for codes.
SAO and MILDEP	26-29	Quantity	Must be filled (leave blank for dollar value lines). Enter the number of students, or in the case of teams, the number of personnel on the team. Right justify units position in Column 29 and enter "0" in unused columns.
SAO and MILDEP	30	Program Originator	Must be filled. See Appendix D for codes.
SAO and MILDEP	31-32	Country/Activity Code	Must be filled. See Appendix D for codes.
SAO and MILDEP	33-34	Duration	Enter duration from the MASL. When MASL duration is variable (VA), enter number of weeks for students, number of man weeks for teams and number of man months for FTS. Right justify units position in Column 34 and enter "0" in unused columns.
MILDEP	35	Type Assistance Code	Must be filled. See Appendix D for codes.
MILDEP	36-43	Unit Price	Must be filled. (Leave blank for dollar value lines.) Enter MASL course cost. When not indicated in the MASL, enter MILDEP determined unit price. Right justify and enter "0" in unused columns.
SAO and MILDEP	45-46	Program Year	Must be filled. Enter last two digits of the appropriate fiscal year.
MILDEP	47-50	Funding Date/Case	Enter the report or start date of training (whichever is earlier) by month/day (MM/DD) for all unfunded training lines with confirmed quotas. The date entered will be for the first course in a series of training courses for the same student. This data element entry will be eliminated by DSAA when funding occurs. For FMS training only, enter the FMS case designator (last three digits of the FMS case number) in columns 48-50.
MILDEP	51-56	Travel and Living Allowance	Enter TLA (IMET only) for each student See paragraph K for TLA computation procedures. Right justify units position in Column 56



DSAA	57	Status Code	Leave blank.
MILDEP	58	DSAA Waiver Code	(IMET only) Must be filled. Enter "A" for training lines that do not require DSAA waiver or enter appropriate waiver code. See Appendix D for codes.
ARMY	60	TLA Command	(IMET only) (Optional) Entered by Army to indicate command receiving funding for TLA cost.
SAO and MILDEP	61-65	Worksheet Control Number	<p>Must be filled. Enter WCN as assigned by SAO. In the units position. (Column 65) enter sequential or follow-on courses in alphabetical sequence in the order in which training is to be conducted:</p> <p>1234L (language training) 1234A 1234B, etc.</p> <p>Use 1234Y and 1234Z for continuing sequential training funded in the new FY but originating in the previous FY, referred to as carryover training. If a third line is needed, use 1234X.</p> <p>Where no sequential training is planned, leave the units position blank.</p>
SAO and MILDEP	66-68	Execution Agency Code	Must be filled. Enter EXA identifier from the MASL. Where cross-service training is involved, enter the EXA identifier of the MILDEP that will conduct the majority of the training. See Table D-13, Appendix. D.
MILDEP	69	Change Originator Code	Must be filled. See Appendix D for codes.
SAO and MILDEP	70	Availability/ Report Quarter	Must be filled. Enter "1", "2", "3", "4," or "5" (IMET only) to indicate the quarter in which the student is available. Codes should be adjusted if training schedule changes. All training lines within a WCN series will reflect the quarter availability of the first line in the sequence. Medical cost lines will have same quarter availability as earliest line.
DSAA	71	Fiscal Code	Leave blank.
SAO and MILDEP	72	Rqmts Priority Code	(IMET only) Must be filled. Enter "A", "B", "C", "D", or "E" as appropriate.

MILDEP	73-80	Total Cost	Must be filled. Enter total cost by multiplying the sum of entries in unit price (Columns 36-43) and travel and living allowance (Columns 51-56) times quantity (Columns 26-29). Right justify units position in Column 80.
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2. **Program Additions.** "Q" Card. Must include all revised data elements that have changed in addition to data elements listed below:

<u>Responsible Agency</u>	<u>Card Column</u>	<u>Data Element</u>	<u>Instruction</u>
SAO and MILDEP	1	Card Code	Must be filled. Enter "Q".
SAO and MILDEP	2-5	Record Control Number	Must be filled. See Standardized Training Listing (STL).
MILDEP	23-24	Reason for Change Code	Must be filled. See Appendix D for codes.
SAO and MILDEP	31-32	Country/Activity Code	Must be filled. See Appendix D for codes.
SAO and MILDEP	45-46	Program Year	Must be filled. Enter last two digits of the appropriate fiscal year.
MILDEP	47-50	Funding Date	Must be filled if training moves to a different quarter. If training has already been funded, a new funding date must be entered.
SAO and MILDEP	61-65	Worksheet Control Number	Enter (WCN) as it appears in the Standardized Training Listing. If the WCN itself is being changed, enter the revised WCN.
MILDEP	69	Change Originator Code	Must be filled. See Appendix D for codes.
SAO and MILDEP	70	Availability/Report Quarter	Must be filled. Enter the appropriate quarter.

3. **Program Deletions.** "R" Card.

<u>Responsible Agency</u>	<u>Card Column</u>	<u>Data Element</u>	<u>Instruction</u>
SAO and MILDEP	1	Card Code	Must be filled. Enter "R".
SAO and MILDEP	2-5	Record Control Number	Must be filled. See MILDEP STL

100309.

MILDEP	23-24	Reason for Change Code	Must be filled. See Appendix D for codes
SAO and MILDEP	45-46	Program Year	Must be filled. Enter last two digits of the appropriate fiscal year.
SAO	61-65	Worksheet Control Number	Must be filled. See MILDEP STL
MILDEP	69	Change Originator Code	Must be filled. See Appendix D for codes.

[Note: See Table D-15, Appendix D, for a summary chart of all program card formats.]

**100309 CROSS-SERVICE TRAINING.** Cross-service training is a training series for an international student provided by more than one MILDEP.

A. **Training in Schools of Another Service.** When a student from one foreign military service is selected for training exclusively within schools of another U.S. military service, such training will be requested in the program of, and administered by, the MILDEP providing the training.

B. **Training in Schools of More Than One MILDEP.** When a student is selected for training involving courses of more than one MILDEP, the training will be programmed by the MILDEP providing the majority of the training. Consider number of weeks of training as opposed to number of courses (ELT excluded).

C. **OTs to U.S. Installations of More Than One MILDEP.** OTs to U.S. military installations of more than one MILDEP will be programmed and administered by the MILDEP corresponding to the MILDEP of the trainee(s) or by the service having predominant interest.

**100310 IMPLEMENTATION.** Program implementation and the movement of students to training facilities and activities is authorized only after IMET orders, program directives, or other specific approvals are issued by DSAA to the MILDEPs. Such orders, directives, or approvals are required prior to the issuance of ITOs or the obligation of funds for programmed training. The MILDEPs will provide the appropriate authority and funding authorization to the SAO. Upon receipt of IMET orders or DSAA telephonic authorization in case of emergency, SAO requests for approval to issue ITOs should be submitted directly to the MILDEPs.

#### **100311 IMET ORDERS.**

A. **Definition.** The term "IMET Order" is used to describe the document issued by DSAA which authorizes and directs the furnishing of military training to designated IMET recipients. It also identifies the fund source of each program line. For example, FY 1989 funding is indicated by a "9" in column 71 to indicate funding from the 1989 appropriation.

B. **Purpose.** IMET Orders show additions, changes, or deletions to funded lines. Additions will be reflected as a program line in 4 card format, including the RCN. A deletion of a previously funded line will be shown as a single entry and identified by a "program year" and previous IMET Order number at the right of the program data under the heading "IO-AJ." A change to a previously funded line will be identified by a two-line entry, the first entry reflects the funding that was authorized in a prior order and will also reflect the order number and year it was

issued under the "IO-AJ" heading. The second entry reflects the revised line and may be identified by a blank in the "IO-AJ" column.

**C. Procedure.**

1. **Country.** A separate IMET Order will be issued for each country or activity, and the IMET Order number will include the appropriate country/activity code.

2. **Number.** The number assigned to IMET Orders and amendments thereto will be composed of the Program Year, Implementing Agency, Country/Activity code, and a two-digit sequential number.

3. **Identification.** The initial IMET Order issued for each country or activity for a given program (fiscal) year will be identified by sequential number 00. Subsequent IMET Orders for the program year will be issued as amendments to the initial IMET Order and will be numbered 01 through 99, followed by alpha-numeric characters, as necessary.

D. **IMET Order Recipients.** The recipients of an IMET Order and associated fund allocation are responsible for implementation of the order, including accounting and fiscal reporting, as prescribed by DOD Instruction 7290.1. The implementing agency will be identified in the IMET Order number. IMET Orders for training program lines will be issued to the MILDEP providing the training, except in the case of cross-service training. IMET Orders for entire WCN sequences containing cross-service training will be issued to the MILDEP providing the majority of the training or designated as the cognizant MILDEP.

**100312 IMPLEMENTATION INSTRUCTIONS FOR THE INVITATIONAL TRAVEL ORDER FOR INTERNATIONAL MILITARY STUDENTS (IMS) DD FORM 2285.**

A. **ITO.** The Invitational Travel Order (Table 1003-1) is the basic document for all training provided to IMS under SATP sponsorship in order to provide recognition of the status of the IMS, and the applicable privileges therein.

B. **DD Form 2285.** DD Form 2285 is the only authorized document that will be used by SAOs for IMS entering U.S. training under the FAA of 1961, as amended, and the AECA. This form will not be altered nor shortened. If country desires, a language translation may be attached to the DD Form 2285.

C. **Controlling Document.** The ITO is the controlling document for authorized training, terms, conditions, and privileges. It is also the basic document used for accounting purposes and provides guidance to the appropriate agencies for determining which support is payable and which is not. The SAO is responsible for preparation of the ITO, in accordance with the guidance in this chapter, the MILDEP regulations and the instructions below. When all prerequisites have been met, the SAO will issue individual ITOs for each IMS.

D. **Instructions For Completing the ITO:** Instructions for completing the ITO are included in the Joint Security Assistance Training Regulation (Army Regulation 12-15/Operations Navy Instruction 4950.1H/Air Force Regulation 50-29/Marine Corps Order 4950.2).

## TABLE 1003-1

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<b>INVITATIONAL TRAVEL ORDER (ITO) FOR FOREIGN MILITARY TRAINEES (FMT)</b>		<b>1. ITO NO.</b>	<b>2. COUNTRY</b>	<b>3. DATE</b> (Day, month, year)	
The U.S. Government hereby issues this ITO for the FMT herein named to attend the course(s) of instruction herein listed, subject to the terms and conditions contained herein, and as may be amended by competent authority. This ITO will be used and is valid only for FMT entering U.S. training under the Foreign Assistance Act of 1961, as amended, or the Arms Export Control Act.					
<b>4. ISSUING SECURITY ASSISTANCE OFFICE (SAO)</b>					
a. NAME OF ORGANIZATION		b. MAILING ADDRESS			
<b>5. FUNDING (X one and complete statement)</b>					
a. IMET ORDER		b. FMS CASE IDENTIFIER			
<b>6. FMT INFORMATION</b>					
a. NAME (Surname (ALL CAPS), first, middle)		b. SEX (X one) (1) Male (2) Female			
c. RANK	d. U.S. EQUIVALENT RANK / PAY GRADE	e. COUNTRY SERVICE	f. COUNTRY SERVICE NO.		
g. DATE OF BIRTH (Day, month, year)	h. PLACE OF BIRTH (City, province / district, country)				
<b>7. INVITATION</b>					
THE SECRETARY OF (List U.S. MILDEP) _____ INVITES THE FMT LISTED IN ITEM 6, THIS ORDER, TO PROCEED ON OR					
ABOUT (List date - day, month, year) _____ FROM (List debarkation point - home country) _____					
TO (List first training installation) _____ FOR PURPOSE OF COMMENCING TRAINING LISTED IN ITEM 8 BELOW.					
<b>8. AUTHORIZED TRAINING (List in sequence of attendance)</b>					
a	(1) RCN	(2) WCN	(3) MASL IIN	(4) MASL Description	(5) MASL Service ID No.
	(6) Training Installation		(7) Location	(8) Report Date (Day, month, year)	(9) End Date (Day, month, year)
b	(1) RCN	(2) WCN	(3) MASL IIN	(4) MASL Description	(5) MASL Service ID No.
	(6) Training Installation		(7) Location	(8) Report Date (Day, month, year)	(9) End Date (Day, month, year)
c	(1) RCN	(2) WCN	(3) MASL IIN	(4) MASL Description	(5) MASL Service ID No.
	(6) Training Installation		(7) Location	(8) Report Date (Day, month, year)	(9) End Date (Day, month, year)
d	(1) RCN	(2) WCN	(3) MASL IIN	(4) MASL Description	(5) MASL Service ID No.
	(6) Training Installation		(7) Location	(8) Report Date (Day, month, year)	(9) End Date (Day, month, year)
e	(1) RCN	(2) WCN	(3) MASL IIN	(4) MASL Description	(5) MASL Service ID No.
	(6) Training Installation		(7) Location	(8) Report Date (Day, month, year)	(9) End Date (Day, month, year)
f	(1) RCN	(2) WCN	(3) MASL IIN	(4) MASL Description	(5) MASL Service ID No.
	(6) Training Installation		(7) Location	(8) Report Date (Day, month, year)	(9) End Date (Day, month, year)
g	(1) RCN	(2) WCN	(3) MASL IIN	(4) MASL Description	(5) MASL Service ID No.
	(6) Training Installation		(7) Location	(8) Report Date (Day, month, year)	(9) End Date (Day, month, year)
NO ADDITIONAL TRAINING TO THAT SPECIFIED ABOVE WILL BE PROVIDED ON THE BASIS OF THIS ORDER.					

TABLE 1003-1

9. LANGUAGE PREREQUISITES (X a., b., or c. and complete as applicable)	
a. FMT COMPLETED DLI ENGLISH LANGUAGE PROFICIENCY EXAMINATION AS FOLLOWS.	
(1) Exam No.	(2) Date Completed (Day, month, year)
(3) English Comprehension Level (ECL) Score (FMT will take the CONUS course entry ECL test at the first training installation.)	
b. WAIVER OF IN-COUNTRY SCREENING ECL GRANTED BY AUTHORITY OF (Documentation) (FMT will take the CONUS course entry ECL test at the first training installation.)	
c. FMT IS EXEMPT FROM ALL ECL TESTING BY AUTHORITY OF (Documentation)	
10. SECURITY (X one and complete as applicable)	
a. U.S. SECURITY SCREENING HAS BEEN ACCOMPLISHED. ALL TRAINING WILL BE CONDUCTED ON AN UNCLASSIFIED BASIS.	
b. U.S. SECURITY REQUIREMENTS HAVE BEEN COMPLIED WITH. THE HOME GOVERNMENT HAS GRANTED THE FMT A SECURITY CLEARANCE. THIS OF ITSELF DOES NOT PERMIT THE DISCLOSURE OF CLASSIFIED U.S. INFORMATION. SUCH DISCLOSURE MUST BE SPECIFICALLY AUTHORIZED BY AN OFFICIAL DELEGATED AUTHORITY AND U.S. FOREIGN DISCLOSURE REGULATIONS OR DIRECTIVES.	
(1) Home Country	(2) Equivalent U.S. Classification Level
11. IMET FUND CITE (Use only when the U.S. Government pays IMET living allowance and/or travel)	
THE FINANCE OFFICER EFFECTING DISBURSEMENT OF FUNDS UNDER THIS AUTHORITY WILL FORWARD ONE COPY OF THE EXECUTED VOUCHER TO THE ACCOUNTING STATION CITED IN THE APPROPRIATION AND OTHER ACTIVITIES AS REQUIRED BY APPROPRIATE U.S. MILDEP REGULATIONS.	
12. IMPLEMENTING AUTHORITY	
a. U.S. MILDEP DOCUMENT	b. DATE (Day, month, year)
13. SPECIAL CONDITIONS (If applicable)	
14. DISTRIBUTION	

TABLE 1003-1

<b>15. TERMS</b>		
<p>a. Prior to departure from home country, the FMT listed herein will be required to be medically examined and found physically acceptable in accordance with the health provisions of the Immigration and Nationality Act (8 U.S.C. 1182(a)(1)-(7)); Foreign Quarantine Regulations of Public Health Service, Department of Health, Education and Welfare, 42 CFR, Part 71; McCarran Act Sec. 212A, 1-7, Public Law 414, 82d Cong.; applicable U.S. MILDEP regulations; and other U.S. laws or DOD directives and regulations which may be enacted from time to time.</p> <p>b. The home country will insure that the FMT has sufficient funds in United States dollar instruments to meet all expenses while enroute to, and for the first 30 days of training pending receipt of applicable pay and allowances by the FMT.</p> <p>c. FMT will be responsible for custodial fees and personal debts.</p> <p>d. The FMT will bring adequate uniforms and work clothing for field duty or technical work. U.S. fatigue uniform and foot wear will be purchased by the FMT in the event that the country work uniforms are inadequate. When flying training is involved, required special flight clothing and individual equipment will accompany the FMT, or provisions will be made by the home country or the FMT to obtain the use of all necessary equipment prior to start of training. The FMT will also possess adequate civilian clothing for off-duty wear.</p> <p>e. The Government of the United States is responsible for FMT travel which is part of the training program and for which costs are part of the course tuition.</p> <p>f. The FMT will comply with all applicable U.S. MILDEP regulations.</p> <p>g. The United States may cancel training and return to country FMTs who violate U.S. law or MILDEP regulations or who are found otherwise unsatisfactory. The FMT's government will be alerted to such action in accordance with U.S. MILDEP regulations.</p> <p>h. The Government of the United States disclaims any liability or financial responsibility for injuries received by the FMT listed herein while in transit to and from the training installation, while undergoing training or while in leave status, and any liability or financial responsibility for personal injury claims or property damage claims resulting from the FMT's action.</p> <p>i. The FMT will participate in flights of U.S. military aircraft as required for scheduled course(s) or as specified in U.S. MILDEP regulations.</p>		
<b>16. CONDITIONS (X appropriate block(s) for each condition listed)</b>		
<b>a. DEPENDENTS</b>		
(1) No dependents are authorized to accompany or join FMT. Dependents will not be issued ID cards or provided attendant privileges.		
(2) Dependents are authorized by the FMT's home country and the DOD Security Assistance Organization in-country to accompany FMT or join FMT while in training, but will not be transported nor subsisted at U.S. Government expense. IMET FMT is not authorized an increase in living allowance due to presence of dependents.		
(3) In accordance with Security Assistance Management Manual (SAMM), DoD 5105-38M, Chapter 10, IMET FMT is authorized the increased "Dependents Authorized" living allowance. Dependents will not be transported nor subsisted at U.S. Government expense.		
<b>b. MEDICAL SERVICES</b>		
<b>(1) FMTs</b>		
(a) NATO FMTs under IMET: charges for only inpatient care in the U.S. are chargeable to the IMETP.		
(b) IMET FMTs: charges for outpatient and inpatient care, immunizations, and medical examinations are chargeable to the IMETP.		
(c) NATO FMTs under FMS: charges for only inpatient care in the U.S. will be collected from (Select one)		
<input type="checkbox"/> i. FMS Case	<input type="checkbox"/> ii. FMT	<input type="checkbox"/> iii. Foreign Government
(d) FMS FMTs: charges for outpatient and inpatient care, immunizations, and medical examinations will be collected from (Select one)		
<input type="checkbox"/> i. FMS Case	<input type="checkbox"/> ii. FMT	<input type="checkbox"/> iii. Foreign Government
<b>(2) Dependents</b>		
(a) Authorized accompanying dependents of NATO FMTs: charges for only inpatient care in the U.S. will be collected from (Select one)		
<input type="checkbox"/> i. FMT	<input type="checkbox"/> ii. Foreign Government	
(b) Authorized accompanying dependents of IMET and FMS FMTs: charges for outpatient and inpatient care, immunizations, and medical examinations will be collected from (Select one)		
<input type="checkbox"/> i. FMT	<input type="checkbox"/> ii. Foreign Government	
<b>(3) Singular Conditions</b>		
(a) See item 13, Special Conditions		
<b>c. LIVING ALLOWANCES</b>		
(1) Living allowance is responsibility of the government of (List home country)		
(2) IMET living allowance is authorized during period covered by this order, from day of departure from, to day of return arrival in, home country, excluding periods covered by leave, in accordance with SAMM, Chapter 10, and is chargeable to the IMET Fund Cite indicated in Item 11, this order.		
(3) IMET living allowance is authorized from day of departure from to day of return arrival in (List country - other than home country), excluding periods covered by leave, in accordance with SAMM, Chapter 10, and is chargeable to the IMET Fund Cite indicated in Item 11, this order.		

TABLE 1003-1

<b>16. CONDITIONS (Continued)</b>	
<b>c. LIVING ALLOWANCES (Continued)</b>	
(4)	IMET living allowance is authorized from day of departure from the CONUS entry port to day of return arrival at the CONUS departure point, excluding periods covered by leave, in accordance with SAMM, Chapter 10, and is chargeable to the IMET Fund Cite indicated in Item 11, this order.
(5)	IMET living allowance is authorized while in training status only in accordance with SAMM, Chapter 10, and is chargeable to the IMET Fund Cite indicated in Item 11, this order.
(6)	See Item 13, Special Conditions.
<b>d. TRAVEL</b>	
(1)	Travel is responsibility of the government of <i>(List home country)</i> .
(2)	Travel covered by this order, overseas and CONUS, is chargeable to the IMET Fund Cite indicated in Item 11, this order.
(3)	Travel to and return from <i>(List country - other than home country)</i> is the responsibility of the government of <i>(List home country)</i> . Travel from <i>(List country - other than home country)</i> to CONUS and return is chargeable to the IMET Fund Cite indicated in Item 11, this order.
(4)	Travel to CONUS and return is responsibility of the government of <i>(List home country)</i> . Travel within CONUS is chargeable to IMET Fund Cite indicated in Item 11, this order.
(5)	See Item 13, Special Conditions.
<b>e. LEAVE</b>	
(1)	Upon completion of training, FMT is not authorized leave, and will proceed immediately as directed to home country.
(2)	Upon completion of training, FMT is authorized <i>(List number)</i> days leave at no cost to the U.S. Government or IMETP. Upon completion of leave, FMT will proceed immediately to home country or as directed by competent authority.
<b>f. PARTICIPATION IN HAZARDOUS DUTY</b>	
(1)	FMT is authorized to participate in hazardous duty training.
(2)	FMT is parachute qualified and authorized to participate in jumps from U.S. aircraft.
(3)	Qualified flying FMTs are authorized to participate in flights as crew members. The government of <i>(List home country)</i> certifies that FMT is physically, professionally, and administratively qualified to participate in flights in his country's military aircraft as <i>(List flight crew position)</i> . FMT meets medical clearance requirement as specified by the appropriate U.S. MILDEP flight qualification records accompanying FMT.
(4)	Not applicable.
<b>g. TRAVEL BY POV</b>	
(1)	FMT is authorized by his government to travel by POV between training installations.
(2)	FMT is not authorized by his government to travel by POV between training installations.
<b>h. BAGGAGE</b>	
(1)	No baggage will be transported at U.S. Government expense. Baggage allowances outlined below are total allowances; excess baggage being the difference between the baggage permitted by the transportation carrier and that stipulated below. Baggage sizes and dimensions will conform to carrier stipulations. These allowances apply for that portion of travel whose costs are paid from U.S. funds (See Para. d., above) and cost of any excess baggage is chargeable to the IMET Fund Cite indicated in Item 11, this order.
(2)	Training less than 40 weeks in total duration <i>(other than flying)</i> : IMET FMT authorized 2 pieces, not to exceed 70 pounds (32 kilograms) each.
(3)	Flying training less than 40 weeks in total duration: IMET FMT authorized 3 pieces <i>(total for personal baggage and any flying training equipment)</i> , not to exceed 70 pounds (32 kilograms) each.
(4)	All training 40 weeks or longer in total duration: IMET FMT authorized 4 pieces, not to exceed 70 pounds (32 kilograms) each.
<b>17. COMMAND LINE</b>	
a. SIGNATURE OF U.S. AUTHORITY AUTHENTICATING ORDERS	b. TITLE



**SECTION 1004 - SPECIALIZED TRAINING REQUIREMENTS**

**100401 SPECIALIZED TRAINING.** This section provides guidance and policy on training other than that provided in formal courses of instruction in CONUS.

**100402 ON-THE-JOB/QUALIFICATION TRAINING.** OJT, or Air Force qualification training, normally involves follow-on technical training devoted to practical application conducted after attendance at a formal course of instruction. This training will be planned in advance in the country's training program and will include detailed requirements for training in specific areas of interest and on types of material used by the country concerned. OJT conducted independently and not in conjunction with formal courses of instruction will be authorized in the U.S. only when no course covering the desired training is available. OJT in overseas schools and installations will be provided in accordance with the policies established by the Commander of the Unified Command concerned.

**100403 OBSERVER TRAINING.** Observer training is training during which the student observes methods of operation, techniques, and procedures as a medium of instruction. Observer training is not related to a formal course of instruction although it sometimes supplements or follows a student's formal training. Observer training will be authorized only when no course covering the desired training is available. This includes specialist-type training. In addition, certain observer training explicitly excludes "hands on" training. For example, foreign personnel enrolled under medical observer training will be prohibited from actual hands-on patient care.

**100404 MOBILE TRAINING TEAMS.** MTTs are provided under budget project/generic code N20, and are composed of MILDEP personnel on temporary duty for the purpose of training foreign personnel.

A. **Approval Criteria (IMET).** As with any other aspect of a particular IMET country program, the decision to use MTTs should be based on consideration of all of the advantages and disadvantages inherent in the use of the particular MTT at a particular time, and in a particular country. A fundamental objective of IMET is to reach foreign military personnel who are, or are likely to be, influential in their services/countries by having them attend professional level CONUS training. The intent is to expose the foreign trainee to the American people, their way of life, institutions, beliefs, and aspirations. While this objective is not exclusive or overriding with respect to other considerations, it must be considered when selecting MTTs versus CONUS training. Moreover, any decision to use MTTs solely for their apparent cost benefits runs the risk of detracting from accomplishment of overall IMET objectives. Finally, MTT requests under IMET should clearly demonstrate that MTTs are the best training option and IMET is the only funding option. Every attempt should be made to provide MTTs through FMS rather than IMET.

B. **Other Criteria Bearing on MTTs.** Within the guideline established above, MTTs should be considered when one or more of the following factors are clearly present:

1. The training must be accomplished in the most rapid manner possible or in response to a particular threat or adverse condition affecting the security of the country concerned.
2. The training is of relatively short duration and must reach a large number of trainees and entails extensive use of interpreters or language-qualified team members.
3. The training can only be conducted on equipment or in facilities located in the foreign country.

C. **Authorization Criteria.** MTTs may be authorized for deployment to foreign countries and also to U.S. installations and facilities as follows:

1. **Requirements Beyond In-Country U.S. Capability.** Overseas deployment would be for specific training requirements in country which are beyond in-country U.S. resources and for which it is more expeditious, practical, and economical to bring the capability to the country.

2. **Equipment Transfers.** Overseas deployment would be for training in support of FMS financed equipment or for training associated with MAP equipment transfers wherein the recipient country may be assuming ownership of U.S.-furnished equipment at other than a U.S. facility.

3. **Surveys.** Overseas deployment would be for the purpose of conducting in-country training surveys to determine specific country training needs, determine capability and quantity requirements which are beyond the country capability to assess, and are associated with equipment deliveries or assistance leading to self-sufficiency.

4. **U.S. Installations.** CONUS deployment would be for the purpose of providing training to international personnel at U.S. installations and facilities in those instances when the equipment used for training is either owned by or allocated for delivery to the foreign recipient.

D. **Implementation.** MTTs are implemented by the MILDEP concerned and may be drawn from DOD and MILDEP resources in the U.S. or overseas, as necessary.

E. **Duration.** MTTs are authorized on a temporary duty basis for a period not to exceed 179 days. MTT assistance required for a period in excess of 179 days or identical follow-up teams are not authorized. Requirements for assistance in excess of 179 days should be met by CONUS training of country personnel leading to an in-country capability and/or programming of engineering and technical services specialists.

F. **Subsistence, Per Diem, and Transportation (IMET).** Subsistence expenses, or per diem allowance in lieu thereof, obligated in one fiscal year for IMET MTTs cannot be extended into the succeeding fiscal year. Therefore, personnel on MTT duty must terminate TDY and return to home station prior to 30 September, unless action has been taken to reprogram the team in the new fiscal year, subject to the 179 day restriction contained in paragraph 100403.E. (above), receipt of CRA or other budget authority in the new fiscal year, and DSAA approval has been granted. Transportation costs for round trip team travel are chargeable to the fiscal year of the start of the TDY.

G. **Coordination and Preparation.** Use of MTTs requires special coordination and preparation with country personnel prior to team arrival. Establishment of the team mission in precise terms, to include availability of training equipment by type, student availability, capability, ECL, training facilities, transportation, communications, and team living arrangements should be the subject of country-SAO discussion prior to programming, and should be finalized prior to the team's arrival.

H. **Programming Instructions.** Compliance with paragraph 100102.Q. of this section is required prior to programming MTTs under IMET. MTTs will be programmed under generic codes N2A-N2V. Refer to Appendix D, Table D-9 of this Manual for further definition and breakdown of these generic codes.

1. **Duration and Numbers in Team.** MTTs will be programmed to indicate duration in weeks and number of team members. The cost of teams in terms of duration in weeks and number of team members will include:

- Transoceanic Travel (round trip)
- In-Country Travel
- Station and Travel Per Diem Allowance
- CONUS Travel and Team Orientation
- Official Baggage, including excess, if justified
- Salaries of DOD civilians

2. **TDY Per Diem Allowances Outside CONUS.** Per diem allowance costs during TDY travel outside CONUS will be computed according to rates shown in current JTR for military personnel, and according to rates shown in current Standard Regulations, Government Civilians, Foreign Areas (published by the Department of State), for USG civilians.

3. **CONUS Travel Rate.** Cost of CONUS travel of team members will be programmed at an estimated rate which includes cost of commercial air transportation, official baggage (not to exceed 150 pounds), and per diem.

4. **Teams Furnished from Overseas.** Cost of teams furnished from overseas will be computed using commercial air (tourist rate) transportation, per diem, and excess baggage.

5. **Overseas In-Country Travel.** In addition to the factors indicated above, \$15.00 per man per week is authorized for programming purposes to cover overseas in-country travel, if the actual cost is unknown.

6. **Official Baggage.** When the nature of a team requires official baggage not to exceed 150 pounds or five pieces of checked baggage per man (84 pounds excess), \$150.00 overseas round trip per man is authorized for programming purposes. Cost estimates for team baggage which exceed 150 pounds or five pieces of checked baggage per man will be obtained from the MILDEP concerned prior to programming.

7. **Joint MTTs.** A joint MTT will be programmed using the appropriate MASL line of the MILDEP having the predominant number of members. In the event of a balanced team, use the MASL line of the MILDEP counterpart to the requesting foreign country service.

8. **Programming of MTTs.** The following procedures apply when programming MTT requirements:

a. **Team Member Costs.** All team member costs including predeployment orientation/training costs will be reflected as "unit cost" and programmed in columns 36 through 43 of the country program. No entires will be made in columns 51 through 56.

b. **Training Aids.** Training aids (including PCH&T) will be programmed separately in the country program under generic code N2, description: MTT-TRNG AIDS (MASL Item-ID 309000-CONUS, 319000-O/S). This program line will show the next appropriate sequential "alpha" in column 65 of the worksheet control number. Only those training aid requirements for use by the MTT which cannot be predetermined and requisitioned under FMS will be included under this procedure, subject to approval by DSAA.

I. **Not Authorized for Technical Assistance.** MTTs are not authorized for the purpose of providing technical assistance.

1. **Technical Assistance.** TATs and TAFTs are provided under generic code M, and are normally requested at the time major equipment is ordered. Training is not normally a principal mission of these teams.

a. TATs are composed of DOD personnel deployed to a foreign country in a TDY status to place into operation, maintain and repair equipment provided under FMS or GA programs. TATs are not considered to be SA training and are not provided under IMET, except in the case of the installation of English language laboratories.

b. TAFTs are composed of DOD personnel deployed in a PCS status for the purpose of providing in-country technical support to foreign personnel on specific equipment, technology, weapons, and supporting systems, when MTTs and ETSSs are not appropriate for the purpose requested. TAFTs are not considered to be security assistance training and, therefore, are not provided under IMET.

**100405 FIELD TRAINING SERVICES.** Budget project N30 provides funds for DOD ETSS and CFS personnel, as specified below.

A. **Approval Criteria (IMET).** See paragraph 100403.A. above.

B. **DOD ETSS.** ETSS are DOD military and civilian personnel technically qualified to provide advice, instruction, and training in the installation, operation, and maintenance of weapons, equipment, and systems.

1. **Administration.** ETSS will be attached to the SAO rather than assigned and carried on the JTD. They will not be provided as an augmentation to the SAO staff to perform duties which are normally the responsibility of that staff. They will not be used for follow-on retraining or in advisory roles, except in rare instances when the recipient country is not capable of providing qualified personnel from its own resources or of hiring qualified personnel from non-indigenous sources and the SAO recommends it in the interest of the U.S. ETSS provided as English language instructors, supervisors, or advisors on detached duty status from DLIELC will be attached to the SAO, as specified above. The English language technical service provided by DLIELC is referred to as a Language Training Detachment (LTD).

2. **Duration.** ETSS may be provided for periods up to but not exceeding one year, unless specifically approved by DSAA. In those rare cases where the technical services are required for periods in excess of one year, ETSS personnel will be attached to the SAO for operational control and administrative and logistical support.

3. **Programming Instructions.** ETSS will be programmed under generic code N30.

a. **Requirements.** ETSS personnel will be programmed on the basis of man-month requirements. The program cost will include:

- CONUS Travel
- Transoceanic Travel (round trip)
- In-Country Travel
- Station Allowance (military or civilian)
- Overseas Allowance (military or civilian)
- Official Baggage, including excess, if justified
- Salaries of DOD Civilians

b. **In-Country Travel.** For programming purposes, a factor of \$40.00 per man per month is authorized to cover the cost of in-country travel, if the actual cost is unknown.

c. **CONUS Travel.** For programming purposes, a factor of \$320.00 is authorized to cover the cost of CONUS travel.

d. **Overseas Living Allowance.** For programming purposes, a factor of \$210.00 per man per month is authorized as a living allowance.

e. **Official Baggage.** For programming purposes, \$150.00 round trip per man is authorized for official baggage (five pieces of checked luggage, not to exceed 150 pounds total; 84 pounds excess).

C. **CFS Personnel.** CFS are furnished under contract with private industry. They provide advise, instruction, and training in the installation, operation, and maintenance of weapons, equipment, and systems. CFS will be utilized only when necessary for accomplishment of a military mission, provided that it can be clearly shown that personnel of the required skill are not available from DOD resources and the MILDEP involved determines that satisfactory provision of services by DOD personnel is not practicable. Conditions of CFS must be approved by DSAA.

1. **Programming Instructions.** CFS requirements will be programmed on the basis of man month requirements. The program cost will include:

Transoceanic Travel (round trip)  
Contract Cost (per month)  
Living Allowance  
Official Baggage, including excess, if justified

a. **Contract Cost.** Contract cost will be based on a per month rate and will include cost of transportation from home office to the U.S.POE, less the living allowance payment (in local currency) described below.

b. **Local Currency Living Allowance.** A daily living allowance (payable in local currency) is authorized for CFS personnel. For programming purposes, a factor of \$210.00 per man per month is authorized (payable in local currency) as a living allowance. The \$210.00 will be programmed as a dollar requirement.

c. **Official Baggage.** Unless other and more accurate cost requirements are known, program \$150.00 round trip per man for official baggage (150 pounds total, 84 pounds excess). CFS may be programmed on a one-year basis in a fiscal year program for total man-month cost regardless of whether the duration (man-month service) extends into the subsequent fiscal year.

## **100406 ORIENTATION TOURS.**

A. **Objective.** The objective of OTs is to provide selected students an opportunity to become acquainted with U.S. military doctrine, techniques, procedures, facilities, equipment, organization, management practices, and operations through short term orientation as opposed to attending longer term formal courses. In addition to the purely military objectives to be achieved through orientation training, it is intended that OTs serve to enhance U.S. and participating nation mutual understanding, cooperation, and friendship.

B. **Types of Tours.** OTs for Distinguished Visitors (DV) are authorized for IMET programming. When submitting orientation tour requirements, the positions held by the visiting officers will be indicated for the type of tour selected.

1. **Orientation Tours for Distinguished Visitors.** OTs for DVs are authorized for the purpose of providing an OT for senior country officials holding positions of major importance and higher authority below the equivalent U.S. position of Chief of Staff or Chief of Naval Operations. Requests for OTs at the Chief of Staff and higher levels will not be funded under IMET and should be referred to the corresponding U.S. element for action. DV tours are restricted to not more than one per service per year, subject to MILDEP capability to implement the tour. DV tours are normally for a period not to exceed 14 calendar days plus overseas travel time and to not more than five visitors per tour. Travel arrangements (mode of transportation for transoceanic and domestic travel) and accommodations should be comparable to those provided U.S. personnel under similar circumstances. Instructions contained in paragraph 100406.C apply. \*

2. **OTs.** OTs are authorized for selected officers who may become future leaders and policy makers, but do not presently qualify as a DV. Tours should be restricted in number to the extent possible and limited primarily to international military participants. The overall target should be to reduce the cost of the tour by restricting the number of participants involved. Instructions contained in paragraph 100406.C apply. \*

C. **Policy Guidance.**

1. **Country Team Evaluation (IMET).** OTs for IMET funding should be programmed only after the U.S. Ambassador attests to their importance to the country's efforts with adequate supporting rationale provided by the SAO to DSAA for approval. OTs should not comprise a major portion of an established program nor be a routine use of country program funds.

2. **International Participants.** OTs are generally intended for key personnel. The basic premise under which OTs are offered is that only officers holding important positions, or those with the possibility of holding such positions, shall be selected. Visits by international military cadets to U.S. service academies are not authorized under IMET. Participation in OTs should be limited to officers occupying important positions but below the U.S. equivalent of Chief of Staff or Chief of Naval Operations. Visits of international officers equivalent to a Chief of Staff or Chief of Naval Operations are conducted at the invitation and expense of the U.S. MILDEP concerned. Based on DSAA approval, IMET funds may be considered on a case-by-case basis to finance portions of such visits, after they have been approved by the appropriate service chief.

3. **Student Selection.** Selection of students for OTs and the design of itineraries should be made on the basis of maximum accomplishment of OT objectives as outlined in paragraph C. Where tour objectives are specific in terms of exposure to specialized techniques, procedures, and facility operation, the schedule should be designed accordingly, as opposed to tours in which the objective is intended to be broad exposure to concepts, higher level decision making, management, and staff operation. In no instance should tour itineraries reflect a tourist orientation schedule in which the tour objectives are obscure. Visits to large metropolitan centers which do not directly relate to OT objectives should be avoided. DSAA approval of the OT itinerary and areas of interest is required prior to commitment to the host country.

4. **Approval of Exceptions.** Requests for all OTs will be forwarded to DSAA (IMET) and the MILDEP with supporting rationale and justification for approval prior to any proposal to country officials which could be construed as an agreement to provide a tour.

5. **Official Entertainment.** Official entertainment in connection with OTs (luncheons, dinners, receptions) should be in keeping with the grade and position of the tour participants. Protocol activities of this nature should be arranged on an austere basis. Activities which could be interpreted as being lavish should be avoided.

6. **Size of Tour Groups.** Large group OTs are discouraged. Experience indicates that OTs for large groups are difficult to manage and usually result in a bland experience for the majority of participants, at a disproportionate cost. In addition, since OTs are expensive in terms of both service support resources and IMET funds, the number of personnel comprising OTs should be kept to a minimum, generally no more than five persons excluding escort officer(s). Other than the escort officer(s), tour members must have a direct relationship with the purpose for which the tour was established.

7. **Assignment of Executive Agency and Escort Officers.** An executive agency is assigned to conduct and provide escort officers for OTs in CONUS. The executive agency is the MILDEP having primary interest in the tour, or the MILDEP selected by DSAA as executive agency to implement a specific tour. Every effort will be made to provide escort officers fluent in the language of the tour participants when lack of English fluency of the participants makes a language qualified escort essential to tour objectives. Normally, an SAO representative should not be used as escort officer for IMET OTs. However, in exceptional cases and with prior approval of DSAA, the executive agency may consider an SAO representative to serve as an escort officer when justified; e.g., because of special qualifications, workload, unusual rapport with key host country personnel, and associated projects/contacts which might be beneficially exploited to the U.S. advantage. The SAO representative selected as an escort officer will be under the complete jurisdiction of the executive agency and will remain with the tour at all times until the tour participants return to host country. TDY travel and per diem costs for the escort officer for the duration of the tour are chargeable to IMET funds, and will be programmed as a separate program line in the country program under budget project N70. U.S. personnel other than bona fide escort officers designated or agreed to by the executive agency for tour implementation are not authorized to accompany tour groups. A factor of \$800.00 per man week is authorized for programming (N7B) when escort officer services are required in connection with OTs. The dollar value of escort officers is programming in columns 51-56 of cards 4 or 0, as applicable.

8. **Responsibilities for Tour.** While every effort will be made to meet SAO recommendations, the final tour agenda and itinerary will be the responsibilities of the MILDEP executing the tour.

9. **Leave for Participants.** When authorized in student Invitational Travel Orders (ITO), leave may be taken by tour participants at the conclusion of an OT at no additional expense to IMET.

**100407 SELF-INVITED VISITS.** Self-invited visits are outside the purview of SA. Requests should be submitted outside of SA channels, from the host country Washington Attache to the cognizant MILDEP in accordance with applicable MILDEP regulations.

**SECTION 1005 - INFORMATIONAL PROGRAM AND EXTRA-ORDINARY EXPENSES**

**100501 DOD INFORMATIONAL PROGRAM.** In accordance with DODD 5410-17, each student attending a formal course in the U.S. is given the opportunity to participate in the IP. The objective of the program is to assist trainees in acquiring a balanced understanding of U.S. society, institutions, and goals, in addition to their military experience while in the U.S. In addition, the program gives international personnel the opportunity to gain maximum benefits from their learning experience by participation in extracurricular activities arranged by the MILDEP in order to facilitate their adjustment to their new surroundings. Activities such as visits to private homes, local industries, industrial and cultural exhibits, farms, schools, historical points of interest, sports events, and civic activities are to be encouraged. In the interest of fostering understanding and goodwill, the program should include frank explanation and free discussion with the students of our government structure, our judicial system, the two-party system, the role of our free press and other communications media, minority problems, the purpose and scope of labor unions, our economic system, our educational institutions, and the way in which all of these elements reflect the U.S. commitment to the basic principles of internationally recognized human rights. Consistent with the responsibilities and duties of trainees, the Geneva Convention (concerning the principles and rules of the laws of armed conflict) should be included.

A. **Applicability.** The program applies to IMS and military-sponsored visitors in the U.S. under the SA program. As appropriate to the surrounding environment, the IP also applies to DOD training installations overseas performing SA military training functions.

B. **Responsibility for Implementation.** MILDEPs are responsible for implementation of the IP. Cost factors for implementing the program will be included in and derived from the course tuition costs. Commanders of U.S. training installations will designate an international training officer for consolidated administration of IMS and to conduct the IP.

C. **Funding.** Extraordinary expense fund (N60), as limited by foreign assistance appropriations and foreign assistance acts, are also authorized for use in conducting certain IP activities for IMET students.

D. **Scope of Funded Activities.** IP activities include transportation, meals, lodging, admissions, programs, and related incidental expenses. The student will be required to assume personal costs for laundry, cleaning, telephone services, and all other costs not directly associated with the programmed tour. IP funds may be used to finance the cost of distinctive medallions, plaques, ornaments, or mementos which serve to commemorate the student's experience in participating in a particular IP activity. They should be distinctive in design and nominal in cost so as to eliminate the feeling on the part of IMS that reciprocation is required.

E. **Use of Local Civic Groups.** IP activities should make maximum use of local civic groups, organizations, agencies, facilities, and historical attractions. Of particular interest is the development of a student sponsorship program to include both U.S. military and civilian participants. Emphasis should be placed on activities in the civilian sector of the community in which the student is training as a means of providing the best possible exposure to the civilian aspects of the program. When program objectives cannot be fully satisfied in the local area, visits to other communities are authorized.



F. Visits to Washington DC. A major goal of the IP is to enable officer students and, when justified and approved by DSAA, selected senior enlisted students to visit Washington DC. A maximum of four days for this aspect of the tour is authorized, not to include travel time. Training schedules, weather, and other variables may preclude achievement of this goal. In this regard, priority attention is to be given to fulfillment of the primary training objective for which the student was sent to the CONUS, with the IP assuming a subordinate role.

G. Entertainment and Social Activities. Entertainment and social events should not be a major element of the program. Social activities arranged for international students should include a proportional number of U.S. military, civilian guests, and trainees whenever possible.

H. Duty Status of Trainees. Students participating in IP tours are considered to be in a duty status. The living allowances authorized for IMET students at their training centers (see Table 1001-1 of this chapter) will be continued throughout the duration of the tour.

I. Participation of Dependents. Dependents who accompany or join IMS in the U.S. will be encouraged to participate in IP activities, but at no additional cost to the program.

**100502 EXTRAORDINARY EXPENSES.** Extraordinary expenses (budget project N60) are defined as those expenses incident to representational activities for IMS under the IMET program. They include costs of commandant's welcome, receptions, banquets for civilian and military sponsors, class/seminar dining-ins, faculty-student luncheons, graduations, and other similar activities which bridge cultural differences and enhance the relationship between school officials, local community supporting participants, and international students while attending courses of instruction in U.S. and overseas facilities. N60 funds are limited by legislation contained in Section 636(g) of the FAA of 1961 and related appropriation acts. In cases of joint activities with FMS funded students, costs are pro-rated on the basis of respective number of IMET and FMS students.

A. Use in Connection with IP and OTs. Extraordinary expense funds may also be used for activities described in paragraph G (above) in connection with IP and OTs. The expenditures of N60 funds for other than students sponsored under IMET is not authorized. However, joint activities with FMS funded IMS are often cost effective. In that case, IMET N60 funds and IP funds are pro-rated on the basis of respective number of IMET and FMS students.

B. Determining Amount. In determining the amount of N60 funds intended to be used for representational type activities, the following guidelines pertain:

1. Basic Allowance. An amount of \$1.00 for each officer and 50 cents for each enlisted training per course week is allowed.

2. Senior Officers and Senior Civilian Personnel. (Lt Colonels/Commanders and civilian equivalents, and above). When senior and non-distinguished visitors are on an OT or IP activity, the allowable N60 expenditure will not exceed \$9.00 per individual per installation per activity, not to exceed \$18.00 per day per individual.

3. International Member of OT/DV. For each international member of an OT/DV, as described in paragraph E.5., the expenditure of representational funds is authorized at a rate not to exceed \$18 per individual per installation per activity visited and not to exceed \$36 per day per individual.

4. Use for Contingencies. N60 funds may also be used to finance the cost of certain contingency expenditures when they clearly support overall training objectives and are within the legislative constraints contained in the FAA. Disbursement of funds under these circumstances is authorized only after approval by DSAA.

C. Programming. Programming of dollar requirements will be accomplished by the MILDEPs. Legislative restrictions on extraordinary expense funds require that ceilings for representation expenses be provided to MILDEPs by DSAA once worldwide requirements are measured against the legislative limitation.

**SECTION 1006 - ENGLISH LANGUAGE TRAINING**

**100601 ENGLISH LANGUAGE TRAINING POLICY.** Technical control of the ELT program is the responsibility of the DLIELC. All ELT--basic, intermediate and advanced--provided to achieve the English comprehension level required for entry into training, and provided under the provisions of IMET or FMS, will be conducted by DLIELC. Exceptions to this may be approved on a case-by-case basis by the Director, DSAA.

**100602 MINIMUM ENGLISH COMPREHENSION LEVEL.** It is the responsibility of the foreign country to ensure that students meet the ECL required by the MILDEP for attendance at the particular course of instruction, regardless of how or where the language training is conducted.

A. **Use in Connection with IMET.** Except as may be specifically authorized elsewhere in this manual, 55 is the minimum ECL cut-off score for entry into English language courses, other than language instructor or refresher training at the DLIELC. Exceptions to this requirement require prior DSAA approval and will be granted only where clearly justified by unusual circumstances. Countries permitted to attend DLIELC under the minimum ECL cut-off score of 55 will be notified at the beginning of each fiscal year.

B. **Use in Connection with FMS.** See Sub Paragraph A above except that there is no minimum cut-off score for entry into ELT at DLIELC.

**100603 FOREIGN COUNTRIES' RESPONSIBILITY (IMET Only).** With few exceptions, all foreign countries are considered to possess the resources (e.g., public and private schools, commercial institutions) needed to provide the necessary ELT to meet the ECL level set forth above. Countries will be expected to increase their ELT capability above the minimum 55 ECL requirement. Assistance may be provided under the IMET program by training of instructors at DLIELC, by providing English language MTTs or LDT, and by providing appropriate ELT aids and equipment. Details on DLIELC MTTs and LTDs are contained in DLIELC 1025.1-M.

**100604 SPECIALIZED ENGLISH LANGUAGE TRAINING.** Provided the general ECL requirements have been met, SET may be provided in those cases where the MILDEP concerned determines that exceptional fluency or specialized vocabularies are essential to safety and/or effective participation in the course of instruction. The annotation SR (SET required) or SA (SET advised) will appear in the ECL/SET REQ column of the MASL for these courses. Specialized English language (technical terminology) training and supplemental technical terminology training may be conducted in CONUS by U.S. agencies other than DLIELC when the following conditions are met:

A. The trainers have achieved the prerequisite English comprehension level proficiency as prescribed by MILDEP regulations, for entry into technical training.

B. Such training is given in conjunction with equipment-specific "hands on" training or familiarization, and;

C. Such training is effective and economical for the U.S. and/or foreign government and meets the technical standards set by DLIELC.

**100605 SECURITY ASSISTANCE ORGANIZATION RESPONSIBILITY.** SAOs are responsible for ensuring that students meet the minimum ECL prescribed by the MILDEP for each course of instruction or for entry into DLIELC, as outlined in paragraph 100602 above. Test materials to determine the ECL of selected IMS are provided by DLIELC, together with instructions for administering the tests. ECL minimum requirements by course are listed in the MASL, published by DSAA.

**100606 SERVICE WAIVERS.** Requests for waivers to minimum course ECL prerequisites to training provided by MILDEPs will be made to the cognizant MILDEP.

**100607 ENGLISH LANGUAGE TRAINING BY COMMERCIAL CONTRACT.** In those cases where the Director, DSAA, approves that ELT be provided by a commercial contract funded under IMET or FMS, DLIELC will provide technical advice and assistance during the contracting process. When English language training is contracted, DLIELC will periodically evaluate the ELT program to insure it is meeting the needs of the students.

**100608 TEST OF ENGLISH AS A FOREIGN LANGUAGE (TOEFL).** SAOs are authorized to program the cost of the TOEFL as part of the course cost under IMET when required for entrance into approved military undergraduate or graduate training programs. Costs of travel by prospective students to the testing site will not be funded under IMET.

**100609 DIRECT ENTRY ECL FAILURE FORFEITURE CHARGE.** A forfeiture charge of 50 percent will be imposed in all instances when direct entry students fail to achieve the prerequisite ECL on the CONUS course entry ECL test and when failure results in rescheduling or cancellation of direct entry training due to a language deficiency. This forfeiture policy applies to all direct entry students, including those from countries granted a waiver from the in-country screening ECL testing.

**100610 USED FOR IN-COUNTRY ENGLISH LANGUAGE TRAINING.** Training aids and devices, book, and other publications, to include training films, for use in establishing or supporting in-country ELT programs, may be acquired under the IMET program or purchased in accordance with FMS procedures. Transportation of IMET acquired materials will be by surface shipment.

**100611 DLIELC ANNUAL ENGLISH LANGUAGE TRAINING CONFERENCE.** DLIELC will host an annual language conference on behalf of the training community. The conference will be held prior to the commencement of each non-fiscal year in order to enhance training at MILDEP schools and installations.

**A. Conference Objectives.**

1. Review English Language Training performance and requirements.
2. Determine ELT policy and procedures.
3. Decide country testing requirements/exemptions.
4. Resolve MILDEP ECL problems.

**B. Conference Attendance.** Attendance will be limited to one representative each from DSAA, the MILDEPs, the Field Training Commands of the MILDEPs, and the Unified Commands.

**SECTION 1007 - RECIPROCAL EXCHANGE TRAINING**

**100701 PURPOSE.** This section provides general guidance for the conduct of reciprocal PME and unit exchanges. Detailed implementing instructions are provided in the JSAT Regulation and other MILDEP instructions.

**100702 PROFESSIONAL MILITARY EDUCATION EXCHANGE TRAINING.** Section 544 of the FAA of 1961, as amended, authorizes reciprocal exchanges between U.S. PME institutions and comparable institutions of foreign countries and international organizations. Institutions specifically included are the U.S. military service Command and Staff Colleges, Armed Forces Staff College, and U.S. MILDEP War Colleges. Attendance at these institutions is to be at no charge to the country concerned but also at no expense to GA programs. PME exchanges must be pursuant to an international agreement which provides for the exchange of students on a one-for-one reciprocal basis during the same fiscal year. The JSAT Regulation provides the prescribed international MOA to be used for this purpose. PME exchange requests will be forwarded to the appropriate MILDEP for action and for information to DSAA Plans/TO&MD.

**100703 UNIT EXCHANGE TRAINING AND RELATED SUPPORT.** Section 30A of the AECA authorizes reciprocal unit exchanges and related support between U.S. and foreign countries and international organizations. The related reciprocal training and support must be pursuant to an international agreement and be provided within one year. Should the foreign country or international organization not provide comparable training and support, the U.S. must be reimbursed for the full costs of training and support provided by the U.S. The JSAT Regulation provides detailed implementing instructions, to include the prescribed international MOA to be used for this purpose. Requests for unit exchanges will be forwarded to the appropriate MILDEP for action and for information to DSAA Plans/TO&MD. Pricing guidelines and conversion to reimbursable training when reciprocal training or related support is not provided or not received, is included in DOD Instruction 2010.11, *Unit Exchanges of Training and Related Support Between the U.S. and Foreign Countries--Financial Policy*.

**100704 REPORTS.** By 1 December each year, the MILDEPs will provide the report for unit exchanges conducted during the preceding U.S. fiscal year. The report will be provided to the OASD Comptroller (Accounting Policy) with an information copy to DSAA Plans/TO&MD. The report will be assigned Report Control Symbol DD-COMP(A) 1789. The required format and the information to be included in the report is set forth in DOD Instruction 2010.11.

**SECTION 1008 - STUDENT ADMINISTRATION****100801 CLASSIFIED INFORMATION.**

A. **Release of Classified Information.** Classified information may be released to foreign nationals only when authorized under the provisions of the NDP and DOD Directive 5230.11. Access to COMSEC information by foreign nationals shall be in accordance with policy issuances of the National Telecommunications and Information Systems Security Committee (NISSC).

B. **Transmission of Classified Material.** Classified material may not be released to students. See Chapter 5, Paragraph 50111; regarding transmission of classified material to foreign governments.

**100802 STUDENT SECURITY SCREENING.** A security screening of IMS will be accomplished by U.S. officials in country prior to issuance of the ITO for all scheduled training, regardless of level of classification.

A. **Attendance in Classified Courses.** The SAO must receive a statement in writing from the foreign government that the government concerned sponsors the student, that the student has been subjected to a security screening and that the level of security clearance granted by his government does not constitute a security risk to the United States, that the information to be obtained during the training will not be released to another nation without the specific authority of the USG, that classified information will be provided the same degree of security afforded it by the USG, and that any proprietary rights involved (patented/copyrighted or not) will be respected and protected. When this certification is obtained, the applicable statement will be checked in Block 10 of the ITO, DD Form 2285 (Table 1003-1, this chapter).

B. **Access to Classified Material.** The security certification described above does not constitute a U.S. clearance as the basis upon which to release classified material to the trainee. When classified instruction is requested, action will be taken with the MILDEP concerned to establish the authority and determine the classification of material to be released during training, based on a need to know and disclosure agreements with the country making the request. Release of classified material will be in accordance with Chapter 5, Paragraph 50111.

**100803 CIVILIAN IMS PRIVILEGES.** Civilian students under ITOs are authorized commissary and exchange privileges subject to MILDEP and unified command regulations.

**100804 STUDENT MEDICAL SCREENING.** IMS are certified to be medically fit generally for military training and free of communicable diseases before they leave their country by either their government or U.S. in-country authority and prior to issuance of the ITO by the SAOs. Therefore, except for those special situations noted below, IMS are exempt from medical examinations or any MILDEP urinalysis and blood screening programs before commencing training at U.S. training installations. Students will or may be tested medically as follows:

A. At and by U.S. training installations when the associated physical examination is an established prerequisite for admission to training that involves exceptional physical activity or safety; e.g., flying, underwater, ranger, airborne, etc.

B. At and by U.S. military training installations on an exception basis pending development of a particular testing capability which does not exist in country. In these instances, the country will pay for the cost of testing and IMET program funds will not be used for this purpose.

C. Physical examinations in conjunction with sick call or hospitalization in order to diagnose a student's ailment.

D. Detailed information concerning student medical screening and requirements are contained in the JSAT Regulation.

**100805 UNIFORMS AND PERSONAL CLOTHING.** The furnishing of uniforms or any items of personal clothing, other than special items of training clothing or equipment, such as flying training gear when included in course cost, is not authorized on a grant basis.

**100806 VISITS TO CANADA AND MEXICO.** IMS attending instruction in CONUS may be authorized visits of not over 72 hours to Canada and Mexico. They must comply with all immigration and customs regulations. Such visits will not affect the IMET living allowances.

**100807 DEPENDENTS OF STUDENTS.** Dependents will be discouraged from accompanying or joining students except in those cases where the MILDEP concerned determines that housing and other amenities are available and the presence of dependents will make an important contribution to the student's learning experience. Where dependents are authorized by the MILDEP; i.e., for officers attending selected courses as indicated in Note 4 of Table 1001-1, a living allowance may be paid in accordance with rates established in this table. In no event, however, will transportation of dependents or medical treatment be at U.S. expense.

**100808 IMS AND DEPENDENT EMPLOYMENT.** IMS and alien dependents of IMS are not allowed to seek employment during their stay in the U.S. U.S. Embassy and/or SA personnel should make every attempt to explain this fact to students at predeparture briefings. In this connection, U.S. country team personnel should take all action necessary to insure that passports with A-2 Visas or related documents concerning students and their alien dependents are not annotated with "Employment Authorized."

**100809 DISPOSITION OF IMS IN EVENT OF AN EMERGENCY.** In the event of a national emergency, procedures and policy for the disposition of IMS and other international military visitors in the U.S. and at U.S. installations abroad will be promulgated by DSAA.

**100810 POLITICAL ASYLUM AND TEMPORARY REFUGE.** Requests for political asylum and temporary refuge by IMS will be handled promptly and with careful attention to the procedures established by DOD Directive 2000.11 and the implementing instructions of the MILDEPs as follows: AF 550-1, SECNAVINST 5710.22, and AFR 110-26. The instructions cover policy and procedures concerning political asylum and temporary refuge requests from foreign nationals while in territory under exclusive U.S. jurisdiction (including territorial seas, the Commonwealth of Puerto Rico, possessions, and territories under U.S. administration and on the high seas and in territories under foreign jurisdiction (including foreign territorial seas).

**100811 INSTRUCTIONAL COURSE MATERIALS.** The cost of shipment of student retainable instructional materials (RIM) will be included in the tuition rates for all formal courses, based on standard rates set by Section 71106 of DOD 7290.3-M.

A. **Weight Allowances.** The following weight allowances apply to shipment of instructional material:

1. 200 pounds for all courses the MILDEPs consider to be in the PME category (as approved by DSAA) and which will appear in the MILDEP appendices to the JSAT Regulation.
2. 50 pounds for all other courses.

B. **Packing and Labelling.** This material is to be packaged and labelled at the training installation and shipped via the most expeditious means to the SAO of the country for delivery to the student, or to the official address for classified material. A copy of the student's ITO will be placed inside the package. Use of the Army and Air Force Post Office/Fleet Post Office address of the sponsoring SAO is authorized; packages must be addressed to the SAO (student's name must not be entered on address label),.

C. **Personal/Unauthorized Matter.** The training installation will ensure that no personal effects or other unauthorized matter is shipped with the instructional material.

D. **Cost to Students.** Students wishing to send their instructional materials via international mail, and/or send instructional materials in excess of the total maximum allowance, will do so at their own expense.

**100812 COUNTRY LIAISON PERSONNEL.** Use of foreign personnel as liaison officers to assist U.S. training activities with IMS administration is authorized only after the MILDEP concerned has acknowledged the need for assistance and has the capability to provide logistic support. Liaison personnel will normally be authorized only in those instances in which a country is scheduled to train a large number of students or where student background warrants liaison personnel assistance. Programming procedures for travel and living allowance are the same as for the IMS, if funded under IMET. Liaison personnel will be programmed under generic code N10. Liaison officers will not be authorized to pursue a course of instruction concurrently with liaison duties.

**100813 LEAVE OR LEAVE EXTENSIONS.** (IMET only) Leave or leave extensions will not be granted IMET students unless authorized in the original ITO or unless the SAO has amended a student's ITO by written communication with the applicable training installations concerned. This written communication must be accomplished not later than 15 days prior to completion of scheduled training.



**SECTION 1009 - POSITIONS OF PROMINENCE**

**100901 INTERNATIONAL MILITARY STUDENT POSITIONS OF PROMINENCE AND INFLUENCE REPORTING.** Each Unified Command will ensure continuous collection of data by SAOs and will submit data by mail to DSAA Plans/TO&MD every five years regarding positions of prominence achieved by former IMS trained under the U.S. Military Security Assistance Training Programs. The data will be used to assess the effectiveness of the programs and for justification to the Congress of the annual security assistance budget submissions. The five year cycle commences with the report due on 1 January 1990.

**100902 DESCRIPTION OF MILITARY RANKS FOR REPORTING PURPOSES.** For purposes of this report, prominent military positions include all general and flag rank officers and lesser ranks such as chief of a military service, senior cabinet aides, senior positions on the joint or general staff, commanders of training installations which would be held by general or flag officers in the U.S., military attaches to major world capitals, or commanders of elite or singular units with special tasks such as guarding the nation's capital.

**100903 DESCRIPTION OF CIVILIAN RANKS FOR REPORTING PURPOSES.** Civilian graduates under military SA training programs achieving positions of prominence and influence include heads of state (includes royalty), government cabinet and deputy cabinet ministers, ambassadors, members of parliament and, where known, chiefs of leading business enterprises and other leaders of the civilian community.

**100904 DATA COLLECTION RESPONSIBILITY.** Data should be collected from the SAOs by the Unified Commands and submitted to DSAA/TMD, along with any supplemental information deemed appropriate. Unified Commands should institute procedures to ensure continuous collection of data by SAOs.

**100905 DATA FORMAT.** The data will be composed of both an update on individuals previously reported if his position or status has changed and the inclusion of any additional former IMS who have achieved positions of prominence or influence since the last report. The data should be formatted in the following order: (1) country; (2) source of funding (i.e., FMS, IMET, MAP funded); (3) name (last, first, MI); (4) current rank (foreign and U.S. equivalent); (5) prominent positions held (to include all previous positions of prominence); (6) current position; (7) specific training completed (course name or subject); (8) place of training (name of installation); (9) academic degree (if appropriate); (10) year(s) attended.

**100906 REPORTING PERIOD AND TIMING.** Information should be submitted by 1 Jan 1990 for the preceding five fiscal years and then on 1 Jan every five years thereafter.

**100907 REPORTS CONTROL SYMBOL.** This requirement is established as a standardized DSAA report under DSAA control symbol assigned DSAA (a) 1230.

## SECTION 1010 - FUNDING AND FINANCIAL CONSIDERATIONS

### 101001 IMET PROGRAMMING INSTRUCTIONS.

A. **Formal Training, U.S. (Generic Codes N1A-N1J).** Formal training is programmed under generic codes N1A-N1J, see Appendix D, Table D-7 of this manual. Two elements of cost are involved in determining the Total Cost entry to be entered in columns 73-80 of cards 4 or Q for students who will train at U.S. schools and facilities. These cost elements are the IMET Unit Price and TLA. Each of these two cost elements is computed on a per student space basis. The Total Cost entry columns 73-80 of cards 4 or Q, is obtained by multiplying the sum of the IMET Unit Price in columns 36-43 and the TLA in columns 52-56 by the Quantity (number of personnel spaces) in columns 26-29, i.e.,  $(\text{IMET Unit Price} + \text{TLA}) \times \text{Quantity} = \text{Total Cost}$ . The following is cost factor guidance for deriving the two elements of cost involved in the Total Cost:

1. **IMET Unit Price (Columns 36-43).** The course cost, where listed in the IMET MASL, will be entered in columns 36-43.

a. Where the MASL indicates "N/C" (no charge), no charge is made by the MILDEP for the training. Leave columns 36-43 blank for these items.

b. Where the MASL indicates "EST" (Estimate), a unit price estimate is to be made by the program originator, and entered in columns 36-43. A number of variables normally are related to unit price determination, such as the number of personnel spaces or the length of the OJT. The basis for estimating the unit price will be provided in supplementary guidance furnished by the MILDEPs.

2. **IMET Travel and Living Allowance (Columns 51-56).** The unit (per student space) TLA cost is comprised of three cost elements -- travel, living allowance while in a training status, and special factors.

a. **First Training Destination Known.** Where the first training destination in the United States is known at the time of programming or can be provided by the MILDEP at or prior to the annual training workshop, travel costs will be calculated in accordance with paragraphs b.(1) and (2), below; otherwise, a composite travel cost factor provided by the MILDEPs in their supplementary guidance may be used.

b. **Costs Included in Travel.** Travel includes the cost of transportation to and from the U.S., within the U.S., and baggage and living allowances during travel unless the country declines the IMET living allowance, in which case no living allowance is authorized. Transportation by military or commercial aircraft (when authorized), ship, bus, rail, or other conveyance will be paid when the U.S. provides the transportation, as indicated in paragraph 100106, this chapter. The following specific guidance is provided for calculating travel costs to, from, and within the United States.

(1) **Travel to and from U.S.** Round trip travel between the embarkation point in the recipient country and the gateway terminal (POD) in the U.S. will be programmed for all students, unless otherwise directed.

(2) **Travel within CONUS.** Round trip travel between the gateway terminus and the city nearest the training facility at which the initial training is to be conducted will be programmed for all students, unless otherwise directed. When the first destination is not known, an estimated cost will be added to cover the round trip travel, baggage and living

allowance while in a travel status. Note: In all cases, students are required to travel over the most direct, least cost route.

c. Living Allowances While in Training Status. A living allowance will be programmed for all students in a training status, unless otherwise directed, as indicated in paragraph 100107. of this chapter.

3. Orientation Tours.

(a) TLA Entries. The TLA entry for columns 51-56 should be computed as the composite cost of living allowances, transportation based on itinerary, and excess baggage. A total of 100 pounds is authorized.

(b) Escort Officers. An escort officer may be programmed for orientation tours. A factor of \$800.00 per man week will be used and entered under TLA in columns 51-56.

(c) Living Allowances for Participants in OCONUS Orientation Tours. A factor of \$100.00 per man week will be used to cover travel and living allowance in the overseas area where the tour is being conducted. The \$100.00 factor will be added to the cost of the round trip travel and the total amount per personnel space will be entered in columns 51-56 of cards 4 or Q.

(d) Observer Training. The procedures above do not apply to observer training. Observer training will be costed in the normal manner described in paragraph 1a. above.

4. Temporary Duty Costs. A factor of \$1,000 per personnel space may be added to cover the cost of TDY travel for country liaison officer, when programmed.

B. Formal Training Overseas (O/S) (Generic Codes N1N - N1W). The same two cost elements described in paragraph 1 (IMET unit price and TLA), are involved in determining the total cost entry in columns 73-80 for students who will train at overseas schools and facilities. The course cost shown in the IMET MASL will be entered in columns 36-43 of cards 4 or Q. The TLA factors for overseas training also differ from U.S. training and are described below, by Command.

1. U.S. European and Pacific Commands.

a. Travel Costs.

(1) Students in Own Country. Each country will pay its own transportation for those students training in their home country.

(2) Training Costs for Sequential Training. Travel costs for courses subsequent to the original course will not be included; however, \$50.00 per trainee will be added to travel (including living allowance during travel) for courses which follow the initial course and are conducted at a different location.

b. Living Allowance While in Training Status.

(1) Students Training in Their Own Country. Each country will pay its own living allowance rates for students training in their home country.

(2) **Students Training Outside Their Own Country.** If training is conducted at a location other than within their home country, the programming factor for living allowance while in training status will be computed at the applicable JTR rates.

(3) **Sequential Training.** In some cases, students have a waiting period before entering a follow-on course. The living allowance is authorized for the waiting period, and will be included in the TLA for the follow-on course. However, in scheduling courses every effort should be made to shorten the period between courses.

## 2. **U.S. Southern Command.**

### a. **Living Allowances While in Training Status.**

(1) **Programming Factor, Panama Canal Area Military Schools (PACAMS).** The programming factor for student living allowance for students while in training status at U.S. service schools in the Panama Canal Area Navy Small Craft Instruction and Technical Training School (SCIATTS) and Air Force Inter-American Air Forces Academy (IAAFA) will be computed at the rate of \$98.00 per week for officers and \$75.00 per week for enlisted personnel.

(2) **Reimbursement to MILDEPs for Enlisted Personnel Services.** Not all of the \$75.00 per week programmed for enlisted personnel is paid to the student. The rate of daily living allowance payment is shown in Table 1001-1 of this chapter. The remainder is reimbursed to the appropriate MILDEP for student laundry and subsistence.

(3) **PACAMS Students from the Republic of Panama.** Panamanian students attending PACAMS or other training conducted in the Republic of Panama will be paid living allowances for periods of training only if they reside in quarters provided by the U.S. Government.

(4) **OJT/Observer Training.** A living allowance while in a training status will be paid by IMET. Living allowances will be programmed as above.

3. **Third Country Training.** Third country training should be encouraged, with the two participating countries making their own arrangements for the training and associated costs.

a. **Tuition Funding by the U.S.** When it is considered necessary that tuition costs be funded by the U.S., the SAO, in coordination with the Chief of the Diplomatic Mission, should submit a request for offshore procurement certification, in accordance with DOD Directive 2125.1, to the Director, DSAA, with information copies to the appropriate MILDEP, Unified Commander, and Component Commander.

b. **Requests for Offshore Procurement Certification.** The request for offshore procurement certification should include a detailed description of tuition costs and training services to be provided. In no case will costs include items acquired under the security assistance program by the country providing the services.

c. **Commitments for Third Country Training.** No commitment to the third country offering the training will be made until the request for offshore procurement certification is approved. SAOs will use the fund citation contained in the student ITO to provide reimbursement of tuition costs to the country furnishing the training.

**101002 OTHER TRAINING SUPPORT.** Budget project N70 provides funds for U.S. military guest officers, supplies and materials used exclusively for IMET (excluding training aids), and student support costs.

A. **Costs of Facilities Used for Both IMET and FMS Training.** Costs related to constructing, extending, refurbishing, or maintaining U.S. training facilities used for both IMET and FMS training will be shared between the IMET and FMS customer countries on a pro rata basis. Such costs should be financed initially by the appropriate MILDEP and the course costs charged for training at these facilities will be adjusted to provide reimbursement to the MILDEP appropriation at a reasonable rate so as not to impact adversely upon IMS attendance at the training installation.

B. **Supplies and Training Materials (Generic N7C).** Costs of supplies and training materials (excluding training aids) may be financed when authorized by DSAA. When requirements in these areas exist, supporting documentation will be provided through the appropriate Unified Command to DSAA for approval prior to programming. When third country training requirements exist for supplies and training materials (N7C) and services (N7E), the SAO will submit a request for offshore procurement certification in accordance with DOD Directive 2125.1 to DSAA, with information copies to the appropriate MILDEP and Unified Command.

**101003 CROSS TRAINING, SEQUENCE OR PREREQUISITE TRAINING.**

Cross training, sequence training, or prerequisite training is training following an initial course of instruction or preceding a course of instruction (prerequisite), without the student returning to home country between courses. When programming of this type is required, column 65 of cards 4 or Q is to be used by program originators to indicate whether the training is a single line item or whether cross training is involved. If cross training is programmed, the letter "A" will be entered in column 65 for the initial course, the letter "B" will be entered in column 65 for the second course, the letter "C" for the third course, and so on in alphabetic sequence. When English language is programmed as a prerequisite course, the worksheet control number suffix (column 65) will be the letter "L", and the courses following will have worksheet control number suffixes A, B, C, etc. Each course will be costed separately. Course "A" will be charged with the round trip transoceanic travel costs and the round trip CONUS costs from U.S. port of entry to the first training location and from the last training location to U.S. port of exit. For sequential training conducted at another location, the best estimate of transportation costs will be programmed. When English language training is a prerequisite, the cost of round trip will be included in the "A" line computed on the basis of the location of the "L" line. The living allowance while in a training status will be costed separately for each course in accordance with paragraph 101001.A.2.c. above.

**101004 INITIAL FUNDING PROGRAM OF CURRENT YEAR TRAINING**

**PROGRAM.** As soon as the apportionment of IMET Program funds is received from the OMB, DSAA will fund all priority codes A, B, and C within the apportioned funding/allocation level. SAOs should ensure that priority codes are appropriately adjusted so that the total of all priority A, B and C training lines equals the allocation level. Adjustment of prioritization will be required if the apportionment level is less than the budget request level.

**101005 ADDITIONS/INCREASES TO CURRENT YEAR PROGRAM.**

If subsequent additions/increases to current year programs will cause the funded program to exceed the country allocation level, the SAO should simultaneously (1) submit deletions of funded lines sufficient to offset requested funding and/or (2) forward programming to lower the priority codes of selected funded lines to D or E. In the latter case, DSAA will withdraw funding of those lines and they will remain the program in an unfunded status.

**101006 MID-YEAR REVIEW OF IMET ALLOCATION LEVELS.** Unified Command will provide comments and recommendations concerning the status of individual country IMET allocation levels to DSAA by 15 May. Unified Commands will (1) identify those countries that will not be able to utilize all of their currently allocated IMET levels and recommend revised country allocation levels; (2) identify those country programs that have valid training requirements (as defined in paragraph 2 above) above current allocated IMET levels and recommend corresponding increases to country allocation levels; and (3) those country programs that will require no change in allocation levels. Recommendations for increases will be prioritized within each Unified Command and will include a descriptive narrative to identify the type of training and number of students associated with the dollars requested. Specific WCN numbers should be identified. Unified Commands will ensure that SAOs submit appropriate program additions/changes reflecting priority codes D or E and quarter availability no earlier than the fourth quarter for those countries that are recommended for increases.

**101007 END-OF-YEAR REVIEW OF IMET ALLOCATION LEVELS.** Unified Commands will provide comments and recommendations concerning final country IMET allocation levels to DSAA by 1 August. The same procedures used for Mid-Year Review will apply.

**101008 CANCELLATION OF TRAINING - PENALTY CHARGE.** Rescheduling or cancellation requests must be received at least 60 days in advance of the scheduled course start date. In the event cancellation or rescheduling is requested less than 60 days prior to the scheduled start date, the country's IMET program or FMS case will be charged 50% (100% of contract training cost) of the tuition rate for cancellations or a proportionate share of the tuition rate for trainees not completing a course of instruction, for courses which fall within that 60 day period. Penalty charges will be determined by MILDEPs and requests for waivers to these penalty charges should be addressed to the responsible MILDEP. The funding status of a particular training line has a no bearing on whether the cancellation charge applies. The cancellation penalty will not be applied when (a) cancellation is due to the fault of the U.S. (deletion of classes, rescheduling, etc.), (b) cancellation is due to unavoidable circumstances within country, such as national disaster. These charges are to be programmed for applicable courses, and will be earmarked by an "S" in column 65 to indicate that a penalty fee was charged for that particular training line.

**101009 IMPACT OF SECTION 620(q), FAA, AND 'BROOKE AMENDMENT' ON UTILIZATION OF IMET FUNDS.**

**A. Section 620(q), FAA.**

No assistance shall be furnished under this Act to any country which is in default, during a period in excess of six calendar months, in payment to the United States of principal or interest on any loan made to such country under this Act, unless such country meets its obligations under the loan or unless the President determines that assistance to such country is in the national interest and notifies the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate of such determination.

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

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

C. Sanctions. Sanctions under Section 620(q) are triggered by arrearages of more than six calendar months on AID-financed loans (ESF, etc.) at such time as the Department of State advises DSAA that no waiver of sanctions is being considered. Sanctions under the Brooke Amendment are triggered by arrearages of more than one calendar year on FMS-financed loans (direct or guaranteed) or Aid-financed loans.

D. The impact on utilization of IMET funds under both Section 620(q) and the Brooke Amendment is identical. Specific sanctions on the IMET program follow:

1. New IMET students may not travel to the U.S. or other locations for initiation of training. IMET students outside their countries of origin whose course of study or training program began before the effective date of the sanctions may complete such courses, *including already funded sequential courses*. However, no additional sequential courses may be added on or after the effective date of the sanctions. IMET students outside their countries of origin whose course of study or training program did not begin before the effective date of the sanctions should normally be returned to their home country as soon as possible. For the purposes of the Brooke Amendment, an IMET-funded course is deemed to begin on the report date specified in the Standardized Training Listing (STL). (If sanctions are lifted, these students will be considered for late admittance or admittance to the next available course of study or training program.)

2. IMET funded MTTs and LTDs may not be dispatched or extended beyond their scheduled termination date.

3. IMET funded training aids may not be issued from supply nor placed on contract by the supplying agency.

[Note: Utilization of FMS credit funds are not impacted by Section 620(q).]

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110001.

## CHAPTER 11

## MILITARY ASSISTANCE PROGRAM (MAP)

## SECTION 1100 - USE OF MAP FUNDS TO FINANCE FOREIGN MILITARY SALES

**110001 GRANT AID (MAP) FUNDING.** This chapter provides implementing procedures for the utilization of MAP funds to finance FMS.

A. **Legislation.** Prior to FY 1982, defense articles and defense services were provided as grant aid through a separate program, the Military Assistance Program, which was administered under procedures entirely different from those used for FMS. However, effective with the FY 1982 MAP appropriation, the FAA, Section 503(a)(3) authorized the transfer of MAP funds to the FMS Trust Fund (Account 8242) for merger with country trust fund deposits. The law also stipulates that these MAP funds are to be used solely for payment on obligations of the recipient country for purchases from the USG made under the AECA. FY 1982 and subsequent MAP appropriations, except to the extent utilized for prior year supply operations, administrative expenses, and the FAA, Section 506(a) reimbursements, will be implemented under Section 503(a)(3) procedures. These MAP funds may not legally be used for either (1) funding direct commercial purchases, or (2) financing interest or repayments of principal or guaranty fees with respect to FFB loans. Funds must be obligated within the period of availability prescribed in the annual appropriation act or the Continuing Resolution Authority.

1. **Allocation.** The State Department determines which country shall receive a MAP fund allocation and the amount, through inter-agency coordination on a country-by-country basis. When the allocation is determined, State prepares a program justification for each country that is to receive MAP funds, and submits these to OMB, requesting apportionment. OMB reviews requests and submits the approved apportionment to the DSAA, Comptroller.

2. **Transfer of Funds.** Upon receipt of an approved apportionment of MAP funds from OMB:

a. The DSAA Budget Division will allocate funds from the MAP Parent account to the OSD transfer account, where they become available for transfer to the country FMS Trust Fund. The allocation document will serve as the obligation source document.

b. The DSAA AFD will prepare, as necessary, a disbursement authorization document (Authorization to Disburse MAP Funds to FMS Trust Fund) directing that SAAC prepare and process an SF 1081 (Voucher and Schedule of Withdrawals and Credits) charging the MAP appropriation and crediting the FMS Trust Fund Receipt account. The validated SF 1081, which will contain a country breakout, will serve to expend (disburse) MAP funds and to liquidate MAP obligations simultaneously. No check will be issued.

3. **Application of Formerly MAP Funds.** SAAC, in processing the SF 1081, will deposit the funds into unique country trust fund MAP clearing accounts identified on the SF 1081 and will transfer merged MAP funds from clearing accounts into country trust fund accounts to:

a. Finance LOAs which specify MAP type of assistance funding.

b. Satisfy required initial deposits on specific LOAs (MAP portion of financing will be identified in Block 27 of the LOA.)

c. Liquidate arrearages of 90 days or more on customer DD Form 645 FMS Billing Statements issued quarterly (at specific direction of DSAA Comptroller only).

d. Offset current amounts due and payable on DD Form 645 FMS Billing Statements (at specific direction of DSAA Comptroller only).

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

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

5. **MAP Restrictions.** Procurements financed by merged MAP funds will not be governed by the delivery procedures and reversionary rights requirements applicable to the FY 1981 and prior year MAP. Delivery deadlines will not be established for purchases financed with FY 1982 and subsequent year merger funds. Procurement and delivery will be carried out in accordance with FMS procedures. OSP under FMS cases funded with merged MAP funds is restricted by AECA, Sec. 42(c) (see Chapter 9, Paragraph 90210). Reversionary title rights will not accrue to the U.S. on any defense article sold under FMS procedures even when merger funds may have been used to finance the purchase in whole or in part. Accordingly, the recipient countries will not be required, as they are under FY 1981 and prior year MAP, to return the article to the U.S. when the article is no longer needed. Restrictions on transfers to a third party, however, will continue to apply, as they do to all defense articles and services sold under FMS.

6. **Excess Defense Articles.** Recipients of merged MAP funds are not eligible for the grant of EDA, except under the authority of Section 516 FAA (Southern Region Amendment) or Section 517 FAA (Narcotics-Control Program in Latin America and the Caribbean). They may, however, purchase EDA under FMS procedures. \*

7. Section 90006 is also applicable to third party transfers of MAP merger defense articles. \*\*

B. **MAP Financed LOAs for Defense Services.** P.L. 99-83 amends Section 503(a) of the FAA, and provides for elimination of the cost of military pay and entitlements if the sales case for defense services including training or for design and construction services is totally financed by MAP. Effective 1 October 1985, services provided under Sections 21, 22, or 29 of the AECA shall be priced to exclude military pay and entitlements (including retired pay accrual) only for those cases citing MAP funds as the exclusive method of funding in Block 27 of the DD Form 1513. This pricing applies when services are performed regardless of the date of the DD Form 1513. Any subsequent amendment or modification serving to reduce the MAP method of funding below 100 percent shall require repricing to add military pay and entitlements to the entire case.

C. **Exceptions.** The guidance provided above does not apply to FY 1981 and prior MAP programs, to those general costs funds programmed in FY 1982 and subsequent years which are intended for the close-out of those programs, or to emergency drawdowns authorized under Section 506(a) of the FAA. For those program years and funds, management and close out are discussed by separate guidance, which will be forwarded to applicable addressees. Section 506 special authority implementing procedures are provided in Section 1102 of this chapter.

**D. Impact of Section 620(q), FAA, and "Brooke Amendment" on Utilization of MAP Funds.**

1. Section 620(q) reads:

No assistance shall be furnished under this Act to any country which is in default, during a period in excess of six calendar months, in payment to the United States of principal or interest on any loan made to such country under this Act, unless such country meets its obligations under the loan or unless the President determines that assistance to such country is in the national interest and notifies the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate of such determination.

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

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

3. Sanctions under Section 620(q) would be triggered by arrearages of more than six calendar months on AID-financed loans (Economic Support Fund, etc.) at such time as the Department of State advises DSAA that no waiver of sanctions is being considered. Sanctions under the "Brooke Amendment" would be triggered by arrearages of more than one calendar year on FMS-financed loans (direct or guaranteed) or AID-financed loans.

4. The impact on utilization of MAP funds under both Section 620(q) and the "Brooke Amendment" is identical; therefore, refer to Chapter 9, Paragraphs 90211.D.1-4 for the specific sanctions. [NOTE: Utilization of FMS Credit funds are not impacted by Section 620(q).]

**SECTION 1101 - UTILIZATION, REDISTRIBUTION, AND DISPOSAL OF MAP MATERIEL**

**110101 PURPOSE.** This section provides utilization, redistribution, and disposal procedures for materiel furnished to foreign countries by the U.S. as grant aid, under a "MAP Order" prior to FY 1982 or as a result of Section 506(a), FAA, emergency drawdown authority. It does not apply to materiel purchased as a result of transfer of MAP funds to the FMS trust fund (see Section 1100 of this chapter).

**110102 LEGAL LIMITATIONS.** Neither DSAA nor the Unified Command, or the SAO, have the legal authority to consent on behalf of the President either (1) to the use of MAP materiel by anyone not an officer, employee, or agent of the recipient government, or to the transfer of such materiel by any means to anyone not an officer, employee, or agent of the recipient government, or to the use of such materiel for purposes other than those for which furnished as identified in section 502 of the FAA, or (2) to other disposition of such materiel than the return to the USG without charge when such materiel is no longer needed for the purposes for which furnished. These two Presidential functions under section 505(a)(1) and section 505(a)(4) of the FAA have been delegated to the Secretary of State by section 1-201(a)(4) of Executive Order No. 12163. Requests for consent under these statutory provisions should be addressed to the Secretary of State through diplomatic channels with an information copy to the Director, DSAA.

**110103 SUPERVISION OF END-ITEM USE AND MAINTENANCE OF INVENTORIES.** SAOs assigned to countries which were the recipients of grant aid materiel under programs initiated prior to FY 1982 are required to monitor the status of such materiel. As a minimum, this normally will consist of an inventory maintained by the SAO and updated at least annually by the foreign government, of major items of MAP origin held by the foreign armed forces, with estimates as to when the items are expected to become excess to the foreign force needs. Major items normally will include aircraft, ships, radar, armored vehicles, general purpose vehicles, artillery and mortars, missiles, and such other items as the SAO Chief deems appropriate. SAOs should encourage the host country to declare MAP equipment excess when it is no longer needed. The Unified Commander may modify these instructions to accommodate the situation in a particular area or country.

A. **Action by the Chief of the SAO.** End-item utilization (inventory) reporting (to DSAA, with an information copy to the unified command) is required only if discrepancies are uncovered. These end-item utilization responsibilities normally do not require dedicated travel for inspection purposes and must be undertaken with resources assigned or otherwise available primarily for other purposes. Noting the presence and utilization of U.S. origin equipment should be done during the course of other duties and end-use inspection or MAP-related functions will not justify SAO personnel authorizations. Note that end-use observation and reporting extends to items of U.S. origin acquired other than through MAP, although there is no requirement to seek periodic reports from the host government on such items. When MAP materiel is declared excess to the needs of its armed forces by the holding foreign country, the SAO or other DOD element responsible for MAP administration in the country will determine its condition. To the extent practicable, the determination will be based on physical inspection by qualified U.S. personnel. In the case of lack of resources, however, classification by the foreign government authorities may be accepted.

1. **Economic Repairability.** Economic repairability will be determined in accordance with DOD Instruction 7220.21.

a. **Standard Condition Codes.** Standard condition codes as set forth in the Defense Disposal Manual (DOD 4160.21M) will be used.

110103.A.1.b.

b. Unserviceable Equipment. If materiel declared excess by the foreign country is determined to be unserviceable and not economically repairable by overseas standards, it will be treated as disposable MAP property and processed in accordance with paragraph (d), below.

c. Screening Excess Against Other In-Country Requirements. SAOs will screen reported excess MAP materiel against other MAP user requirements within the recipient country. Where such requirements exist and where the MAP property would continue to serve a MAP purpose, the SAO Chief may authorize continued use within the country. The SAO will maintain local records of internal transfers made under the authority of the paragraph identifying the item, quantity, materiel condition, and the loaning and gaining MAP elements.

d. Reports of Non-Redistributed MAP Excess. If excess MAP materiel is not redistributed within the holding country, the Chief of the SAO will report major items (programmed as "each" items listed in the MASL with unit of issue other than "XX") and secondary items, with a value of \$1,500 or more per line item value, to the designated agency in the format specified by MILDEP directives with information copy to the Unified Command. Excess reports will include recommendations for disposition by the Chief of the SAO, as appropriate.

B. Action by the MILDEP. The MILDEPs will provide detailed procedures for reporting and screening MAP excess major and secondary items (including standard and non-standard materiel) under their cognizance. Procedures shall include identification of reporting channels, screening agencies, and reporting formats.

1. Worldwide Screening of Major and Secondary MAP Excess Materiel. Major and secondary MAP excess materiel will be screened by the MILDEP against worldwide security assistance requirements. Should such requirements not exist however, the following actions will be taken:

a. Major items will be offered under the MIMEX system.

b. Secondary items will be screened for not more than 30 days against other MAP requirements within the reporting theater.

2. Post Screening Actions. Upon conclusion of screening, all requirements received from the SAOs will be reviewed. Appropriate transfer actions will be initiated by the MILDEPs pursuant to allocations of major items by DSAA. Redistribution actions for secondary items will be initiated by the cognizant MILDEP in accordance with established procedures and priorities. Comments on an exception basis from the unified command shall be considered in making redistribution decisions.

3. Disposition of Non-Allocated Items. Major items not allocated under MIMEX, and all secondary items not required for security assistance requirements will be utilized by the MILDEPs to meet other than MAP requirements as appropriate. Any materiel not so utilized will be reported to the DRMS.

#### 110104 TRANSFER OF MAP EXCESS MATERIEL.

A. Submission of Requirement. The SAOs shall screen program requirements against MIMEX offers and secondary item screening lists and advise DSAA and MILDEPs, with information copy to the unified command, of requirements for acceptable MAP excess materiel. The unified command is allowed to comment on the country's requirements. No comment will be construed as no objection.

110104.A.1.

1. Transfer by SAO Holding Excess Materiel. A SAO holding MAP excess materiel previously reported for screening will accomplish transfer of the MAP materiel in accordance with redistribution or disposal instructions received from the cognizant MILDEP or agency.

2. Actions by SAO Receiving Redistributable MAP Property. SAOs receiving redistributable MAP property will:

a. Advise the appropriate MILDEP or agency on a case-by-case basis when transfer of the last article has been completed.

b. Ensure that all due-ins or outstanding requisitions for items received are cancelled.

c. Submit appropriate program change data to DSAA.

3. Reimbursable Transfer. MAP property used for any purpose other than to meet approved security assistance or other DOD requirements, including transfer for disposal, will be transferred on a reimbursable basis. Proceeds of the transfer will be reimbursed to MAP accounts in U.S. dollars, except where special government-to-government arrangements specify otherwise.

#### B. Accessorial Charges and Rehabilitation Costs.

1. Delivery Procedures and Charges for MAP Excess Materiel-Other than MIMEX, Ships, and Aircraft. MAP property, other than MIMEX Offer allocations, ships and aircraft, will be delivered by the releasing country.

a. Redistributable MAP Items. Redistributable MAP items will be delivered free alongside vessel. MAP will pay for unloading from carrier and loading items aboard ship.

b. Items Being Returned for U.S. MILDEP stocks or Disposal. Items being returned for MILDEP stock or disposal will be delivered free alongside vessel. U.S. MILDEP will pay for unloading from carrier and loading items aboard ship for such items.

c. MAP Property shipped via Rail or Highway. When MAP excess property is shipped via rail or highway the releasing country will ship to its border at its expense. The new recipient will pay costs from the border to the country receiving redistributable property. U.S. MILDEPs will pay costs from the border of the releasing country to designated overseas storage locations.

2. Redistributable Property sold under FMS. For redistributable MAP excess property sold under FMS the purchasing country will pay all inland carrier, loading, unloading, and ocean costs.

3. Delivery Costs of Ships and Aircraft. Ships and aircraft will be delivered in accordance with arrangements made between the USG and the releasing country.

#### 4. Packing, Creating and Handling (PCH) Charges:

a. Redistributable MAP Property and Items Returned to U.S. Stocks. Packing, crating and handling costs will be born by the releasing country for:

110104.B.4.a.(1).

- (1) Redistributable MAP property, and
- (2) Items being returned for U.S. MILDEP's stock or disposal.

b. Redistributable Property Sold Under FMS. Packing, crating and handling costs will be borne by the purchasing country for redistributable MAP property sold under FMS.

5. Rehabilitation Costs. Rehabilitation costs will be borne:

a. Redistributable MAP Property. By the receiving country current year MAP program for redistributable property.

b. Property Being Returned to U.S. Stocks. By the MILDEP for property being returned to its stock.

c. Redistributable Property Sold Under FMS. By the country purchasing the redistributable MAP property under FMS.

6. Application of Accessorial Charges. Accessorial charges will be applied in accordance with DOD Instruction 7510.4.

**110105 CANNIBALIZATION AND RETENTION OF MAP PROPERTY.** In accordance with paragraph 110102 of this section, requests for authority to cannibalize MAP property will be addressed to the Department of State with info copy to DSAA. The Department of State will prepare and transmit the response to the U.S. mission in the country concerned. Requests for authority to retain MAP property to be used for purposes other than those for which originally furnished will be handled in the same manner as requests for authority to cannibalize MAP property.

**110106 DISPOSAL OF MAP PROPERTY.**

A. Legislative Requirements.

1. As regards to the method of disposal in paragraph 110106.B.2., below, the 1973 legislation amended the FAA of 1961 with Section 505(f), which provides: "Effective July 1, 1974, no defense article shall be furnished to any country on a grant basis unless such country shall have agreed that the net proceeds of sale received by such country in disposing of any weapon, weapons system, munition, aircraft, military boat, military vessel, or other implement of war received under this chapter will be paid to the USG and shall be available to pay all official costs of the USG payable in the currency of that country, including all costs relating to the financing of international, educational, and cultural exchange activities in which the country participates under the programs authorized by the Mutual Education Cultural Exchange Act of 1961. In the case of items which were delivered prior to 1975, the President may waive the requirement that such net proceeds be paid to the USG if he determines that to do so is in the national interest of the U.S."

2. The FAA, Section 505(f) does not legally affect paragraph 110106.B.1., method of disposal, or alter the requirements of the FAA, Section 605(d) with regard to deposit of sale proceeds exclusively in the parent MAP account.

3. The FAA, Section 505(f) extends to disposals by the recipient countries of MAP origin defense articles if such countries were the recipient of grant aid materiel after 1 July 1974 whenever the articles were originally granted to any such country, even if granted prior to date of agreement required under Section 505(f). "Net proceeds" means the balance of the gross proceeds of sale to be paid to the USG after reasonable administrative costs of the sale of MAP origin equipment are deducted by the foreign government.

4. The FAA, Section 505(f) constitutes a condition of eligibility for recipients of grant defense articles programmed in FY 1975 and subsequently. A mandatory agreement pursuant to Section 505(f), was concluded with the countries which were programmed to receive grant aid defense articles after 30 June 1974, even though disposals may be made by DRMOs in most, if not all instances.

5. For countries other than those in d. above no agreement pursuant to the FAA, Section 505(f) is legally required so long as no grant defense articles were programmed for them after 30 June 1974. Nevertheless, defense policy with regards to such other countries is to require (unless an agreement with a particular country in force on 30 June 1974 provides to the contrary) a recipient country commitment to return to USG (for deposit in Treasury miscellaneous receipts, along with funds received by USG under the FAA, Section 505(f)) the net proceeds of sale whenever such country requests release of disposable MAP property to it.

B. Methods of Disposal. Assuming an item has survived screening for further utilization and has been determined to be disposable MAP property, it may be disposed of in one of two following methods:

1. Disposal Through Defense Reutilization and Marketing Office. This method is in accordance with the provisions of the Defense Disposal Manual (DOD 4160.21M) through the DRMOs, in which case net funds generated thereby are deposited in the parent MAP account. The FAA, Section 605(d) provides: "Funds realized by the USG from the sale, transfer, or disposal of defense articles returned to the USG by a recipient country or international organization as no longer needed for the purpose for which furnished shall be credited to the respective appropriation, fund or account used to procure such defense articles or to the appropriation, fund, or account currently available for the same general purposes."

2. Country-to-Country Special Arrangements. This method is in accordance with the provisions of special country-to-country disposal arrangements under which the MAP recipient country disposes of disposable MAP property.

3. Preferred Method of Disposal. It is preferable from the DOD standpoint to use the DRMS for disposal of disposable MAP property. However, in many cases it is not practical to exercise this option, either because there is no DRMO in-country or for practical reasons it may be more desirable to have the country dispose of the item. In some cases, agreements with the country require disposal by the country if no USG utilization is found.

C. Demilitarization of Disposal MAP Property. Where munitions list materiel is involved, regardless of its economical recoverability, if the SAO is unable to ensure by physical inspection that appropriate demilitarization has been accomplished in accordance with DOD Manual 4160.21, the materiel will be recovered by the U.S. and disposed of through the DRMS.



**SECTION 1102 - SECTION 506 SPECIAL AUTHORITY**

**110201 PURPOSE:** This section provides procedures for emergency drawdowns authorized under Section 506 of the FAA.

**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:** Section 506(a) provides neither funds nor contract authority. It does not authorize new procurement for contracting in order to provide or replace the material, services, or training directed. It only authorizes the drawdown of material from 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 Section 506, FAA, is furnished subject to all other laws and regulations applicable to assistance furnished pursuant to Section 503(a)(1), FAA.

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 (Operations Directorate), with country, ambassador, SAO, CINC, OJCS, State Department and OSD (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. MILDEPs will:

a. Drawdown articles, services and/or training 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, and Section 1001 for training.

c. Report deliveries to DSAA in accordance with guidance provided in Section 1502.

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.

4. DSAA will issue an unfunded MAP order to the MILDEP citing .004 limitation. The MAP order provides a detailed accounting of articles, services, and training and is the basis for reimbursement to the 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 Section 506, FAA, 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 MILDEP.
- b. DSAA will provide transfer authorization of funds via SF 1151.
- c. MILDEP are responsible to reimburse the appropriate fund, account, or appropriation.
- d. Reimbursable orders are not authorized in anticipation of Congressional approval. DOD components will only maintain memo entries on accounting reports until the appropriation expires for obligation. Section 632(d), FAA, provides that the amount of reimbursement "shall" be credited to the "current" available appropriations, funds, or accounts of the agency that furnished the military assistance.
- e. Industrial fund and stock fund accounts must absorb the costs until appropriation is enacted.
- f. If any commercial transportation costs are involved, U.S. dollars cannot be used. Use of DTS, MAC, or special airlift mission is authorized.

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## CHAPTER 12

### LEASES AND LOANS OF DEFENSE ARTICLES

#### SECTION 1200 - LEASES

##### 120001 AUTHORITY AND PURPOSE

A. Use of Leases. Normally, the USG makes defense articles available to foreign governments by FMS under the AECA. However, there may be exceptional instances in which a lease agreement would be the most appropriate method whereby U.S. defense articles can be made available to eligible foreign countries or international organizations. Such arrangements are authorized under the AECA, Chapter 6 when it is determined that there are compelling foreign policy and national security reasons for providing such articles on a lease rather than a sales basis, and the articles are not for the time needed for public use. For example, a foreign government may desire to obtain a defense article for a short period under a lease for testing purposes to assist it in determining whether to procure the article in quantity. As another example, the USG may only be able to respond to an urgent foreign requirement for defense property by making it available from inventory, but for national defense reasons cannot sell the property and must require its return to inventory after a specified term. Leases of defense articles to foreign countries or international organizations will be concluded under the AECA, Chapter 6; leases (or loans) to foreign countries or international organizations under Title 10, USC 2667 are not authorized.

B. DOD Approval. The approval of the Director, DSAA, must be obtained before entering into a lease of a defense article with a foreign country or international organization by any DOD component. DOD components will advise the DSAA and obtain DSAA concurrence before indicating to a foreign country or international organization that a lease is being favorably considered or is an available option. The cognizant DOD Component will provide a Determination, in the format at Table 1200-1, under the cover memorandum at Table 1200-2 for DSAA signature when the draft lease is provided to the DSAA for coordination and countersignature. Especially important in this submission are the reason(s) why the defense article(s) are being leased rather than sold. Detailed rationale must be provided for any proposed lease.

##### C. Administration.

1. DOD Component Responsibility. The administration of leases is delegated to the DOD Component logistically responsible for the defense article(s) being leased. This responsibility includes: preparing the lease; providing data for Congressional notifications as required by paragraph D of this section; maintaining the lease through its effective period; ensuring monitorship of the defense articles during the period of the lease; advising the DSAA of non-compliance by the lessee; ensuring that the lease is properly terminated, extended, or revised; ensuring that the appropriate rental payment schedule is maintained; ensuring that all related costs are recovered under FMS procedures; and ensuring that the leased material is returned by the lessee and restored to its original condition, in accordance with the terms of the lease. Within the DOD component, a specific individual or activity will be assigned the responsibility for administering the lease during the lease period, for reporting to the DSAA, and for ensuring return/disposition of the defense article(s) upon expiration or termination of the lease.

2. SAO Responsibilities. The U.S. SAO in the host country will be provided a copy of each lease entered into with the host government, and will assist DOD components in the direct monitorship of the use of USG owned equipment in the host country. To the best of its ability and within the access authorized by the host country, the SAO will observe and report on

the use of the U.S. owned equipment to insure that it is consistent with the terms and conditions of the lease. Any indications of unauthorized use or non-compliance will be reported to the DOD component originating the lease and DSAA/OPS-E. Annually, not later than 31 December of each year, each SAO will provide confirmation to the responsible DOD Components with an information copy to DSAA/OPS-E that all leased equipment in the host country is being used in compliance with the provisions of the lease.

## **120002 LEASE TERMS AND CONDITIONS**

A. **Lease Format.** The basic lease format at Table 1200-3 will be used for leases of defense articles to foreign countries or international organizations by DOD Components. This format may not be amended unless the operational requirements or special circumstances of a specific lease require a one-time variation. Further, additional provisions may be added to a specific lease when determined to be appropriate and with concurrence of the legal office of the DOD component concerned and with DSAA approval. Specific variations and the rationale for them will be provided to the DSAA in the forwarding memorandum at Table 1200-2. The lease will not be provided on a DD Form 1513, but the DD Form 1513 will be used for packing, crating, handling, transportation, and the sale of associated articles and services, including refurbishment of the defense article(s) required prior to, during, or after the lease period. The DD Form 1513 will also be used to recover applicable costs if the article is lost or destroyed during the lease period. The lease will be signed by the appropriate DOD component and provided to DSAA/OPS-E for staffing and countersignature by DSAA prior to signature by the foreign country representative.

B. **Lease Identification.** The cognizant DOD component will assign a lease designator to each lease, which is to be separate and distinct from the identifier used for FMS cases. The lease designator should be so constructed that it clearly differentiates the lease from FMS cases. The lease designator will be developed as follows: Country Code--DOD component Identification--Tri-alpha Identifier. Where no DOD component Identifier has been established, an X will be used for the DOD component Identification. This lease designator will be clearly shown on the top of each page of the lease, on the top of each page of Schedules and Appendices, and on any accompanying documents. The associated FMS case must reference the lease designator.

C. **Duration.**

1. **Not to Exceed Five Years.** Leases shall be for a fixed duration of time not to exceed five years and shall provide that, at any time during the leasing period, the USG may terminate the lease and require the immediate return of the defense article(s). Leases of less than five years may provide for renewals but the total lease period may not exceed five years. The lease period will normally begin when the foreign country signs the lease, and provides payment for any required initial deposit, unless the lease period is otherwise specified within the lease terms and conditions.

2. **Extensions.** Extensions of leases beyond five years by mutual agreement are authorized; however, each extension will require the cognizant DOD component to submit a separate determination to the DSAA for staffing and signature, along with the revised lease to identify the terms and conditions of the extension. For those extensions which meet the one year Congressional reporting requirement, the DOD component will also provide to the DSAA the required reporting data in the format at Table 1200-4 at least 60 days prior to the projected date for providing the lease renewal to the foreign country or international organization.

3. **Renewals of Title 10, USC 2667 Leases.** Existing leases under Title 10, USC 2667 may continue until expiration or termination. Extension based on the provisions of title 10, USC 2667 are not authorized. Where extensions or renewals are determined to be in the U.S. public interest, the leasing provisions of the AECA, Chapter 6 and the procedures detailed in this chapter will apply.

D. **Loss, Destruction, or Damage.** Lease terms will make provision for payment for the loss or destruction of leased articles during the lease period in accordance with the AECA, Chapter 6. Lease terms will also require the lessee to pay the cost of restoration or replacement if the articles are damaged, lost, or destroyed while leased. Such costs will be recouped under an FMS transaction. The replacement cost will be specified as a fixed sum in the lease agreement and will normally be developed based on the same considerations as payment in Paragraph E, below.

E. **Rental Payment.** The country or international organization must pay in U.S. dollars all costs incurred by the USG in leasing such articles, including reimbursement for depreciation of such articles while leased (the rental payment). The charge for depreciation will be based on the current procurement value, actual acquisition cost (if known), or latest procurement cost. If there is a current procurement contract in effect for the DOD component for an item which is identical to the property to be leased, the current procurement price will be applied, adjusted as appropriate for condition; otherwise, the actual or latest procurement cost will apply, adjusted as appropriate for condition and market value. An administrative charge will not be applied to rental payments collected under the lease.

F. **Certificate of Delivery.** For the delivery of major items under AECA, Chapter 6 lease agreements DSAA or the responsible DOD component may require a certificate of delivery when custody of the defense article(s) is/are transferred to the foreign customer. The certificate at Table 1200-12 will be used in such instances.

G. **Exceptions.** The provisions of Paragraphs 120002.D and E., above shall not necessarily apply to leases entered into for purposes of cooperative research or development, military exercises, or communications or electronics interface projects, or to any defense article which has passed three quarters of its normal service life. Where a DOD component recommends an application of authorized exceptions, express authority will be requested from the DSAA, identifying the authorized exceptions. Furthermore, Section 63(a)(1), AECA provides that leases of MDE valued at \$14 million or more, or defense articles valued at \$50 million or more, except those for NATO, NATO member countries, Japan, Australia, or New Zealand may not be entered into or renewed if the Congress within 30 calendar days after receiving the certification required by Section 62(a) adopts a joint resolution stating that it objects to the proposed lease. Valuation for purposes of Section 63(a)(1), AECA is in terms of replacement cost as specified in Paragraph 120002.D., above.

### **120003 COORDINATION**

A. **DSAA Coordination Responsibilities.** Each proposed lease of defense articles to a foreign government or international organization requires DOD authorization. The cognizant DOD component will prepare the proposed lease and will forward it together with the proposed determination using the cover memorandum format at Table 1200-2 for DSAA countersignature and Department of State coordination. DSAA Operations Directorate will assure appropriate coordination within OSD, including the DSAA Comptroller, the DSAA Plans Directorate, DSAA General Counsel, and with the Department of State. After completion of coordination, the DSAA Comptroller will prepare the certification to the Congress for the signature of the DSAA Director if required by the AECA, Section 62(a).

B. **Terminations.** USG termination of a lease also requires the coordination process detailed in paragraph 120003, above.

## **120004 CONGRESSIONAL NOTIFICATION**

### **A. Certification Requirements.**

1. **Leases of One Year or Longer.** Under the provisions of the AECA, Section 62(a), Congress must be notified not less than 30 days before entering into or renewing any agreement with a foreign country or international organization to lease any defense article for a period of one year or longer. Furthermore, Section 63(a)(1) provides that leases of MDE valued at \$14 million or more, or defense articles valued at \$50 million or more, except those for NATO, NATO member countries, Japan, Australia, or New Zealand may not be entered into or renewed if the Congress within 30 calendar days after receiving the certification required by Section 62(a) adopts a joint resolution stating it objects to the proposed lease. Valuation for purpose of Section 63(a)(1) is in terms of replacement cost as specified in Paragraph 120002.D. above.

2. **Renewals.** If a lease for less than one year is renewed one or more times so that the total period of the original lease and the renewal or renewals equals or exceeds one year, the renewal which would cause the one year period to be reached or exceeded must be reported to the Congress 30 days before being entered into or renewed. Renewals of a lease subsequent to a Congressional notification do not require new notifications, unless such renewals singly or cumulatively result in an extension of one year or more beyond the lease period previously reported (including renewal periods notified as possible options).

### **B. Certification Procedures.**

1. **Submission.** Section 62(a), AECA requires certification to the Speaker of the House of Representatives, the Chairman of the Committee on Foreign Relations of the Senate, and the Chairman of the Committee on Armed Services of the Senate. Such certification must occur not less than 30 days before the lease agreement is entered into or renewed. To ensure submission of a timely certification, the cognizant DOD component will forward to the DSAA Operations Directorate the information in the format at Table 1200-4 at least 60 days prior to the projected date for providing the lease, lease renewal, or amendment to the foreign country or international organization for acceptance. When possible a copy of the draft lease will be included as an attachment to the memorandum. The DSAA Operations Directorate will assure the adequacy of the data provided, to include the justification, and the approval of the lease prior to passing on the data to the FMS Control Division of the Office of the DSAA Comptroller for the development of the Congressional notification and its coordination within the OSD, including DSAA Operations (which will obtain Department of State concurrence), DSAA Plans (as required), and the DSAA General Counsel. The DSAA Comptroller will then prepare the Section 62(a), AECA report to Congress using the format in Table 1200-5 for signature of the DSAA Director and the cover letters in Tables 1200-6 through 1200-8.

2. **Approval.** The original lease agreement in final form and determination must be provided to DSAA Operations not later than five days before completion of the Congressional notification period. The DOD component, with coordination from the DSAA Operations Directorate, may furnish the prospective lessee an unsigned copy of the lease under a cover letter in the format at Table 1200-9 for leases which do not meet the Section 63, AECA criteria, and Table 1200-10 for leases which meet the criteria when the lease is reported to the Congress. Thirty days after the Congressional notification, DSAA Operations will authorize the DOD Component to enter into the lease. Immediately on signature of the lease by the parties, the DOD Component will assure that appropriate copies of the lease agreement have been distributed by the country and that any required initial deposit has been received by the SAAC before the lease is executed.

C. **Emergency Waiver of Congressional Notification Requirement.** The AECA, Section 62(b), authorizes waiver of the Congressional certification requirement described above, if the President determines and immediately reports to Congress that an emergency exists which requires that the lease be entered into immediately in the national security interests of the United States. This authority has been reserved to the President for his exercise only. In the event of such an emergency, the DSAA will provide instructions to the cognizant DOD component as appropriate to the particular circumstances.

## **120005 FINANCIAL ARRANGEMENTS.**

A. **Payment Schedules.** The lease designator will be used to track the lease in existing automated systems. Schedule A of each lease will identify the replacement costs of the item(s) being leased and will identify the schedule for rental payment due to the USG. The payment schedule will be established on a quarterly billing cycle, compatible with the FMS billing cycle. If the quarterly cycle does not provide for payment prior to the effective date of the lease, an initial deposit will be required to assure that payment is received in advance of the month in which rental is incurred. Billings to the foreign lessee will be based on this schedule of payments and will be included on a separate DD Form 645 with the country's quarterly FMS billing statement. The DOD Component will assure that payment schedules are updated for any extensions, delivery schedule changes, or other amendments which may result in a change to the lease value or schedule of payments. Receipts from lease rental payments under paragraph 120002.E., above will be deposited in the Miscellaneous Receipts Accounts by SAAC.

B. **Use of FMS Credits or MAP Merger Funds.** Use of FMS credits or MAP funds is not authorized for payments of lease rental payments specified in paragraph 120002.E. When authorized by the DSAA, FMS credit funds or MAP funds may be authorized for FMS cases prepared in support of a lease. (See paragraph C. below.)

C. **Use of DD Form 1513.** All costs incurred by the USG incident to the leasing arrangement, including the costs referred to in Paragraph 120002.D., must be reimbursed to the USG using a DD Form 1513. Such costs may cover but are not limited to: packaging, crating, handling, transportation, and refurbishment of the leased articles prior to and/or upon termination of the lease. Schedule A of the lease will identify the case designator for the related FMS case, when known. Also, the DD Form 1513 will identify the lease designator in a special note within the LOA. The implementing agency, responsible for the administration of the DD Form 1513 lease associated FMS case, is responsible for reporting costs incurred on the case via the DD Form 1517 performance reporting system.

**120006 LEASE CLOSURE.** Confirmation that a Chapter 6 AECA, or 10 USC 2667 lease, under its cognizance can be closed must be provided to SAAC by the responsible DOD component. SAAC will use the format at Table 1200-13 to query the responsible DOD component to determine whether lease closure is possible.

## **120007 REPORTING.**

A. **Quarterly Report.** A report in the format at Table 1200-11 will be submitted, not later than 30 days after the end of each quarter, to the DSAA Operations Directorate Management Division with a copy to SAAC by each DOD component which has unexpired leases under its cognizance. This report will identify leases entered into previously under the authority of Title 10, USC 2667 and the AECA, Chapter 6; the report will identify statutory authority for the lease.



B. **Financial Report.** On a quarterly basis the SAAC will provide to DSAA Operations Directorate the financial status of each lease to include the following data: country, lessee, defense article(s) leased, identified replacement cost of the leased property, funds collected and deposited or to be deposited to miscellaneous receipts, and amounts due.

C. **Report on Equipment Usage.** As indicated in Paragraph 120001.C., above, the overall responsibility for all aspects of lease administration, including monitoring equipment while leased, belongs to the DOD component having logistic responsibility for the leased equipment. The SAO will assist in this function by observing and reporting to the extent of its ability and access to the equipment that leased equipment is being used consistent with the terms and conditions of the lease. Each SAO with open leases to its host country will report to the applicable DOD Component with an information copy to DSAA/OPS-E on an annual basis (not later than 31 December of each year) information on the use of the equipment by its host country. In addition to this annual report DSAA/OPS-E will also be advised of any unauthorized use of the equipment any time a DOD Component or SAO becomes aware of such unauthorized use.

D. **Lease Closure Information.** In order to assure the closure of both Chapter 6, AECA and 10 USC 2667 leases in a timely manner, SAAC will use the format at Table 1200-13 to query the responsible DOD component to determine if lease closure is possible. The DOD components will forward the completed form directly to SAAC as soon as all actions on a lease under its cognizance are accomplished. Since SAAC only manages 10 USC 2667 leases for the U.S. Air Force, use of this format by the Departments of the Army and Navy to assist in the closure of their 10 USC 2667 leases is recommended.

**120008 U.S. NAVY SHIPS.** For leases of U.S. Navy ships, the guidance in Chapter 2 also applies. These leases will be provided to the DSAA/OPS-E for coordination. All other Naval ship transfer transactions will be provided to the DSAA Plans Directorate for coordination. The AECA, Chapter 6 applies to leases of ships authorized in separate, specific legislation unless such legislation expressly provides otherwise.

TABLE 1200-1

DETERMINATION REGARDING THE LEASE OF (ARTICLES(S))  
TO (COUNTRY OR INTERNATIONAL ORGANIZATION)  
PURSUANT TO CHAPTER 6 OF THE ARMS EXPORT CONTROL ACT

Lease Designator

I hereby determine that \_\_\_\_\_ (and if applicable--all associated nonexpendable support equipment, including, but not limited to, tools, ground support equipment, test equipment and publications) are not for the time needed for public use.

I further determine that there are compelling foreign policy and national security reasons for providing such Defense Articles to the (Country or International Organization) on a lease basis rather than on a sales basis under the Arms Export Control Act.

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
(Signature)

Attachment  
a/s

Concur: \_\_\_\_\_  
State (PM)

TABLE 1200-1. Determination Regarding the Lease of Article(s) to Countries  
or International Organizations Pursuant to the AECA, Chapter 6.

## TABLE 1200-2

## MEMORANDUM FOR THE DIRECTOR, DEFENSE SECURITY ASSISTANCE AGENCY

SUBJECT: Lease to (Country or International Organization) Under the Authority of the AECA,  
Chapter 6; (Lease Designator)

Attached is a draft lease agreement (Encl 1) for your approval and counter-signature, and a Determination (Encl 2) for your signature, which provide for the lease of (identify article(s)) to the (identify country or international organization).

The (DOD Component) considers these defense articles are for the duration of the lease not needed for public use.

Lease of the defense article(s) identified on Schedule A is required rather than a sale for the following reason(s):

- 1.
- 2.
- 3.

Recommend you approve the draft lease agreement and sign the Determination.

Attachments  
a/s

---

TABLE 1200-2. Memorandum for the Director, DSAA.

## TABLE 1200-3

(Lease Designator)

LEASE OF \_\_\_\_\_  
 BETWEEN  
 THE UNITED STATES GOVERNMENT  
 AND  
 \_\_\_\_\_

This LEASE, made as of the \_\_\_\_\_ (DATE) between the United States Government (hereinafter called the "Lessor Government") represented by its Department of the \_\_\_\_\_ and the GOVERNMENT OF \_\_\_\_\_ (hereinafter called the "Lessee Government") represented by its (Ministry of Defense or applicable organization),

## WITNESSETH:

WHEREAS, The Lessor Government has determined that (article(s)) and all associated nonexpendable support equipment (including but not limited to tools, ground support equipment, test equipment, and publications) (hereinafter referred to as the "Defense Articles") are not for the time needed for public use, and

WHEREAS, The Lessor Government has determined that there are compelling foreign policy and national security reasons for providing such Defense Articles on a lease basis rather than on a sales basis under the Arms Export Control Act, and

WHEREAS, This lease is made under the authority of Chapter 6 of the Arms Export Control Act,

NOW THEREFORE, The parties do mutually agree as follows:

1. In consideration of a rental charge as indicated in Schedule A, and the maintenance and other obligations assumed by the Lessee Government, the Lessor Government hereby leases to the Lessee Government and the Lessee Government hereby leases from the Lessor Government the Defense Articles for the period of \_\_\_\_\_ commencing on the date first above written and under the terms and conditions set forth in the General Provisions hereto annexed.

## TABLE 1200-3. SAMPLE LEASE.

NOTE: Recommended distribution:	Original to:	MILDEP JAG
	Copies to:	DSAA
		MILDEP SA Activity
		SAO

2. The Lessor Government shall deliver the Defense Articles to the Lessee Government at such time and place as may be mutually agreed upon. Such delivery may be evidenced by a certificate of delivery.

IN WITNESS WHEREOF, Each of the parties has executed this lease as of the day and year first above written.

THE UNITED STATES GOVERNMENT

\_\_\_\_\_  
COUNTRY OR INTERNATIONAL  
ORGANIZATION

BY \_\_\_\_\_ By \_\_\_\_\_

\_\_\_\_\_  
(Typed Name)

\_\_\_\_\_  
(Typed Name)

\_\_\_\_\_  
(Title)

\_\_\_\_\_  
(Title)

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
(Date)

COUNTERSIGNATURE:

\_\_\_\_\_  
(Typed Name)

Director, Defense Security  
Assistance Agency  
\_\_\_\_\_  
(Title)

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
TABLE 1200-3. (Continued)

## GENERAL PROVISIONS

1. Operations and Use.

a. Except as may be otherwise authorized by the Lessor Government and except for the purposes of transfer from and return to the Lessor Government, the Lessee Government shall keep the Defense Articles in its own possession, custody, and control. The Lessee Government shall not transfer title to or possession of the Defense Articles to anyone not an officer, employee, or agent of the Lessee Government and shall not permit any encumbrance or other third party interest in the defense articles.

b. The Lessee Government shall, except as may be otherwise mutually agreed in writing, use the items leased hereunder only:

(1) For the purposes specified in the Mutual Defense Assistance Agreement, if any, between the Lessor Government and the Lessee Government;

(2) For the purposes specified in any bilateral or regional defense treaty to which the Lessor Government and Lessee Government are both parties, if subparagraph (1) of this paragraph is inapplicable.

(3) For internal security, individual self-defense, and/or civic action, if subparagraphs (1) and (2) of this paragraph are inapplicable.

c. To the extent that any Defense Articles may be classified by the Lessor Government for security purposes, the Lessee Government shall maintain a similar classification and employ all measures necessary to preserve such security, equivalent to those employed by the Lessor Government, throughout the period during which the Lessor Government may maintain such classification. The Lessor Government will use its best efforts to notify the Lessee Government if the classification is changed.

2. Initial Condition. The Defense Articles are leased to the Lessee Government on an "as is, where is" basis without warranty or representation concerning the condition or state of repair of the Defense Articles or any part thereof or concerning other matters and without any agreement by the Lessor Government to alter, improve, adapt, or repair the Defense Articles or any part thereof.

3. Conditioning and Transfer Cost. The Lessee Government shall bear the cost of rendering the Defense Articles operable and transferable and of transferring the Defense Articles from the United States or other point of origin and back to the place of redelivery. In the event the Defense Articles are transported by vessel, only U.S. flag vessels may be used, unless waived by the Lessor Government.

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TABLE 1200-3. (Continued)

4. **Inspection and Inventory.** Immediately prior to the delivery of the Defense Articles to the Lessee Government, an inspection of the physical condition of the Defense Articles and an inventory of all related items may be made by the Lessor Government and the Lessee Government. A report of the findings shall be made which shall be conclusive evidence as to the physical condition of said Defense Articles and as to such items as of the time of delivery. A similar inspection, inventory, and a report may be made by the Lessor Government upon the termination or expiration of this Lease. The findings of that report shall be conclusive evidence as to the physical condition of the Defense Articles and as to such items as of the date of termination or expiration of this Lease. At the election of the Lessor Government, the Lessee Government at its own cost shall either promptly correct any deficiency or rebuild, replace, or repair any loss of or damage to the Defense Articles or compensate the Lessor Government for the restoration or replacement value (less any depreciation in the value as determined by the Lessor Government) of such correction, rebuilding, replacement, or repair. At the Lessor Government's option, the Lessee Government at its own cost will remove any alterations or additions to the Defense Articles or pay the Lessor Government the cost of such removal, as determined by the Lessor Government. In the absence of removal by the Lessee Government, title to any such alterations or additions shall vest in the Lessor Government.

5. **Maintenance.** The Lessee Government shall maintain the Defense Articles in good order, repair, and operable condition and except as provided in paragraph four, shall upon expiration or termination of this Lease return the Defense Articles in operable condition and in as good condition as when received, normal wear and tear excepted.

6. **Risk or Loss.** All risk or loss of or damage to the Defense Articles during the term of this Lease and until their return to the place of redelivery shall be borne by the Lessee Government.

7. **Indemnification.** The Lessee Government renounces all claims against the Lessor Government, its officers, agents, and employees arising out of or incidental to transfer, possession, maintenance, use, or operation of the Defense Articles or facilities and will indemnify and hold harmless the Lessor Government, its officers, agents, and employees for any such claims of third parties and will pay for any loss or damage to Lessor Government property.

8. **Alterations.** The Lessee Government shall not make any alterations or additions to the Defense Articles without prior consent of the Lessor Government. All such alterations or additions shall become the property of the Lessor Government except items paid for by the Lessee Government which can be readily removed without injury to the Defense Articles and are removed by the Lessee Government prior to redelivery of the Defense Articles. As a condition of its approval of any alteration or addition, the Lessor Government may require the Lessee Government to restore the Defense Articles to their prior condition.

9. **Termination.** This Lease may be terminated without cost to the Lessor Government:

- a. By mutual agreement of the parties;
- b. By the Lessee Government on 30-days written notice; or
- c. By the Lessor Government at any time. The Lessee Government shall immediately return the leased Defense Articles at the direction of the Lessor Government. Termination will be subject to the Lessee Government's residual responsibilities hereunder (e.g., duty to return leased Defense Articles promptly, to pay costs required hereunder, to indemnify and hold harmless the Lessor Government, etc.).

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TABLE 1200-3. (Continued)

10. **Place of Redelivery.** Upon expiration or termination of this lease, the Defense Articles shall be returned to the Lessor Government (at \_\_\_\_\_, or as mutually agreed).
11. **Title.** Title to the Defense Articles shall remain in the Lessor Government. The Lessee Government may, however, place the Defense Articles under its Flag, or display its national insignia when appropriate.
12. **Reimbursement for Support.** The Lessee Government will pay the Lessor Government for any services, packing, crating, handling, transportation, spare parts, materials, or other support furnished for the Defense Articles by the Lessor Government pursuant to a Letter of Offer and Acceptance under the Arms Export Control Act. (FMS Case \_\_\_\_\_ applies.)
13. **Covenant Against Contingent Fees.** The Lessee Government warrants that no person or selling agency has been employed or retained to solicit or secure this Lease upon an agreement or understanding for a commission, percentage, brokerage or contingent fee.
14. **Officials Not to Benefit.** No members of or Delegate to Congress of the United States, or Resident Commissioner of the United States shall be admitted to any share or part of this Lease or to any benefit that may arise therefrom.
15. **Proprietary Rights.** The Lessee Government will insure, by all means available to it, protection of proprietary rights in any Defense Article and any plans, specifications, or information furnished, whether patented or not.
16. **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 if the Defense Articles are damaged while leased, and the replacement costs (less any depreciation in the value during the term of the lease) of the Defense Articles if the Defense Articles are lost or destroyed while leased, as identified in Schedule A. Such costs for restoration or replacement will be billed to the Lessee Government under the Lessor Government's foreign military sales procedures. The rental charge shown in Schedule A is based on costs identified at the time of signature of this lease and does not relieve the Lessee Government from liability for other costs in accordance with the provisions of this Lease.
17. **Distribution.** Copies of the accepted Lease will be distributed by the Lessee as follows:
- a. (Insert Leasing DOD Component) - Original
  - b. (Insert U.S. SAO in host country) - copy
  - c. SAAC - copy and check for initial deposit
  - d. DSAA/OPS-E - copy

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TABLE 1200-3. (Continued)



SCHEDULE A  
TO  
LEASE AGREEMENT  
BETWEEN

THE UNITED STATES GOVERNMENT, DEPARTMENT OF THE \_\_\_\_\_ (LESSOR)

AND

THE GOVERNMENT OF \_\_\_\_\_ (LESSEE)

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

QTY	NSN	DESCRIPTION	REPLACEMENT COSTS		RENTAL CHARGE (INCLUDING DEPRECIATION) PER MONTH
			UNIT VALUE	TOTAL VALUE	
A.					
B.					
C.					
D.					
E.					

TOTAL VALUE

\$ \_\_\_\_\_

II. Rental Payment

- A. Initial Payment (with acceptance - as applicable);  
 B. \_\_\_\_ Qtr FY\_\_: (Amount due) Date Due: (15th day of month preceding quarter)  
 \_\_\_\_ Qtr FY\_\_: (Amount due) Date Due: (15th day of month preceding quarter)

Total Rental

\$ \_\_\_\_\_

III. Related FMS Case Designator (if known) per paragraph 12:

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TABLE 1200-3. (Continued)

## TABLE 1200-4

## MEMORANDUM FOR THE DIRECTOR FOR OPERATIONS, DSAA

SUBJECT: Certification to Congress of a Lease Under the Authority of the AECA, Chapter 6;  
Lease Designator \_\_\_\_\_

The following information is provided in connection with the reporting requirement of the AECA, Section 62(a).

- a. Country or International Organization:
- b. DOD Component:
- c. Total Value (in terms of replacement cost or other methodology used):
- d. Type and Quantity of Equipment (segregate the MDE, indicating value):
- e. Security Classification:
- f. Duration of Lease:
- g. Summary of Lease Terms (to include any special conditions):
- h. Total Rental/Depreciation:
- i. Activity of the DOD Component Responsible for Administering Lease:
- j. Estimated Date Lease and Determination Will be Provided to the DSAA:
- k. Justification (to include reason(s) why defense article(s) is/are being leased rather than sold under FMS):

- (1)
- (2)
- (3)

1. Action Officer's name, office, and telephone number (for individual located in Washington D.C., area provide commercial number, for outside Washington D.C., area provide AUTOVON and commercial numbers.)

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TABLE 1200-4. Memorandum for the Director for Operations, DSAA.

## TABLE 1200-5

## TRANSMITTAL NO.(NUMBER) - (YEAR)

NOTICE OF PROPOSED LEASE PURSUANT TO SECTION  
62 OF THE ARMS EXPORT CONTROL ACT

- (i) Prospective Lessee:
- (ii) Description of Articles Provided: (Type and Quantity)
- (iii) Total Estimated Value: (In terms of replacement cost)
- (iv) Terms and Duration of Lease: (Period of Lease/Total Rental/Special Conditions)
- (v) Justification: (Explanation/Reasons why defense article is being leased rather than sold)

## Examples:

(a) This (these) article(s) cannot be sold by the DOD Component for current replacement value/standard price because \_\_\_\_\_.

(b) This (these) article(s) is/are not needed by the Lessee for its (their) full service life because \_\_\_\_\_.

(c) The Lessee has an immediate requirement which cannot be satisfied by sale from inventory or production because \_\_\_\_\_.

- (vi) Date Delivered to the Congress: (To be inserted by the DSAA)

TABLE 1200-6

LETTER TO THE HONORABLE SPEAKER OF  
THE HOUSE OF REPRESENTATIVES

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In reply refer to:  
I- ct

Honorable  
Speaker of the House of Representatives  
Washington, D.C. 20515-0001

Dear Mr. Speaker:

Pursuant to the reporting requirements of Section 62(a) of the Arms Export Control Act, we are forwarding herewith Transmittal No. (#-Yr).

This transmittal concerns the Department of (MILDEP or DOD activity) proposed Lease of defense articles to (country).

Sincerely,

Attachments  
a/s

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TABLE 1200-6. Letter to the Honorable Speaker of the House of Representatives.

TABLE 1200-7

LETTER TO THE HONORABLE CHAIRMAN,  
COMMITTEE ON FOREIGN RELATIONS

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In reply refer to:  
I- ct

Honorable  
Chairman, Committee on Foreign Relations  
Washington, D.C. 20510-0001

Dear Mr. Chairman:

Pursuant to the reporting requirements of Section 62(a) of the Arms Export Control Act, we are forwarding herewith Transmittal No. (#-Yr).

This transmittal concerns the Department of (MILDEP or DOD activity) proposed Lease of defense articles to (country),

Sincerely,

Attachments  
a/s

---

---

TABLE 1200-7. Letter to the Honorable Chairman, Committee on Foreign Relations.

TABLE 1200-8

LETTER TO THE HONORABLE CHAIRMAN,  
COMMITTEE ON ARMED SERVICES

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In reply refer to:  
I- ct

Honorable  
Chairman, Committee on Armed Services  
United States Senate Washington, D.C. 20510-0001

Dear Mr. Chairman:

Pursuant to the reporting requirements of Section 62(a) of the Arms Export Control Act, we are forwarding herewith Transmittal No. (#-Yr).

This transmittal concerns the Department of (MILDEP or DOD activity) proposed Lease of defense articles to (country).

Sincerely,

Attachments  
a/s

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TABLE 1200-8. Letter to the Honorable Chairman, Committee on Armed Services.

TABLE 1200-9

LETTER TO THE PROSPECTIVE LESSEE ADVISING LESSEE  
OF CONGRESSIONAL NOTIFICATION OF A LEASE FOR OVER ONE YEAR

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Dear \_\_\_\_\_

Enclosed for consideration and analysis by your (Government/Organization) is an unsigned advance copy of a lease, (Lease Designator).

Section 62 of the Arms Export Control Act requires certification be given to the Congress of the United States at least 30 days prior to entering into a lease of one year or longer.

The Department of Defense has transmitted the required certification to the Congress on (date). You will be advised if any delays arise which would prevent us from providing the signed lease to your (Government/Organization) on (date).

Should your (Government/Organization) wish to accept this lease, it should await receipt of the signed lease.

Sincerely,

Enclosure  
a/s

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TABLE 1200-9. Letter to the Prospective Lessee Advising Lessee of Congressional Notification  
of a Lease for Over One Year.

## TABLE 1200-10

LETTER ADVISING LESSEE OF CONGRESSIONAL NOTIFICATION  
OF LEASE FOR MDE FOR OVER ONE YEAR

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Dear \_\_\_\_\_

Enclosed for consideration and analysis by your (Government/Organization) is an unsigned advance copy of a leasing arrangement; Lease Designator \_\_\_\_\_.

Section 62 of the Arms Export Control Act requires certification be given to the Congress of the United States at least 30 days prior to entering into a lease of one year or longer. Section 63 further provides that a lease of one year or longer of major defense equipment valued at \$14,000,000 or more or defense articles valued at \$50,000,000 or more may not be entered into if the Congress within 30 calendar days after receiving the certification adopts a joint resolution stating that it objects to the proposed lease.

The Department of Defense has transmitted the required notification to the Congress on (date). Assuming that the Congress does not object to the proposed lease, the enclosed lease will be signed and issued to your (Government/Organization) by the authorized Department of Defense representative on or about (date). In the event that the Congress should object to this proposed lease, you will be notified promptly of that fact.

Should your (Government/Organization) wish to accept this lease, it should await receipt of the signed lease.

Sincerely,

Enclosure  
a/s

---

TABLE 1200-10. Letter Advising Lessee of Congressional Notification of Lease  
for MDE for Over One Year.



## TABLE 1200-11

RCS: DSAA(Q)1146

Prepare a report in the format below (classified if necessary) for each lease of any value, providing for the lease of property to a foreign government or international organization. Leases will be reported until the property is returned to U.S. custody, or lease is completed by other action.

FORMAT

The following data will be included for all leases:

Lessee:

Lease case designator (if applicable):

Item(s):

Date of lease and statutory authority (AECA Sec. 61, 10 USC 2667, Other):

Duration/special terms:

Expiration date:

Replacement value of lease material (when leased):

Total rental or summary of other considerations:

Rental paid to date:

Date lease reported to the Congress (if required under the AECA, Section 62):

Action taken on expired lease or lease due to expire during next quarter:

Lease being renewed:

Date material returned:

Material sold (FMS Case Designator):

Other action status than that above:

---

TABLE 1200-11. RCS: DSAA(Q)1146

**TABLE 1200-12**  
**CERTIFICATE OF DELIVERY**

Pursuant to the provisions of the Lease Agreement executed (this date) between our respective governments, the undersigned as the authorized representative of the

Government of (insert)

accepts the below described (insert) together with its on board equipment from

(insert)

authorized representative of the United States (enter DOD Component)

Item

## Nomenclature

Quantity

Date \_\_\_\_\_

US Representative

Government of            (insert)  
Representative

**NOTE: Recommended distribution:**

Original to: MILDEP JAG  
Copies to: DSAA  
MILDEP SA Activity  
SAO

TABLE 1200-12. Certificate of Delivery.

TABLE 1200-13  
LEASE CLOSURE INFORMATION

SUBJECT: (Chapter 6, AECA/10 USC 2667) Lease for Case Closure.  
(Insert as appropriate)

TO: (Insert DOD Component Address)

References: Lease Case (Insert Designator)

1. Prior to certifying case closure, the Security Assistance Accounting Center (SAAC) requests the following information:

Date

Property returned to USG custody\* \_\_\_\_\_

or

Lease extended (renewed) \_\_\_\_\_

If lease renewed, provide  
lease designator \_\_\_\_\_

2. Action, as required above, for lease closure has been completed:

Signed \_\_\_\_\_

Title \_\_\_\_\_

Agency \_\_\_\_\_

3. Please complete above data and return to AFAFC/SAAC/FSOS, Denver CO 80279  
NLT \_\_\_\_\_. Point of contact is: \_\_\_\_\_.

\*For 10 USC 2667 leases include confirmation that all financial requirements are complete.

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TABLE 1200-13. LEASE CLOSURE INFORMATION

**SECTION 1201 LOANS OF DEFENSE ARTICLES****120101 AUTHORITY AND PURPOSE.**

A. **Use of Loans.** The loan of defense articles to foreign governments or international organizations is authorized under exceptional instances in accordance with Section 503 of the FAA of 1961, as amended. Since loans require the payment of MAP funds to the loaning DOD component, loans may not be made with MAP merger funds or under the FAA, Section 506(a) authority. The defense articles may not be loaned without prior DSAA approval. In this regard, defense articles may be loaned only if the following statutory conditions are met:

1. There is a *bona fide* reason, other than the shortage of funds, for providing such articles on a loan basis rather than on a grant basis;
2. There is a reasonable expectation that such articles will be returned to the agency making the loan at the end of the loan period unless the loan is then renewed;
3. The loan period is of fixed duration not exceeding five years, during which such article may be recalled for any reason by the United States;
4. The agency making the loan is reimbursed for the loan based on the amount charged to the appropriation for military assistance; and
5. The loan agreement provides that:
  - a. If the defense article is damaged while on loan, the country or international organization to which it was loaned will reimburse the U.S. for the cost of restoring or replacing the defense article, and
  - b. If the defense article is lost or destroyed while on loan, the country or international organization to which it was loaned will pay to the U.S. an amount equal to the replacement cost (less any depreciation in the value) of the defense article.

B. **Cost Recovery.** In the case of any loan, there shall be a charge to the appropriation for military assistance for any fiscal year while the article or service is on loan in an amount based on:

1. The out-of-pocket expenses authorized to be incurred in connection with such loan during such fiscal year; and
2. The depreciation which occurs during such year while such article is on loan.

**120102 REPORTING REQUIREMENTS.**

The reporting requirements in Section I, Paragraph 120004, of this chapter, are applicable to loans.

**120103 IMPLEMENTATION OF LOAN DOCUMENTS.** Recommendations to loan equipment in lieu of transferring its title will be considered on a case-by-case basis and will be submitted to DSAA for approval, with an information copy to the appropriate unified command. Loan agreements will (1) be of specified duration with an option for renewal on a mutually agreed basis, (2) provide for return of the equipment on short notice in event of an unanticipated U.S. need, and (3) contain a requirement that the equipment be maintained in a fully serviceable condition in accordance with U.S. standards. Loans under the authority of Section 503 FAA shall

be implemented only by: (1) a MOU between the Director, DSAA and an appropriate authorized official of the lending agency, setting forth the terms and conditions under which the loan is authorized to be made and all charges, including depreciation, to MAP recipient funds during specified fiscal years; and (2) a written loan agreement is concluded prior to the commencement of the loan on behalf of the lending agency and the borrowing government.

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## CHAPTER THIRTEEN

### FINANCIAL PRINCIPLES AND PROCEDURES

SECTION 1300 - GENERAL
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**130001 PURPOSE.** The purpose of this chapter is to provide a general description of the financial principles and procedures which apply to FMS transactions. It is designed to provide an overview of FMS financing and the responsibilities of DOD components. Detailed guidance on financial policies relating to pricing, budgeting, accounting and billing is included in DOD 7290.3-M. This chapter has a section corresponding to each of the nine chapters contained in that Manual. See Chapter 14 for additional information concerning SDAF item management. \*



<b>SECTION 1301 - LEGAL BACKGROUND, RESPONSIBILITIES AND PRINCIPLES</b>
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**130101 LEGAL BACKGROUND.** The AECA provides the legal authority for conducting FMS.

**130102 FULL RECOVERY OF COSTS.** DOD performs three principal actions during the life cycle of a sale. First, DOD provides FMS purchasers with P&A estimates and concludes sales agreements. Second, DOD renders financial billings for costs incurred and accounts for collections. Finally, DOD delivers the materiel or services. As explained earlier, the AECA and predecessor legislation generally require that DOD manage the FMS Program at no cost to the USG except as specifically exempted by legislation. Therefore, DOD financial policies and procedures for pricing defense materiel and services, administering FMS cases, reporting deliveries of materiel and services, and rendering FMS billings are designed to fulfill this legal requirement. While the LOA makes it mandatory for the purchaser to pay for the full value of FMS transactions, regardless of terms of sale specified for individual cases, it is DOD policy to promptly advise the purchaser of the need for substantive changes to agreement terms or estimates via either case amendment or modification, as applicable (see Chapter 8). Misunderstanding by the purchaser of his financial commitment or of changes to that commitment inevitably results in criticism.

**130103 RESPONSIBILITIES.**

A. **The Assistant Secretary of Defense (Comptroller).** The Comptroller, Department of Defense, establishes FMS financial policies. The Comptroller, DSAA, directs and supervises the financial implementation of the FMS program. Defense agencies carry out the financial policies established by the Comptroller, Department of Defense, and implement procedures promulgated by DSAA.

B. **Executive Agent for SAAC.** The USAF, as Executive Agent, is responsible for operating the SAAC, which centrally performs FMS billing, cash collection, Trust Fund management, and administrative fee accounting for all DOD components.

C. **Preparation and Implementation of DD Form 1513, LOAs.** MILDEPs and other IAs are responsible for preparing LOAs and for establishing estimated P&A of defense articles, defense services, and design and construction services offered for sale thereon; developing payment schedules; preparing and providing any required accompanying data, such as Financial Analyses, and Termination Liability Worksheets; and initiating and processing such amendments or modifications as may be appropriate. They are responsible for negotiating terms of sale for cash sales, in accordance with policy guidance provided by DSAA. They are also responsible for establishing management systems necessary to insure prompt implementation of FMS agreements upon receipt of OA from SAAC, including those systems required to finance, account, and report accomplishment for each individual case. All LOAs and LOIs, as well as amendments and modifications (except those exempted in Chapter 8), will be submitted to the DSAA Comptroller (FMS Control Division) for coordination and countersignature prior to submission to the country.

**130104 BASIC PRINCIPLES.**

A. **Recovery of Costs.**

1. **Payment to Cover Costs.** The DOD will conduct financial management of the FMS program at no cost to the USG except as permitted by the AECA and/or other specific legislation, and ensure prompt and complete accounting to the FMS purchaser. Achievement of this end requires a thorough understanding of the policy and procedures for pricing items and

services furnished, preparation of FMS documents, reporting of delivery, performance or progress payments, and administering and closing FMS cases by all elements administering the program.

2. **Payment in U.S. Dollars.** In compliance with the AECA, Annex A of the DD Form 1513 contains provisions which make it mandatory for the FMS purchaser to pay in U.S. dollars for the full value of the transaction, regardless of the estimated costs, payment schedule, or terms of sale specified on the LOA.

B. **Cost Recoupment Waivers.** Certain charges may be waived by statute. Paragraph 10103 of DOD 7290.3-M lists those that have been approved. Section 720 provides guidance on submitting requests for recoupment waivers. \*

1. **Waiver of Nonrecurring Charges.** \*

a. The pro rata recoupment charges may be reduced or waived for particular sales that would significantly advance U.S. interests in standardization with NATO, NATO member countries, Australia, Japan, or New Zealand. "Waiver" includes reductions. Waivers will be considered where it is demonstrated that a sale will advance U.S. interests in standardization. The burden of such demonstration rests with the purchasing foreign government or international organization. Waivers will be considered on a case-by-case basis taking into account the unique circumstances of the particular transaction. Waivers must be specific by law and blanket waivers are not provided by general agreements. Full waivers solely on the basis of standardization may be granted to eligible countries for which MAP funding has been approved for the current fiscal year.

b. For countries and organizations other than those specified in the preceding sentence, there will be a presumption against granting a waiver unless additional or unusual benefits can be demonstrated. These benefits must be identifiable and attributable to a unique military, foreign policy, or economic advantage of the sale. A description of such benefits will be included in documentation relating to the case. Seldom, if ever, will NC charges be waived for programs involving offshore production of major components, unless such programs are subject to the AECA, Section 27.

c. Authority to approve waivers is vested in the SECDEF and delegated to the Director, DSAA. A waiver request will be considered by DOD only if it is initiated by the country or international organization involved, and forwarded to the Director, DSAA. The Director, DSAA is responsible for coordination and for submitting cases involving opposing views to the SECDEF for decision.

d. These charges are exempted by the AECA and the FAA for those countries and organizations whose cases are fully financed with MAP Grant and/or nonrepayable credit funds, effective 21 November 1989. \*\*

e. This policy applies to all sales, direct commercial as well as government-to-government (FMS), and regardless of whether the items involved are classified as MDE or non-MDE. It does not nullify or modify government-to-government agreements for waiver of NC or asset use charges that were signed prior to 1 January 1982. \*

2. **Waiver or Reduction of Asset Use/Rental Charges for Use of DOD Assets.** In the event the request is provided by the country to the contractor, it should be submitted to the contracting officer who shall refer it through procurement channels to the Director, DSAA, ATTN: DSAA/OPS-E, for decision. Contracting officers should indicate any potential interference with U.S. requirements prior to forwarding a waiver request for DSAA, and assure that the request identifies the total amount of charges involved.

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

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

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

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

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

4. Waiver of Administrative Charges for NAMSA FMS Programs.

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

a. General –

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

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

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

## b. DSAA responsibilities –

- (1) Implement the legislation and resolve procedural questions.
- (2) Determine applicability to specific requests and, where appropriate, approve waivers during final staffing of the LOA prior to countersignature.

## c. NAMSA responsibilities –

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

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

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

## d. U.S. Mission to NATO responsibilities –

- (1) Budget for FMS administrative fee charges waived.
- (2) Advise DSAA of agreement to reimburse DOD for charges waived before the LOA is issued to NAMSA.
- (3) Develop understanding with NAMSA concerning programs for which waivers will be supported.
- (4) Reserve and obligate MFP 10 funds for administrative charges waived under this legislation over the life of the LOA. Administrative charges are computed at three percent of the FMS basic sale price. One and one-half percent of the computed charge will be recouped as part of the initial deposit. The remaining one and one-half percent will be recouped based on the dollar value of items or services estimated to be reported as delivered in each year. For example, on an LOA where deliveries will be evenly distributed over a three year period, with a basic sale price of \$5,000 and a computed administrative charge of \$150, obligations would be recorded as follows: Year one -- \$100 (one and one-half percent of \$5000 plus one and one-half percent of \$1,667, the estimated delivered value for year one); year two -- \$25 (one and one-half percent of \$1,667, the estimated delivered value for year two); and year three -- \$25 (one and one-half percent of \$1,667, the estimated delivered value for year three).

## e. IA responsibilities –

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

130104.B.4.e.(2).

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

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

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

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

f. SAAC responsibilities –

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

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

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

## C. Terms of Sale and Type of Assistance Codes

### 1. General

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

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

b. Use of Terms of Sale on LOAs. Terms of Sale indicate when payments are required and whether the sales agreement is to be financed on a cash, FMS credit (repayable or non-repayable) or MAP funding basis. The IA enters the appropriate Terms of Sale as specified by paragraph 3 below in the "Terms" block (27) of the LOA. If an LOA involves

\*  
\*  
\*

more than one of these terms, the IA will cite on the LOA all of the applicable terms and (except for FMSO I, and Cash with Acceptance) insert the following: "Payment will be in accordance with the provisions of the Financial Annex subject to paragraph B.3.f. of Annex A."

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

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

a. Terms.

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

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

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

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

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

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

(7) **"FMS Credit (Non-Repayable)."** This term applies to payment for an FMS case wholly financed with non-repayable credit funds thereby qualifying the LOA for pricing benefits (exclusion of military salaries and NC of research, development, and production of MDE) as provided for in Sec. 503(A)(3) of the FAA of 1961 and Sec. 21(E) of the AECA. (Procedures for requesting advances of non-repayable FMS credits are contained in Table 902-3A. These advances are not automatic, as in the case for MAP merger disbursements. Purchasers should be encouraged to follow the procedures in Table 903-3A so as not to delay needed disbursements.

b. **Related Information.**

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

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

3. **Type of Assistance (TA) Codes.**

a. **Codes Identified.**

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

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

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

E. Multiple Sources of Financing. The purchaser may choose to supplement available MAP/credit with budgeted national funds. If additional credit/MAP funds become available to the purchaser, it may then request DSAA approval to amend the LOA to convert the cash portion to credit/MAP to the extent that such financing is available. A purchasing nation may also accept an LOA which cites "cash" as the method of payment, and find at a later date that available national funds are inadequate. In such an instance, the purchaser may request DSAA approval to use credit/MAP funds, if available, to finance the remaining payments.



**TABLE 1301-1**  
**CONTRACT ADMINISTRATION RECIPROCAL AGREEMENTS**

<u>COUNTRY</u>	<u>EFFECTIVE DATE</u>	<u>COST WAIVED</u>
Canada (CN)	27 Jul 1956	Contract Audit Quality Assurance and Inspection
United Kingdom (UK)	30 Oct 1979 30 Dec 1985	Contract Audit Quality Assurance and Inspection
France (FR)	17 Jul 1981 23 Apr 1986 23 Apr 1986	Contract Audit Quality Assurance and Inspection Contract Administration Services
Netherlands (NE)	18 Apr 1985 9 Apr 1982	Contract Audit Quality Assurance and Inspection
Norway	23 Nov 1986	Quality Assurance and Inspection
Italy (IT)	7 Jan 1983	Quality Assurance and Inspection
Belgium (BE)	26 Apr 1983	Quality Assurance and Inspection
Germany (GY)	6 Dec 1985 6 Dec 1983	Contract Audit Quality Assurance and Inspection
Denmark (DE)	3 Apr 1985	Quality Assurance and Inspection
European Participating Governments (EPG)	19 Dec 1980	Contract Audit Quality Assurance and Inspection (F-16 Follow-on Buy)
NATO Integrated Communication System Management Agency (NICSMA) (N2), (K4)	30 Sep 1981 6 May 1980	Contract Audit Quality Assurance and Inspection
NATO (All infrastructure programs administered by a NATO Command or NATO Agency)	30 Sep 1981 28 Oct 1980	Contract Audit Quality Assurance and Inspection
NATO (All other infrastructure 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

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TABLE 1301-1. Contract Administration Reciprocal Agreements.

TABLE 1301-2

## SUMMARY OF TERMS OF SALE AND TYPE OF ASSISTANCE CODES

TYPE OF SALE	TYPE OF ASSISTANCE CODE	SOURCE OF SUPPLY CODE	AVAILABILITY	TERM(S) OF SALE	INITIAL DEPOSIT
1. Articles(s) sold only from stock, Secs. 21(b)/29	3	S,E,R*	Anytime	Cash with Acceptance	100% of total estimated cost
2. Articles(s) sold only partially from stock, Secs. 21(b)/29	3	S,E,R*	Anytime	Cash with Acceptance	100% of "S", "E" and "R" coded article(s)
3. Services(s) sold only from stock, Secs. 21(b)/29	3	S	To be performed in a period requiring 100% initial deposit	Cash with Acceptance	100% of total estimated cost
4. Services(s) sold only from stock, Secs. 21(b)/29	3	S	To be performed in a period not requiring 100% initial deposit	Cash Prior to Delivery	As shown in the Financial Annex
5. Services(s) sold partially from stock, Secs. 21(b)/29	3	S	a. To be performed in a period requiring 100% initial deposit	Cash with Acceptance	100% of "S" coded services
			b. To be performed in a period not requiring 100% initial deposit	Cash Prior to Delivery	As shown in the Financial Annex
6. Article(s)/Services(s) sold only from procurement, Secs. 22(a)/29	5	P	To be delivered/performed over a period requiring 100% initial deposit	Cash with Acceptance	100% of total estimated cost
7. Article(s)/Services(s) sold only from procurement, Secs. 22(a)/29	5	P	To be delivered/performed over a period not requiring 100% initial deposit	Dependable Undertaking	As shown in the Financial Annex

TABLE 1301-2. Summary of Terms of Sale and Type of Assistance Codes.

TABLE 1301-2. (Continued)

TYPE OF SALE	TYPE OF ASSISTANCE CODE	SOURCE OF SUPPLY CODE	AVAILABILITY	TERM(s) OF SALE	INITIAL DEPOSIT
8. Article(s)/Services(s) sold only from procurement, Secs. 22(a)/29	5	P	a. To be delivered/performed over a period requiring 100% initial deposit  b. To be delivered/performed over a period requiring initial deposit of less than 100%	Cash with Acceptance  Dependable Undertaking	100% of "S" coded services  As shown in the Financial Annex
9. Mixed stock and procurement or source not predetermined, Secs. 21(b)/Secs. 22(a)/29	4	X	Not predetermined	Dependable Undertaking Cash Prior to Delivery	As shown in the Financial Annex
10. Article(s) and/or service(s) sold from stock, Sec. 21(b) and first sentence of 21(d)**	6	As Required	Anytime	Payment on Delivery	None
11. Article(s) and/or service(s) sold from Procurement Sec: 22(b)***	7	As Required	Anytime	Payment 120 days after Delivery	None
12. Article(s) and/or service(s) sold from stock, first sentence of 21(d)***	8	As Required	Anytime	Payment 120 days after Delivery	None
13. FMSO I, DODI 200.8	U	P	N/A	Cash with Acceptance, \$_____, balance as billed	5/17 of estimated cost plus 100% of Administrative charges
14. FMSO II, DODI 200.8	V	S	N/A	Cash Prior to Delivery, Dependable Undertaking	As shown in the Financial Annex

\*

1301-12

Change No. 3, 1 March 1991

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
18. Federal Republic of Germany				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	
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.

DOD 5105.38-M

**TABLE 1301-3**  
**FOREIGN COUNTRIES AND INTERNATIONAL ORGANIZATIONS**  
**AUTHORIZED DIRECT ARRANGEMENTS FOR DEPENDABLE**  
**UNDERTAKING**

**COUNTRIES**

<u>Africa</u>		<u>Near East and South Asia</u>	
Algeria	Morocco	Bahrain	Nepal
Botswana	Nigeria	Bangladesh	Pakistan
Cameroon	Sudan	Egypt	Oman
Kenya	Tunisia	India	Qatar
Liberia		Israel	Saudi Arabia
		Jordan	United Arab Emirates
		Kuwait	Yemen Republic
		Malta	Lebanon
<u>Europe</u>		<u>Western Hemisphere</u>	
Austria	Luxembourg	Argentina	Haiti
Belgium	Netherlands	Bahamas	Honduras
Denmark	Norway	Barbados	Jamaica
France	Portugal	Brazil	Mexico
Germany (Fed. Rep. of)	Spain	Canada	Panama
Greece	Sweden	Colombia	Peru
Iceland	Switzerland	Costa Rica	St. Lucia
Ireland	Turkey	Dominica	St. Vincent
Italy	United Kingdom	Dominican Republic	Surinam
	Yugoslavia	Ecuador	Trinidad and Tobago
		El Salvador	Uruguay
		Guatemala	Venezuela
<u>Far East</u>		<u>International Organizations</u>	
Australia	New Zealand	NATO (North Atlantic Treaty Organization and its agencies)	
Brunei	People's Republic of China (PRC)		
Indonesia	Philippines		
Japan	Singapore		
Korea	Taiwan		
Malaysia	Thailand		

TABLE 1301-3. Foreign Countries and International Organizations Authorized Direct Arrangements for Dependable Undertaking.

**SECTION 1302 -- BUDGET AUTHORITY**

**130201 BUDGETARY AUTHORITY FOR FMS ORDERS.** To protect the integrity of the FMS purchaser's financial commitment and to ensure proper accounting for fiscal resources of the DOD components, DOD uses uniform budgetary controls for FMS agreements. Budgetary control of an FMS agreement begins after acceptance of the LOA by the purchaser. The purchaser forwards three signed copies of the accepted agreement to SAAC together with any required initial deposit. If the terms of sale have been observed by the purchaser, SAAC records acceptance of the LOA and releases to the IA specific values of OA. The IA must then account for, control, and report obligations incurred against the authority received. The essence of the budgetary control system is the "FMS Planning Directive" (DD Form 2061) and the "Request and Approval of FMS Obligational Authority" (DD Form 2060). Each of these documents form a building block of fiscal data in support of the "FMS Status of Budget Execution Report" (DD Form 1176).

**130202 SECURITY ASSISTANCE BUDGETS**

A. **Purpose.** The administrative implementation of SA programs are financed by funding from either the FMS Administrative Budget or the MAP Administrative and Overhead Support Budget. Exceptions to this funding policy are those FMS related costs which are charged directly to FMS cases and the costs of military personnel involved in administering the IMET Program and the MAP program at all organizations other than overseas SAOs. The following is a description of the budgets, the budget process and guidance to assist participating organizations in preparing FMS administrative, MAP administrative and overhead support, and SAO budgets. Budget formats and instructions for completion will be supplied in each annual budget call.

**B. Financial Resources**

1. **FMS Administrative Budget.** The FMS Administrative Budget is financed by collections from FMS customers derived from the application of an administrative surcharge. Surcharge collections are made by SAAC as they are earned and are then available for allocation to finance FMS administrative requirements.

2. **MAP Administrative, Overhead Support, and SAO.**

a. **MAP Administrative Budget.** MAP and IMET program administrative and overhead support costs are financed from a combination of annual appropriations in the MAP account, and reimbursements from the sale of MAP-owned defense articles (MAP inventory of disposable property returned from recipient countries) which are credited to the current year MAP account as they occur. MAP funds are appropriated to the President. The President, by Executive Order #12163, allocates these funds and delegates the authority and responsibility for their administration to the SECDEF. Therefore, while the MAP appropriation is not part of the DOD budget, the program and its budgeting, funding, and financial administration are generally subject to the same controls and regulations as are DOD appropriations. MAP administrative overhead and support funds are allocated by DSAA to each IA on the basis of MAP Orders and amendments issued to the IA, in an amount equal to the cumulative total cost of funded lines outstanding for each IA.

b. **SAO Budget.** All SAO operating costs are financed using FMS administrative funds (Account #8242) as the carrier account. The portion of SAO costs related to MAP, IMET, and other non-FMS is financed by a reimbursement of MAP funds into the FMS Trust Fund. Effective 1 January 1990, military personnel costs in support of SAOs will no longer be reimbursed in accordance with Fair Pricing Legislation, P.L. 101-165. This reimbursement is effected at the DSAA level. The MAP and FMS share of the total SAO worldwide costs is

\*  
\*

calculated by DSAA using data included in each SAO budget submission. Prior to FY 1983, MAP funds (Account #1080, Budget Project T-20) served as the carrier account and the FMS share of SAO costs was financed by reimbursement of FMS administrative funds into the MAP account.

(1) **Assistance-in-Kind.** While not a funded program, assistance-in-kind (AIK) is an asset of some importance which offsets funding requirements at some of our SAOs. AIK provides rent-free housing and office space, services, utilities and minor equipment from certain countries under terms of bilateral agreements.

(2) **Contributed Currencies.** Contributed currencies are solicited and collected from host countries in accordance with FAA Section 636(h). This section specifies that countries which receive assistance under the Act contribute local currencies to meet the cost of contractual and other services rendered in conjunction with such programs, and that foreign currencies owned by the U.S. be utilized to meet the costs of such contractual and other services. The amounts of contributed currencies are identified in SAO budgets and reflect an offset to the total administrative costs of the SAOs to the USG. Contributed currencies received from foreign countries are deposited in the Treasury Miscellaneous Receipts Account.

C. **Operation of the FMS Administrative and MAP Administrative Overhead and Support of SAO Budget Systems.** A detailed description of the operation of the budget systems follows.

1. **FMS Administrative Fund Budget System/ Procedures.**

a. **General.**

(1) **Cost Recovery Policy.** FMS program implementation expenses are recovered from the FMS purchaser through either direct charges included in the costs of the materials/services being purchased or through specific surcharges which are added to the FMS sales agreement. An administrative surcharge is added to recover DOD expenses related to the general administration and conduct of the FMS program such as, costs of sales negotiation, case implementation, financial management, and reports of discrepancy. DOD policy stemming from the AECA, Sections 21(e)(1)(A) and 43(b)(1) is that those administrative costs incurred primarily for the benefit of a foreign country are allowable charges against FMS administrative funds and should be provided for in FMS administrative budgets. As a general rule, FMS administrative funding is made available to selected DOD organizations actually implementing the FMS program. Funding is not provided to those organizations responsible for formulating U.S. SA policy, such as, DOS, OJCS, or USDP.

(2) **Financial Management.** Financial management of FMS administrative surcharge funds is the responsibility of the Comptroller, DSAA. SAAC provides centralized accounting support assisting in FMS program implementation through the collection of surcharge revenues and the allocation of FMS administrative funds in accordance with DSAA approved annual funding programs.

(3) P.L. 101-165, "Fair Pricing Legislation," exempts reimbursement from the administrative budget for military personnel costs and unfunded civilian retirement costs supporting the administration of the FMS program. The effective date for exemption of military personnel costs is 1 January 1990 and the first complete pay period starting in December 1989 for unfunded civilian retirement. \*\*

b. **FMS Administrative Budget Preparation and Approval Process.**

(1) **Program Objective Memorandum Guidance.** In January of each year the Comptroller, DSAA provides a five year projection of FMS sales activity and administrative fund budget planning levels to each of the MILDEPs and DOD agencies administering the FMS program. Issuance of these multi-year estimates is in cycle with the issuance of Defense Programming Guidance. The planning levels are developed to assist the MILDEPs and DOD agencies in determining FMS administrative requirements for use in formulating their POM.

(2) **Budget Call/Budget Submissions.** In conjunction with the POM guidance, DSAA issues an FMS administrative budget call to those MILDEPs and DOD agencies responsible for the administration of the FMS program. Submission of budget estimates containing multi-year data and justification information is required as part of the DOD budget process. For example, the budget call issued in January 1983 requested the following data for each organization receiving FMS administrative funds:

FY 1982 - Actual obligations  
FY 1983 - Estimated actual obligations  
FY 1984 - Revised funding estimates with justification  
FY 1985 - Initial funding estimates with justification

(3) **Preparation of Budget.** Upon receipt of the budget call the MILDEPs and DOD agencies will prepare and submit their budget requests to the Comptroller, DSAA in the formats and in accordance with the instructions contained in the call. The DSAA reviews each submission and establishes approved FMS administrative funding levels for inclusion in the President's budget as well as an Annual Funding Program (AFP) for the upcoming fiscal year. The following subjects are highlighted in the development and execution of FMS administrative budgets.

(a) **Facilities Projects.** Projects involving construction of new facilities or expansion of existing facilities, that would normally require Congressional approval in the military construction budget process, will not be included in FMS administrative budgets. FMS administrative funds may be used for routine facility maintenance and repair costs in those instances where the costs can be justified as base operating support costs in accordance with the criteria outlined in the annual call. Facility rehabilitation projects at dedicated SA activities may also be financed with FMS administrative funds. Such projects must meet DOD criteria for approval as O&M Minor Construction (project cost not to exceed \$200,000) and must be specifically identified and justified in the budget request. (Note: Prior approval of DSAA is required before funds may be obligated for such projects.)

(b) **Automated Data Processing Projects.** In general, FMS administrative funds may be used to finance system development, investment, and operating/maintenance costs for existing or new FMS management information systems at dedicated FMS activities. At non-dedicated activities, ADP costs chargeable to FMS administrative funds will be based upon an hourly rate for machine time (computers and auxiliary equipment) based on records which indicate machine time required to produce FMS reports or transactions. Programming support is chargeable providing the effort meets the criteria for personnel compensation indicated in the budget call. Requests for new ADP systems (or changes to existing systems) which require development/investment costs of \$100,000 or more and/or an increase to estimated annual operating/maintenance costs of \$200,000 or more must be reported to the DSAA for approval prior to inclusion in FMS administrative budget requests. Such projects must also be discretely identified with supporting justification in the budget submission materiel.



(c) **Special Projects.** Special projects, such as major program efforts, special equipment purchases, contract studies, or contracted support, must be separately identified and justified whenever the estimated cost of the individual project exceeds \$50,000. Examples of projects of this type are the Air Force's SAMIS and the Army's ACOCS-FMS programs. Specific identification and justification of the project will be accomplished through the preparation of a complete budget package comparable to that prepared for a separate activity.

(d) **Base Operating Support Costs.** Base operating support (BOS) costs encompass numerous management, administrative, and support functions associated with the operation of a military installation or activity. BOS costs may be included in FMS administrative budgets only if they are incurred primarily for the benefit of the FMS program. Section 109 of Public Law 99-83, the International Security and Development Cooperation Act of 1985, excludes from charging to FMS administrative funds "a pro rata share of fixed base operation costs." Those BOS costs that may be charged to FMS administrative funding are identified in the annual budget call.

(e) **Dedicated SA Activities.** For budgeting purposes the following organizations are considered to be dedicated SA activities: USASAC, NAVILCO, AFLC-ILC, SAAC, and DISAM. The designation of selected activities as "dedicated" permits charging some prorated BOS costs to FMS administrative funds. In those instances where a MILDEP operates a relatively large full-time SA organization, it is reasonable to assume that some BOS costs are incurred primarily for a foreign country (reference the AECA, Section 43(b)). Since proration techniques are the most practical method for distributing BOS costs, this technique is permitted for some BOS costs at "dedicated" activities. However, as indicated in paragraph (d), P.L. 99-83 excludes from charging to FMS administrative funds a pro rata share of *fixed* base operation costs. Congress defined fixed base operation costs to include, among others, costs for the following: Alcohol and drug abuse program, fire protection, pest control, laundry and dry cleaning, food service, base chaplain, morale, welfare and recreation, and restoration of historical landmarks. In those instances where the full-time SA effort is either concentrated in relatively small subordinate organizations or is scattered through the activity, the use of proration techniques to allocate BOS costs does not demonstrate that these costs have been incurred primarily for a foreign country. The annual budget call provides additional guidance on BOS costs.

(f) **Billing FMS Administrative Funds for Reimbursements Earned.** In the past, organizations have billed and collected funds without supporting documentation indicating that the costs were incurred. Organizations with FMS administrative budgets must assure that reimbursements earned and billed to the administrative funds are based on documented expenses accruing from actual FMS related administrative work.

(g) **Acceleration of Civilian Personnel Costs.** The development of estimated civilian personnel costs for the FMS Administrative Budget requires the application of FMS payroll acceleration rates, except the unfunded civilian retirement factor, to the average annual civilian pay cost to provide for full recovery of the USG's costs. Reference DOD 7290.3-M, Section 701, for FMS payroll acceleration percentage rates and prescribed accounting procedures.

\*\*

(h) **Exempted Programs.** A small number of FMS cases have been exempted from the application of FMS administrative charges. The administrative costs related to these cases are properly funded from service appropriations pursuant to the AECA, Section 43(a) and should not be charged to FMS administrative funds. The exempted programs are identified in the annual budget call.

(4) **Issuance and Use of Funds.** At the direction of the Comptroller, DSAA, SAAC issues quarterly funding allotments to each of the organizations for which an AFP has been established. The MILDEPs are generally permitted to reprogram their FMS administrative funds between object classes to handle requirements which have changed from those originally approved by DSAA. Recipients of FMS administrative funds are required to provide regular accounting reports on the use of the funds and to return end of year unobligated balances to SAAC within a reasonable amount of time after year end certification.

## 2. **MAP Administrative and Overhead Support and SAO Budget Systems/Procedures.**

a. **General.** MAP administrative and overhead and SAO support cost budgets include salaries and allowances, travel, rents, utilities, communications, printing, contractual services, equipment (including passenger and non-passenger vehicles), PCS travel of civilian personnel, transportation of things, and temporary additional duty for the purpose of planning, development, and management of MAP and IMET activities, by the MILDEPs and MAP, IMET and FMS activities by the SAOs, etc. These procedures apply to all costs in the following MAP budget projects:

- L-10 Transportation Costs
- L-20 Packing, Crating, Handling, Port Loading and Unloading Costs
- L-40 Storage and Maintenance of MAP Stockpiles
- L-60 Logistics Management Expenses
- T-10 Administrative Expenses, Departmental and Headquarters
- T-20 Military and Defense Organizations designated to perform SA management functions.

### b. **Responsibilities.**

(1) **Administrative Agency.** The MILDEPs have been assigned Administrative Agency responsibilities for UCOM headquarters by DOD Directive 5100.2, "Support of the Headquarters of Unified, Specified, and Subordinate Joint Commands." The MILDEPs have also been assigned Administrative Agency responsibility for SAO administration and operating support in accordance with DOD Directive 5123.3, "DOD Policy and Responsibilities Relating to International SA (ISA)," as follows:

(a) **Department of the Army.** The countries in the EUCOM and SOUTHCOM areas of responsibility.

(b) **Department of the Air Force.** The countries in the CENTCOM area of responsibility.

(c) **Department of the Navy.** The countries in the PACOM and LANTCOM area of responsibility.

(2) **MAP Budgets/Financial Plans.** The MAP budgets/financial plans for the SAOs, UCOMs, Departmental Headquarters, and subordinate commands will be prepared in accordance with instructions contained in this Chapter, the annual budget call, and other DSAA, Administrative Agency, or Command guidelines.

(a) **Unified Command Role.** UCOMs will prepare their own budget and also review, determine the adequacy of, revise, if necessary, and consolidate the budgets from the SAOs in their area of responsibility. They will forward these budgets to DSAA through the Administrative Agency.

(b) **Administrative Agency Role.** The Administrative Agencies will review and revise, if necessary, the UCOM and SAO budgets as well as review, revise, and consolidate the Departmental and Headquarters budgets under their jurisdiction prior to forwarding them to the DSAA.

c. **MAP/SAO Budget Cycle.**

(1). **MAP/SAO Budget Calls.** DSAA issues two budget calls each year requiring submission of budget estimates and supporting justification materials for the MAP overhead and support activities and SAO budgets. These are the President's Budget Call and the Mid-year Review Budget Call.

(a) **President's Budget Call.** This budget call, usually issued in mid-April, calls for submission of budget estimates and supporting information on or about 1 July. Submissions in response to this call include the estimated actual costs for the prior year, revised estimated requirements for the current year (the fiscal year which will commence 1 October) and estimates for the budget year for inclusion in the President's Budget. For example, the submissions for the FY 1991 President's budget would include estimated actual costs for FY 1989, revised estimates for FY 1990 as well as the initial FY 1991 estimates. DSAA conducts its review of this submission during July and August to establish approved MAP and SAO budget estimates for inclusion in the initial submission of the President's budget estimates to the OMB in September.

(b) **Mid-Year Review Budget Call.** This budget call is issued in mid-January calling for submission of estimates and supporting materials on or about 20 April. The submission includes prior year actual costs and revised current year operating cost estimates. The purpose of the submission is to provide a basis for revising the current approved operating budget to account for necessary fact of life changes. The midyear budget submission should not include new projects or programs unless they are of an urgent nature and fully justified. DSAA conducts its review of the mid-year budgets during April and May and issues revised annual funding programs and matching funding allocations during June.

d. **Development and Submission of Budget Estimates.**

(1) Budget estimates submitted for the President's Budget Review will be completed in accordance with instructions in that call.

(2) Budget estimates submitted for the mid-year review will be modified in accordance with instructions in that call.

(3) UCOMs and all other MAP funded activities will submit to the appropriate MILDEP MAP administration and support requirements for each SAO, Command Headquarters, and other MAP funded activity on formats provided in the call. Submissions of subordinate activities should be reviewed by the UCOMs and adjusted as necessary. Adjustments, if any, will be reflected on all applicable formats. The UCOM will also prepare consolidated formats for all activities under its jurisdiction.

(4) The MILDEPs (Administrative Agencies) will:

(a) Review or develop and consolidate departmental and command MAP administrative and support requirements.

130202.C.2.d.(4).(b).

(b) Review and adjust, as necessary, the requirements submitted by UCOMs and other subordinate activities. Adjustments, if any, will be reflected on applicable formats.

(c) Ensure that budgets are appropriately summarized identifying organizations under the command. Budgets will be assembled in the sequence shown in the call. Submit budgets to the Comptroller, DSAA.

e. **Reports.**

(1) A quarterly SAO manpower report, RCS: DSAA(Q)1218, based on the actual "on-board" strength as of the end of each month, is established to collect data regarding DOD support of the FMS program. Timely and accurate reporting of required data is essential. Refer to the sample report in Table 1302-1.

\*\*

(2) **Reimbursement for Revenue Traffic Airlift: DSAA Form 78-001.**

(a) Reimbursement is required for airlift transportation costs when an SAO assigned aircraft is used by organizations other than the SAO for non-SA missions.

(b) DSAA Form 78-001 should be completed and submitted within two work days after the airlift has been completed. See the sample format in Table 1302-2.

TABLE 1302-1

## MAP/SAO BUDGET REPORTS, INSTRUCTIONS, AND SAMPLE FORMAT

A. The Quarterly Military Manpower Report for MAAGs, Missions, MilGroups, RCS: 1218, will be prepared by each SAO, consolidated and submitted by the UCOM in the following sample format:

1. Sample Format

COL 1	COL 2	COL 3	COL 4	COL 5
<u>SERVICE</u>	<u>RANK</u>	<u>NUMBER OF MEMBERS ON BOARD</u>	<u>NUMBER OF MAN MONTHS ON BOARD DURING OTR</u>	<u>NUMBER OF MONTHS IN USG PAID OR AIK HOUSING</u>
A. Army	0-6	2	4	3
	0-4	2	6	3
Subtotal	XXXX	4	10	6
B. Navy	0-5	1	3	3
	0-2	3	9	-
	E-7	2	6	-
Subtotal	XXXX	6	18	3
C. Air Force	0-6	3	9	9 (3)
	0-5	3	8	3
	E-6	5	15	-
Subtotal	XXXX	11	32	12 (3)
D. Marine Corps	0-5	1	3	-
	0-4	1	2	-
Subtotal	XXXX	2	5	-
E. Coast Guard	0-5	1	3	-
Subtotal	XXXX	1	3	-
F. Total	XXXX	24	68	21 (3)

( ) Equals number of months in AIK housing.

TABLE 1302-1. MAP/SAO Budget Reports, Instructions, and Sample Format.

2. Report Instructions. The information required in each of the columns shown above is as follows:

- (a) Column 1. Identify the organization; e.g., Army, Navy, Coast Guard, etc.
- (b) Column 2. For each organization list only the numerical ranks for which manpower is being reported.
- (c) Column 3. Provide the count, by rank, of the total number of members on board, based on end of month strengths; e.g., if one O-6 is on board for all three months and his replacement is on board at the end of the 3rd month of the reporting period, the total number of O-6's to be reported is 2.
- (d) Column 4. For each member on board at end of month count one man month. For example, in Column 3 example above, total number of O-6 man months to be reported is 4.
- (e) Column 5. Indicate the total number of months during the period in which the members occupied USG owned or leased and AIK provided housing. Occupancy during any part of a month is counted as the entire month. The total months of AIK housing should be shown in parenthesis to the right of the total man months in housing.
- (f) The report will be submitted no later than the tenth calendar day following the end of each quarter by message to the following addressees:
  - HQ USAF WASHINGTON DC//AF-MPPB//
  - DA WASHINGTON DC//DAPE/MBB-M//
  - COMNAVMILPERSCOM WASHINGTON DC//NMPC-713P//
  - CMC CC WASHINGTON DC//FDB//
  - COMDT COGARD WASHINGTON DC//G-CPI//

An information copy of the report should also be provided to DSAA/Comptroller/ Budget.

B. The Request for Revenue Traffic Airlift DSAA Form 78-001, Figure 1302-2 will be submitted in the following sample format. Forward the original and one copy together with a certified statement of actual flying time to DSAA, Attn: Office of Comptroller/Budget Division, Room 4B659, Pentagon, Washington, DC 20301.

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TABLE 1302-1. (Continued)

## TABLE 1302-2

DEFENSE SA AGENCY  
Washington, D.C. 20301

Date:  
Request No:

## REQUEST FOR REVENUE TRAFFIC AIRLIFT

From: \_\_\_\_\_

TO: Chief SAO \_\_\_\_\_

Revenue traffic airlift services as described are requested for the following activity: \_\_\_\_\_

Purpose, date, estimated flying times, and route of non-SA flight mission: \_\_\_\_\_

Billing address: \_\_\_\_\_

Fund Citation to be shown on billing: \_\_\_\_\_

CERTIFICATION BY REQUESTING OFFICIAL: Pursuant to the requirements of paragraph 6-1.b. of DOD Regulation 4515.13R, I certify that commercial transportation is neither available, readily obtainable, nor satisfactorily capable of meeting the requirements. I certify that the requesting office will accept liability for the reimbursement billing for airlift service provided in response to this request.

\_\_\_\_\_  
(Name & Title of Requesting Official)

\_\_\_\_\_  
Signature

For Use by Chief SAO

\_\_\_\_\_  
(Name & Title of Approving Official)

\_\_\_\_\_  
Signature

Form DSAA 78-001

TABLE 1302-2. Request for Revenue Traffic Airlift (Form DSAA 78-001).

SECTION 1303 - ACCOUNTING
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**130301 FINANCIAL ADMINISTRATION OF THE FMS PROGRAM**

A. **Trust Funds.** A separate trust fund has been established to account for payments received from customers and disbursements against implemented FMS cases. This fund can be either cited directly on contracts for the procurement of defense articles or services for that customer or used to reimburse MILDEP appropriations for deliveries from DOD stocks.

B. **SAAC Responsibility.** SAAC has been established as the central DOD office for dispatching billings to, and receiving payments from FMS customers. It provides the customer with a single source to which payments can be made and queries concerning these payments or other financial matters can be addressed.

C. **Payments to Trust Funds.** Cash payments deposited to the customer trust fund other than for initial deposits are based on requests for funds (FMS Billing Statement, DD Form 645) submitted by SAAC. FMS customers are provided detailed information in support of billings for defense articles, defense services, design and construction, and related surcharges. SAAC is responsible for assurance that sufficient cash is available from the foreign government to cover accrued expenditures, costs to be incurred during the remainder of the current quarter, and to meet charges to be incurred during the forthcoming 90 day period; such as, contractor progress payments, contractor holdbacks, potential termination charges, and deliveries from DOD inventories. Therefore, billings will be the amount shown on the payment schedule (financial annex) attached to the DD Form 1513, or the quarterly forecast of the financial requirements accompanying the DD 645 bill, whichever is greater. The quarterly forecast will include accrued expenditures through the billing cutoff plus estimates of the costs to be incurred on behalf of the FMS customer through the calendar quarter following the quarter in which the bill will be mailed; for example, a statement prepared in January (December cutoff with payment due March 15) will project financial requirements through June (see Table 1304-2). Accumulation of large unexpended balances in customer trust accounts for substantial periods must be avoided, except where related to contract holdbacks and other accrued or potential liabilities. \*

D. **Excess Payments.** Payments received for an individual FMS case may be in excess of the final charges. These funds can be retained in the customer's holding account pending further instructions (see para 130402C.). Implementing agencies should not enter any remarks on FMS documents in regard to transferring Purchaser funds from one case to another. Such remarks can be misleading, contradictory to instructions given to SAAC by the Purchaser, and not effective if crossleveling is required. Any excess funds on a case are processed to the Purchaser's Trust Fund and can only be applied to another case at the Purchaser's request.

**130302 AUDITS AND INSPECTIONS**

A. **Purpose.** This section prescribes the action to be taken by SAOs, UCOMs, and other activities having responsibilities for MAP, IMET, and FMS programs on audits, inspections, and reports by GAO; the DODIG; and MILDEP Audit Agencies.

B. **Types of Audits/Inspections**

1. **GAO Audits.** The GAO is empowered by law and DOD authority to conduct independent audits of DOD agencies and functions. The audits consist of comprehensive examinations of an agency's organization, activities, and results of operations. The audit results are set forth in reports containing findings, conclusions, and recommendations that provide a



valuable means of identifying problems that require corrective action. Reports of the audit are made available to the DOD agencies and offices concerned, the SECDEF, OMB, and to Congress.

2. DOD Internal Audits. The MILDEP Audit Agencies are responsible for providing audit coverage of activities in the U.S. that perform functions under MAP, IMET, and FMS programs. The DODIG is responsible for providing audit coverage of activities overseas that perform such functions. Reports of audits are addressed to the audited activity, to the SECDEF, and to DSAA.

C. Notification of Audits and Inspections. Normally, the GAO and DODIG provide advance notice of proposed audits/inspections, their scope, and the time of audit. Upon receipt of notification of audits or inspections relating to MAP, IMET, or FMS activities, DSAA will advise the applicable UCOM and SAO.

D. Policy Concerning Releasability of DOD Records Relating to MAP and FMS.

1. Releasability to GAO. It is DOD policy to cooperate with the GAO by responding quickly to its requests for information, and to allow the GAO access to all pertinent records, with the following exemptions:

a. Materiel relating to foreign intelligence or counterintelligence activities or materiel exempt from disclosure to the Comptroller General by statute.

b. Documents originated by non-DOD agencies are released only with consent of the originating agency.

c. Reports of Military Inspectors General and Criminal Investigations Organizations are released only on approval of the appropriate departmental secretary.

d. Budget program data for fiscal years not yet presented to the Congress (including planning documents) are not releasable.

e. Specific authority of USDP is required for access to:

(1) Confidential correspondence exchanged between heads of state,

(2) Presidential memoranda,

(3) Performance evaluation reports,

(4) Internal Executive Branch working papers and memoranda,

(5) Documents revealing sensitive information about the conduct of U.S. negotiations with foreign countries, and

(6) Other DOD materiel which the Ambassador or major military component commander considers may be sensitive and could, if revealed, have a serious adverse effect on the conduct of USG foreign relations or otherwise prejudice the national interests of the U.S.

130302.D.1.f.

f. When a denial of access to a request for information is contemplated, efforts should be made to determine if alternative methods exist for accommodating the GAO before initiating action to formally deny the request. Agencies are required to promptly notify higher headquarters and the DODIG regarding unresolved issues over access, or contemplated denial of access to records.

2. Releasability to the DODIG. The DODIG shall not be prevented from accomplishing its functions as authorized by DODD 5106.1, except that the DODIG shall be subject to the authority, direction, and control of the SECDEF with respect to audits, investigations, or the issuance of subpoenas that require access to information concerning:

- a. Sensitive operational plans,
- b. Intelligence matters,
- c. Counterintelligence matters,
- d. On-going criminal investigations by other administrative units of DOD related to national security, and
- e. Other matters the disclosure of which would constitute a serious threat to national security.

E. Relationship with Audit/Inspection Agency. Audits of MAP, IMET, and FMS will be conducted in accordance with instructions of the MILDEPs and UCOMs relating to audits and inspections generally.

F. Exit Conference.

1. A letter report on the exit conference conducted by the GAO or the DODIG will be forwarded within 30 days to the Assistant for Audits and Inspections, Plans Directorate, DSAA.
2. When appropriate, DSAA will be represented during the GAO and DODIG exit conferences.

G. Action on GAO Draft Reports.

1. Comments on GAO draft reports must be provided to the GAO within the 30 days allowed by P.L. 96-226. The law does not allow GAO to delay issuance of the report, except under certain circumstances; therefore, the action office must decide quickly whether a response is essential for accuracy of the report, and whether the response can be provided within the deadline. If feasible, a meeting should be convened early in the 30 day response period to convey DOD views to the GAO regarding the draft report, with written comments being prepared and transmitted as soon thereafter as possible.

2. The UCOM will forward a message report with the following information along with its comments to the Assistant for Audits and Inspection, Plans Directorate, DSAA, within 25 days from the date of the draft report.

3. Upon receipt of the draft report, the audited agency will:
  - a. Verify the accuracy and validity of each pertinent finding, conclusion, and recommendation,

130302.G.3.b.

- b. Take suitable corrective action,
- c. Submit to the UCOM within 15 days a statement with respect to each finding, conclusion, and recommendation, giving:
  - (1) Additional facts,
  - (2) Concurrence or non-concurrence,
  - (3) Corrective action taken and anticipated completion date.

#### H. Action on GAO Final Reports

- 1. The GAO transmits final reports to Congress and to OMB with information copies to the SECDEF, the UCOM, and the SAO.
- 2. Action required on final reports is similar to that required for draft reports. Comments should not be repetitive but merely update the statement on the draft report. If DOD was not given an opportunity to respond to the draft reports, audit agencies should take action as outlined above for draft reports. Legal provision and OMB Circular No. A-50 allow a 60 day response period for final reports, which must not be exceeded. When the reply must be delayed, an interim response shall be provided by the established suspense date. The interim response shall address as many findings, conclusions and recommendations contained in the report as possible, and state when a final response will be made.

#### I. Action on DODIG Reports

- 1. The DODIG normally provides a draft report upon completion of the audit to obtain management's comments for inclusion in the final report. The response is usually required within 60 days from the draft report date. The UCOM will forward a reply incorporating the following information and its comments to Plans Directorate, DSAA, within 40 days from the date of the report transmittal letter.
- 2. Upon receipt of the draft report, the audited agency will:
  - a. Verify the accuracy and validity of each finding, conclusion, and recommendation,
  - b. Take appropriate corrective action,
  - c. Submit to the UCOM a statement with respect to each finding, conclusion, and recommendation, giving:
    - (1) Additional facts,
    - (2) Concurrence or non-concurrence,
    - (3) Corrective action taken and anticipated completion date.
  - d. Management responses shall explicitly state concurrence or non-concurrence with audit findings and recommendations. Non-concurrence with findings or recommendations shall be explained fully.

**J. Corrective Action Follow-Up.**

1. SAOs and UCOMs should provide for positive follow-up corrective action responses to GAO and DODIG findings and recommendations. In some instances, special reports on status of corrective action may be required by DSAA. In all cases, the adequacy of corrective action on audits and inspections may be raised during DSAA staff visits.

2. UCOMs will submit reports to Plans Directorate, DSAA, which reflect, as of 31 March and 30 September, the status of incomplete corrective actions for each applicable GAO and DODIG report. The reports are due within 30 days of the close of each semi-annual period, and negative reports are required. Additional guidance on preparation of reports is provided in DOD Directive 5000.41.

**130303 DSAA FINANCIAL MANAGEMENT REVIEW PROGRAM**

A. **Background.** The Director, DSAA, is responsible for carefully monitoring the requirements for and the availability of funds to support FMS programs. Many FMS recipients have limited resources with which to finance essential defense programs. These factors highlight a requirement for DOD and the MILDEPs to review the financial status of FMS programs in order that FMS customers may base programmatic and financial decisions on accurate and timely information.

B. **Purpose.** The DSAA Financial Management Review Program (FMRP) (RCN 1150) was established to identify and resolve current financial problems and to provide an "early warning" system for emerging problems so that the USG and the customer may have as many options as possible in resolving these problems. The FMRP constitutes a country-level overview of a customer's program, taking into account current and projected requirements and anticipated resources, including FMS credits, MAP grants, and budgeted national funds. This information can assist FMS customers in managing their resources and in making crucial decisions related to future FMS purchases. The FMRP does not duplicate or substitute for FMS case financial and logistical reviews conducted by IAs with in-country counterparts, but ties together individual IA programs into an overall country financial summary (see Table 1303-1 Sample Tasking Letter for DSAA RCN 1150).

**C. Procedures.**

1. Each quarter, DSAA selects up to four FMS customer programs for review. DSAA then requests financial data (see Table 1303-2) on a list of cases representing about 90 percent of the ordered value of the FMS program.

2. IAs may be requested to complete a case worksheet furnished by DSAA for certain cases. The following is an example of data elements that may be included in the worksheet:

a. **Total Case Value:** "Estimated Cost" (articles/services/administrative/accessorial value) reflected in block (26) of the 1513 or in block (27) of the latest amendment (1513-1) or modification (1513-2) to the case.

b. **Net Case Value:** "Estimated Cost" (articles and services value) in block (21) of the 1513 or in block (22) of the latest amendment (1513-1) or modification (1513-2) to the case.

c. **Obligations.** The IA's total financial obligations related to the case during the periods cited on the form, for example, value of contracts let and requisitions issued.

130303.C.2.d.

d. **Working Funds.** The amount of funds to be expended on behalf of the case during the period cited on the form; that is, an estimate of the disbursements (reimbursable and direct cite) that SAAC will make from the trust fund for deliveries and contractual progress payments.

e. **TL/Contractor Holdback.** Estimate of additional funds that should be collected for these requirements. [See Chapter 7, Para 70103.H.3.b.(2).] \*\*

f. **Estimated Supply Completion Date.** The date that all articles will have been delivered and all services performed. Provide date in YYMM format; for example, Mar 87 would be 8703.

g. **Estimated Closure Date.** The date that a Case Closure Certificate will be submitted to the SAAC. (YYMM)

h. **Excess Case Value.** Any portion of case value that is in excess of anticipated total costs.

i. **Remarks.** Any exceptional circumstances concerning the financial status of the case; such as, payment schedule front-loaded at customer request; amendment or modification pending to increase/decrease case value or revise payment schedule; or closure delayed because case is in litigation.

3. Following consolidation and analysis of the data, DSAA will meet or correspond with IAs, as appropriate, to follow-up on recommended actions.

### **130304 C-12 MANAGEMENT**

A. **Command Relationships.** The DSAA, DIA, and the USAF MOU, dated 23 September 1983, provides C-12 aircraft to DSAA to assist in implementing the worldwide SA mission. In consultation with the appropriate UCOM, DSAA assigned these C-12's overseas to SAOs on a priority basis. UCOMs provide additional guidance to SAOs on C-12 program management.

B. **Mission.** The primary mission of the eleven DSAA dedicated C-12 aircraft is to support SAO security assistance program management. Other missions may be flown when they do not have an adverse impact on the SA mission and when they are reimbursed.

1. **Security Assistance Missions:** These missions must support SA management responsibilities as outlined in Section 515 of the FAA. Included in this category are local in-country training, evaluation, and maintenance flights. These missions are financed by SA administrative funds.

2. **Other Missions:** There is no legal basis to use SAO SA administrative funds for C-12 flights for other than SAO SA management purposes. Missions flown in the "Other" category shall be flown on a reimbursable basis. Other missions may be flown only when they will not impair SA missions and only in compliance with the laws and regulations governing the use of DOD transportation assets. Examples include: disaster relief, UCOM exercises, visitors who are on non-SA management business, flights flown in support of the U.S. embassy, U.S. Defense Representative responsibilities, or flights flown in support of an FMS case which specifically includes a transportation line. C-12 flights which support Congressional or Congressional Staff Delegations (CODELS) are also included in this category (See Paragraphs 130304D.2.b.(2) and 130304D.2.c.(1). below).

130304.C.

**C. DSAA C-12 Policies.**

1. When SAOs share or jointly use C-12 aircraft, SA missions take precedence over any other SAO requirements.

2. All C-12 missions flown out of the SAO area of accreditation require prior justification to, and approval by, the UCOM.

3. The C-12 aircraft shall be used only when such use is more economical than commercial aircraft or airline services are not available, readily obtainable, or for reasons which must be specified, incapable of satisfying the transportation requirements. The C-12 should not be used if travel requirements can be met when other safe, more cost effective modes of transportation are available; e.g., rail, automobile, etc. The SAO Chief has the authority to make these decisions.

4. Passenger travel and reimbursement shall be in accordance with DOD 4515.13-R, *Air Transportation Eligibility*, January 1980, or by specific UCOM approval before flight, except in case of emergency.

**D. Areas of Special Concern.** Three major areas of concern are: Flight authority, passenger approval/eligibility/reimbursement, and flying hour program management.

**1. Flight Approval Authority:**

a. The SAO Chief may approve Flights within his area of accreditation in support of SA management functions, as specified in Paragraph 130302.A.

b. For "Other" missions, established UCOM approval procedures will be followed and fund cites obtained prior to flight.

c. For DSAA dedicated C-12s, the SAO Chief may approve missions requested by USAF agencies (usually located in close proximity to the SAO) desiring to use their own pilots and flying time. If the USAF agency will use the C-12 on a regular basis, the SAO and the USAF agency should negotiate a written agreement and forward it through the UCOM to DSAA for approval. The agreement should outline scheduling priorities, responsibilities, and administration and shall be consistent with the DSAA/DIA/USAF MOU dated 23 September 1983. These missions will be approved on a non-interference basis.

d. For DSAA dedicated C-12s, the SAO Chief will retain responsibility for the proper use of the C-12 regardless of the agency using or funding the use of the C-12. For DIA dedicated C-12 aircraft, jointly used by the SAO, the SAO Chief will retain responsibility for proper C-12 use for SAO missions.

**2. Passenger Approval/Eligibility/Reimbursement.**

a. Passenger eligibility for all DOD aircraft is set out in DOD 4515.13-R. In brief, normal categories of military travel are permitted to include temporary duty and space-available travel of military members and dependents, provided that such travel does not interfere with the primary SA mission. Special categories of passengers may be eligible for C-12 travel if approved by the appropriate authority as set out in DOD 4515.13-R. NOTE: DSAA dedicated C-12 missions may not be scheduled solely for rest and recuperation purposes.

b. The SAO Chief is responsible to determine if movement of travellers will interfere with the SA mission and is therefore the final authority for passenger movement. This includes authorization of SA travel as well as determination that "Other" travel will not interfere

with the SA mission. The SAO may also approve space-available travel. In addition, the SAO Chief has special authority as outlined in DOD 4515.13-R, Paragraph 14.7, for specified American Embassy personnel, distinguished foreign nationals, key foreign military, and wives of certain officials under certain conditions.

(1) Spouses of DOD personnel, other than authorized by Paragraph 14.7, must have ITOs. Due to unique funding of DSAA C-12 operations, these procedures may differ from other DOD aircraft transportation requirements. In any case, the spouse travel must clearly be in the national interest and there must be an unquestionable official requirement in which the spouse is actually to participate.

(2) CODELs warrant special consideration. The ASD for Legislative Affairs (ASD/LA) has approval authority for non-sponsored, non-reimbursable flights in support of CODELs. In addition, sponsored, non-reimbursable CODEL flights outside of the U.S. must be submitted to SECDEF (DOD 4515.12). In the process of determining the availability of DSAA dedicated C-12 aircraft to support a CODEL mission, DSAA will verify to ASD/LA that the aircraft does not have a higher priority SA requirement. Normally, DSAA will request the appropriate UCOM to obtain C-12 availability from the SAO. Once a decision has been made to use the DSAA dedicated C-12, the MILDEP which has been assigned by ASD/LA to support the CODEL should immediately provide the SAO, UCOM, and DSAA/Plans, TO&MD with a fund cite to support the missions, as well as list of names of official members of the CODEL, identified by the Chairman of the Committee which is sponsoring the CODEL, to ensure that all concerned clearly understand who the authorized passengers are. Pursuant to 31 U.S.C 1108(g), and the rules promulgated thereunder; such as, DOD 4515.12, 12 December 1964, official members of CODELs may be authorized passengers on DSAA dedicated C-12 aircraft. On short notice requests, SAOs should telephone DSAA/Plans, TO&M (AV 224-7976) to resolve questions on CODEL travel. SAOs will keep the UCOM and DSAA/Plans, TO&M Division informed.

c. The reimbursement requirement for passenger travel is also addressed in DOD 4515.13-R. If the passenger is on official duty in support of SAO management functions, he/she is authorized travel and no reimbursement is required. In addition, approval authority for space-available, non-reimbursable travel for designated individuals is granted to SAO Chiefs by DOD 4515.13-R, Paragraph 14.7. Embassy requests for permission to transport non-DOD individuals (outside the authority of Paragraph 14.7) shall be in accordance with Department of State Foreign Affairs Manual Volume 6, Section 185 (6 FAM 185), 18 December 1987, as amended to ensure proper inter-agency coordination. Note that DOS requires that 6 FAM 185 procedures be followed by all non-DOD elements of the Embassy. All other passengers must fall under the purview of DOD 4515.13-R, Paragraph 14.7 as non-reimbursable, or they must reimburse DSAA for their travel.

(1) While some CODEL missions may be considered by DSAA and SAOs to be SA missions, there is no authority for the use of SA administrative funds to support non-SA CODEL missions on DSAA dedicated C-12 aircraft. CODEL mission funding will be the responsibility of the MILDEP tasked by ASD/LA to support the CODEL. The cost for the CODEL mission will be reported by the SAO via DSAA Form 78-001 to the DSAA Comptroller-Budget Division for reimbursement action.

(2) For reimbursable travel, there is no seat mile rate for DSAA dedicated C-12 aircraft. Flying hour rates shall be used. Questions may be directed to DSAA/Comptroller-Budget.

3. Flying Hour Program Management: The responsibilities of SAOs, UCOMs, and DSAA are stated in the following paragraph.

**E. Responsibilities.****1. SAO Responsibilities:**

a. SAOs will provide DSAA, through the appropriate UCOM, the flying hour programs for the yearly budget in accordance with criteria established by this manual and DSAA/Comptroller annual budget call.

b. SAOs are required to submit monthly activity reports to the C-12 System Manager in accordance with the 2852 Air Base Group (ABG/XP), McClellan AFB, CA 95652-5000 and DSAA C-12 Support Agreement FB2049-84200-647, Appendix B, 14 October 1987.

c. SAOs will provide the UCOM with copies of all MOUs between the SAO and other organizations where a shared or joint use agreement is in effect.

d. The SAO is responsible for completing DSAA Form(s) 78-001, "Request for Revenue Traffic Aircraft", and a memorandum certifying actual flying time, for each reimbursable flight and for mailing these forms to DSAA/Comptroller-Budget, Pentagon, Washington DC 20301-2800 as soon as practical (not later than ten working days after the date of the flight). For additional guidance see SAMM Chapter 13, Section 1302, Paragraph 130202.C.2.e.(2).

e. The SAO will keep the appropriate UCOM and DSAA/Plans TO&MD informed on all CODEL missions, as appropriate.

f. The SAO will provide DSAA information pertaining to changes in overall flying hour program requirements as soon as possible. Changes to flying hour programs, or movement of aircraft, can require a lead time of six months to become effective.

g. The SAO Chief will ensure that SAO complies with this section as well as guidance which may be provided by the UCOM. Questions regarding this section should be directed to DSAA/Plans, TO&MD, through the appropriate UCOM C-12 Point of Contact.

**2. UCOM Responsibilities:**

a. UCOMs are charged with administrative oversight of DSAA dedicated C-12 aircraft in their area of accreditation consistent with applicable guidelines and directives to ensure safe and efficient use of these resources.

b. UCOM will keep the Director, DSAA informed of problems or issues resulting from reviews of SAO monthly reports, or other sources, to include corrective action(s) underway.

c. The UCOM will explain to DSAA/Comptroller, Budget not later than 30 days after any flight of DSAA dedicated C-12 aircraft of "other" missions without proposed reimbursement from other than UCOM operations and maintenance funds.

d. The UCOM will assist SAOs in obtaining fund cites for "Other" missions, as necessary, prior to the mission.

e. The UCOM will maintain copies of all MOUs between SAOs and other organizations for joint or shared use of DSAA dedicated C-12 aircraft.



3. DSAA Responsibilities:

## a. DSAA/Comptroller-Budget Division:

- (1) Obtain funding and establish approved flying hour budgets for SAOs.
- (2) Administer reimbursement to the USAF for the total cost of the SAO flying hour program to include the maintenance contract costs, engine overhaul, and fuel.
- (3) Process DSAA Forms 78-001 submitted by SAOs.
- (4) Establish annual flying hour program reporting requirements.
- (5) Provide annual flying hour requirements to the C-12 System Manager at Sacramento Air Logistics Center.

## b. DSAA/Plans-Training, Organization, and Manpower Division:

- (1) Provide policy and program guidance on management of DSAA dedicated C-12 aircraft.
- (2) DSAA office of primary responsibility for Internal Management Control (IMC) reporting on C-12 aircraft to higher authority.
- (3) DSAA office of primary responsibility on the DIA/DSAA/USAF C-12 MOU.
- (4) DSAA point of contact for CODEL travel.
- (5) DSAA POC for 2852 ABG/DSAA Support Agreement.

**TABLE 1303-1**  
**SAMPLE TASKING LETTER FOR DSAA RCN 1150**

In reply refer to:  
 I- \_\_\_\_\_/85

MEMORANDUM FOR THE COMMANDER, U.S. ARMY SECURITY ASSISTANCE  
 CENTER (AMSAC-RP)

CHIEF, PLANS, PROGRAMS AND ANALYSIS BRANCH (OP-631)  
 CHIEF OF NAVAL OPERATIONS  
 DEPARTMENT OF THE NAVY  
 CHIEF, POLICY AND MANAGEMENT DIVISION (AF/PRIM)  
 DIRECTORATE OF INTERNATIONAL PROGRAMS  
 DEPARTMENT OF THE AIR FORCE

SUBJECT: Financial Management Reviews for (COUNTRIES) (DSAA RCN 1150)

Reference: SAMM, Chapter 13, Section III

The reference outlines the objectives and procedures of the financial management reviews conducted under DSAA Reports Control Number AR 1150.

Our next review will cover (COUNTRIES). A list of cases to be reviewed is at Attachment 1. Each IA is requested to complete the financial data form at Attachment 2 for each of the selected FMS cases. IAs should consolidate data from subordinate activities and forward a single response to DSAA. Your response should include the name and phone number of the IA point of contact.

Due dates for submission of the data are indicated below, along with the DSAA primary points of contact. If you encounter any difficulty in meeting these dates, please advise us of the reasons for the delay and the date the information can be provided.

<u>Country</u>	<u>Due Date</u>	<u>DSAA Point of Contact</u>
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Questions concerning these reviews may be referred to the above-listed points of contact, Pentagon extensions 41173 or 47097.

[Signature]  
 Chief, Financial Management Division

Attachment  
 a/s

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TABLE 1303-1. SAMPLE TASKING LETTER FOR DSAA RCN 1150.

TABLE 1303-2

## SOURCES OF DATA REVIEWED

DSAA 1200 SYSTEM

Case listing (90% coverage)  
 Case descriptions  
 LORs  
 Offers outstanding  
 Accepted/Unimplemented

DSAA CMMD

MAP and FMSCR program data  
 Totals  
 Committed  
 Disbursed  
 Uncommitted  
 Undisbursed  
 Commercial contracts  
 FMSCR repayment schedules

SAAC/DIFS

Case values  
 Deliveries  
 Undelivered values  
 Disbursed/undelivered  
   progress payments  
 Computed termination  
   liability  
 Uncarned advances  
 Collections  
   Treasury cash  
   Available cash  
   FRB balances  
   Holding accounts  
 FRB arrearages  
 Billing history and forecast  
 Disbursement history  
 Case closure certificate inventories  
 Crossleveling agreements

IMPLEMENTING AGENCIES

Obligations  
 Multi-year working funds (disbursements)  
 Reserves for termination liability &  
   contractor holdback  
 Estimated supply completion dates  
 Estimated closure dates  
 Estimated excess program value  
 Potential shortfalls

SAOs-CUSTOMERS

Potential new sales requests  
 Potential funding for new sales requests  
 Budgeting data  
   FMSCR/MAP  
 Cash (national funds)

TABLE 1303-2. SOURCES OF DATA FOR RCN 1150.

<b>SECTION 1304 - CASH MANAGEMENT</b>
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**130401 FINANCIAL ANNEX TO THE DD FORM 1513**

A. **Purpose.** To improve the quality of payment schedules attached to LOAs, Paragraph 130401B, this section, provides criteria for payment schedule preparation. The financial annex payment schedule provides the purchaser with a reference to his financial commitment. A sample of the Financial Annex is shown at Table 1304-2.

B. **Payment Schedule.** The payment schedule should project quarterly payments due as of the 15th day of the last month of each calendar quarter. Each deposit amount should be sufficient to cover all costs and contingencies anticipated to be incurred on the purchaser's behalf during the succeeding quarter, plus a reserve to cover TL (for sales from procurement). Specifically, the deposits should provide for incremental payment of materiel, services, administrative charges, accessorial charges, contractor holdback, TL, NC recoupment charges, asset use, and any other applicable contingency or add-on costs.

C. **Preparation of Payment Schedules.**

1. **General.** The preparation of payment schedules requires budgetary estimates under conditions of inflationary uncertainty and uncertainty as to the specific dates when: purchasers will accept and return the LOA for implementation; requisitions for items will be initiated; contracts will be let; progress payments must be made to contractors; deliveries of items, particularly spare parts and support equipment, will occur; and personnel costs will be incurred.

2. **Criteria.** A payment schedule must be developed for each case. In general, payment schedules will include estimates of outlays for sales from DOD stocks, sales from procurement, DOD services and training, administrative, accessorial, and transportation charges. The paragraphs that follow provide criteria for developing payment schedules in anticipation of these costs:

a. **Timing and Amount of Payments.** All payment dates on Financial Annexes other than initial deposits should be 15 days before the end of each calendar year quarter (15 December, 15 March, 15 June, 15 September). Payment amounts should equal the anticipated outlays for the next 90 days after payment date. The timing and amounts of claims for payment will coincide with existing FMS billing procedures as described in DOD 7290.3-M. The payment schedule should specify the initial deposit required at the time of case acceptance. The amount of initial deposit must be sufficient to cover outlays/deliveries anticipated until the first follow-on payment is scheduled for receipt.

b. **Uncertain Date of Acceptance.** When the exact date a purchaser will accept an LOA is uncertain, and a payment is needed a specific number of days after that acceptance, assume that the purchaser will accept the LOA 60 days after it is offered, and specify the first payment date accordingly.

c. **Materiel from Stock.** The schedule for payments related to materiel to be sold from stock will be based on estimated deliveries during each 90 day period following the quarterly payment dates cited in paragraph a. above. The basis of forecasting anticipated delivery will be the use of historical delivery information of specific generic codes and other materiel categories and should be supported by an analysis showing the means of forecasting.

d. **Materiel from Procurement.** Payment schedules for materiel obtained through procurement requiring progress payments to contractors will be estimated based on historical cost curves. These curves should be systematically developed for all major DOD weapon systems and should be reviewed periodically for validity. Payment schedules should include estimated disbursements to contractors, an appropriate contract hold-back percentage, and a reserve for TL.

e. **Concurrent Spare Parts.** For case lines involving concurrent spare parts, estimate dollar deliveries consistent with the delivery of the end items being supported.

f. **Purchaser-Initiated Requisitions.** For cases involving purchaser-initiated requisitions, such as blanket order cases expressed in dollars, over a one-year period, phase payments quarterly for one-fourth of the estimated case value. The first payment should be scheduled 90 days after the estimated date of case acceptance and initial deposit.

g. **Personal Services.** For cases involving personal services, develop a monthly phasing based upon the scheduled dates and elements of cost of the services being provided.

h. **Training Cases.** For training cases involving foreign student entry into courses, schedule the payment in consonance with known or estimated entry into the training courses involved. Open-end or blanket order training cases will require an initial deposit of 25 percent when the case exceeds \$25,000.

i. **Royalties or Pro-Rata NC Charges.** For cases involving royalties or pro-rata NCs, schedule the payment in consonance with production schedules of the end item for which the payment is being collected. \*

j. **Administrative and Accessorial Charges.** Schedule administrative and accessorial costs in consonance with payment schedules for the primary items or services being provided under the case. However, one half of the administrative fee reflected in block 23 of the DD Form 1513 will normally be required with acceptance of the LOA.

D. **Initial Deposit.** To accept an LOA, the purchaser is required to make an initial deposit equal to a portion or all of the estimated value of the FMS agreement. The terms of sale, type of case, projected date of delivery or performance of services, anticipated date of LOA acceptance, and source of supply all have a bearing on the amount of initial deposit.

1. The amount of the initial deposit will be determined as follows:

a. Cash with acceptance, i.e., full case value as initial deposit, is required if delivery of the defense article or service is within 90 days of LOA acceptance, or if total performance is anticipated to be completed before SAAC can bill and collect additional payments (see Table 1304-2).

b. Cash with acceptance is also required for cash sales from procurement if the purchaser is not authorized direct arrangements for dependable undertaking (and, accordingly, is not listed in Table 1301-3), unless DSAA has approved other financing terms.

c. Initial deposit should be one-half of the administrative surcharge shown in block 23 of the DD Form 1513, if there will be no performance on the case during the period covered by the initial deposit.

d. Initial deposit must include a reserve for TL and contractor holdback, if items will be placed on contract during the initial deposit period. The TL portion of the initial deposit is the amount of USG liability if the contract should be terminated during the period covered by the initial deposit, not the full amount of TL that may be required during the life of the case.

e. DOD 7290.3-M provides special guidance for computing initial deposits for FMSO I agreements.

2. The purchaser is responsible for forwarding the initial deposit to SAAC by check or wire transfer at the time of and as an integral part of accepting the DD Form 1513. In the absence of such payment, there is no binding agreement that can be implemented. If the purchaser has excess funds in his FMS Trust Fund Holding Account, he may request use of these funds to pay initial deposits.

#### **E. Accuracy of Pricing and Payment Schedules.**

1. **Need for Accuracy.** Historically, a major area of purchaser concern has been the rapid change in pricing and financial commitments after acceptance of FMS agreements. Purchasers are concerned that the amounts they are required to pay on the DD Form 645, FMS Billing Statements, often differ significantly from the amounts estimated in the LOAs and related payment schedules. Inaccurate payment schedules hamper financial planning on the part of purchasers and, as a result, they must obtain emergency funds from (or must return monies to) their parliamentary bodies.

2. **Effect of Inaccuracies on Customers.** Since purchasing governments typically have budgetary practices that are as involved as our own, emergency funding may not be available in time to avoid penalty interest assessments on delinquent FMS debts. Interest charges for late payments are difficult to defend when the cause for delinquency is attributable to inaccurate pricing and inflated payment schedules provided to the purchasers by DOD.

3. **Prohibition on Front-Loading of Payment Schedules.** LOA payment schedules should reflect the case manager's best estimate of financial requirements. Requests from FMS purchasers to front-load FMS case payment schedules must be coordinated with DSAA Operations and Comptroller prior to submission of the LOA for countersignature. A copy of the purchaser's request must be included in the coordination package. In addition, the amount of acceleration involved with the proposed schedule and the type(s) of financing involved should be identified.

#### **F. Revisions to Payment Schedule.**

1. IAs will revise LOA payment schedules as outlined in paragraph 2 below. A new payment schedule should be furnished whenever a substantive change in payment requirements is evident. SAAC will bill in accordance with payment schedules so long as payment schedules are realistically in line with financial requirements.

2. IAs will establish formal procedures for the review and revision of FMS case payment schedules as follows:

(a) The payment schedule should be evaluated each time a DD Form 1513-1 or 1513-2 is issued that affects case or line values.

(b) Payment schedules for cases with performance extending beyond two years should be reviewed as indicated below:

<u>Total Case Value</u>	<u>Review Frequency</u>
\$100 million or less	Annually
\$100-\$500 million	Semi-annually
\$500 million or above	Quarterly

(c) If the review discloses that actual disbursements and payables vary from estimated disbursements by more than 10 percent, IAs should give priority to revising applicable payment schedules.

(d) IAs will monitor the contract award date contained in the Financial Analysis (SAMM, Paragraph 70103H.3.a.(4)(g) provided with each new LOA. If the contract award date slips, the payment schedule should be adjusted by DD Form 1513-2, within 30 days of contract award.

3. Except in emergency situations, payment schedule changes will be provided to SAAC via a DD Form 1513-2 or DD Form 1513-1.

4. On an emergency basis, when immediate suspension or modification of the billed amount is required, a revised payment schedule may be provided to SAAC by message. However, this means of notification should be used only if a DD Form 1513-2 or DD Form 1513-1 cannot reach SAAC by the tenth day of the last month of the calendar quarter. Message notification must be immediately followed by a financial annex payment schedule modification (DD Form 1513-2 or 1513-1).

5. If an emergency payment schedule change is not followed by a DD Form 1513-2 or 1513-1 containing a new payment schedule prior to the next billing cycle, the FMS billing statement (DD Form 645) will revert to the payment schedule contained in the most recent official LOA document (DD Form 1513, 1513-1, or 1513-2, as applicable).

6. IAs are encouraged to develop standard payment schedule management systems which are consistent with the SAMM with respect to payment schedule preparation and revision.

#### G. Advance Collection for TL.

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1. MILDEPs implementing FMS agreements are responsible for the determination of costs of potential contract termination so that this amount can be collected in advance and held in reserve. These costs are the best estimate of the liability that would accrue to the USG should a particular sales case or agreement be terminated prior to its normal anticipated completion date. For many agreements, potential contract termination costs will change as contracts are awarded, work progresses, purchaser payments are received, and deliveries are made; therefore, estimates will be adjusted accordingly. All LOAs with sales from procurement require TL collections to be included in the payment schedules.

2. The Director, DSAA will be informed of actions taken to determine and collect TL amounts by the submission of TLWs. These worksheets are required for FMS cases with a total value of \$7,000,000 or more and will be provided to DSAA when LOAs are forwarded for countersignature. Further guidance on this requirement and a worksheet format are in Section 701.

3. Advance collections for TL will not be segregated from other purchaser collections and will be used to make payments to suppliers in the event actual disbursements occur earlier than forecast in the TLW.

#### H. Purchaser Requests For Payment Schedule Review.

1. Purchasers are encouraged to raise payment schedule questions or problems at Security Assistance Reviews, Program Management Reviews, Program Reviews, etc., hosted by IAs.

2. Purchasers who wish a review or revision of a specific case payment schedule should forward a request to the appropriate IA. Addresses of the three principal IAs are shown in Paragraph 70103.N. Requests for payment schedule review or revision should be directed to DSAA only in extraordinary circumstances following the IA's review and/or revision. \*\*

### 130402 COLLECTION OF FMS PAYMENTS.

A. Trust Fund Accounts. The AECA requires FMS monies to be collected in advance of delivery, service performance, or contractual progress payments. SAAC performs accounting operations from two parent FMS trust fund accounts: (1) 978242, (Deposits, Advances, Foreign Military Sales, Defense) and (2) 97-11X8242, (Advances, Foreign Military Sales, Executive, Defense). The 978242 account is used for "receipt" of payments from customers for FMS sales. Account 97-11X8242 is for "disbursements" made to suppliers on behalf of FMS purchasers.

B. Integrity of Payment Identification. Cash collections into the FMS Trust Fund are the result of initial deposits at acceptance or are based on requests for funds (billings) prepared by SAAC. Each deposit made is recorded to the appropriate FMS case accepted by the purchaser. If the deposit is not identifiable at the time of payment it is recorded in the FMS customers' "Holding Account" pending identification. Throughout the life of the FMS case, the integrity of case-level accounting for deposits will be maintained by SAAC.

C. Holding Accounts. Payments in excess of the value of a particular case may be transferred into Trust Fund "Holding Accounts," similar to pseudo-cases, under the following conditions:

1. Cash. Surplus cash (national funds) will be transferred to a cash holding account upon case closure or case cancellation. At the purchaser's request, surplus cash resulting from a case value reduction will also be transferred to a cash holding account. Monies on deposit in cash holding accounts are available to the purchaser for application to other FMS cases. Upon purchaser's written request, surplus cash may be refunded provided: (1) the purchaser is not on the current quarter Arrearage Report, (2) there are no major collection delinquencies on other FMS cases, and (3) there is sufficient cash reserve to meet the purchaser's financial requirements (including TL) for the next quarter.

2. FMS Credits. Upon reduction or cancellation of FMS credit-financed cases, SAAC will automatically transfer the excess credit funds from the case to the credit holding account. Prior to each billing cycle, SAAC will move excess funds in the credit holding account to other FMS credit-financed cases, not to exceed the total of credits committed to each case. In selecting the cases to which excess credits will be transferred, SAAC will apply the funds first to credit cases with overdue payments, and then to credit cases with payments due in the next billing cycle. If there are no remaining candidate cases, funds will remain in the credit holding account. Prior to transferring credits to or from cases at case closure, SAAC will make a written request to DSAA/CMMD, so that credit commitment records may be adjusted to reflect the final case value.

3. MAP Merger. Upon reduction or cancellation of MAP merger-financed cases, SAAC will automatically transfer the excess MAP funds to the MAP holding account. Prior to transferring MAP funds to or from cases at case closure, SAAC will make a written request to DSAA/CMMD so that MAP commitment records may be adjusted to reflect the final case value.



D. **Payment Office.** All payments, whether cash or credit, must be made to SAAC for deposit to the FMS Trust Fund account for the purchaser. Payments should identify the reason for the payment. SAAC is responsible for billing and follow-up collection action for indebtedness incurred by FMS customers on FMS cases. IAs will not make requests to FMS customers for payments on FMS cases, but will refer collection problems to SAAC for appropriate action.

E. **Movement of Customer Funds.** SAAC takes action on requests for movement of national funds to and from holding accounts or between cases only when such requests are properly channeled through the FMS customer's designated representative or as directed in an MOA between SAAC and the FMS customer regarding the use of holding accounts and transfer of funds. The use of notes or other references in LOA documents (1513, 1513-1, or 1513-2) concerning transfers or refunds of FMS customer funds is not authorized.

F. **Initial Deposit Follow-up.** When SAAC receives a customer-signed DD Form 1513 or DD Form 1513-1 that is not accompanied by a required initial deposit, it will initiate follow-up action on the tenth working day following receipt of the signed document.

1. SAAC will notify the SAO, the customer organization responsible for payment, and the IA case manager that the initial deposit has not been received. This notification will state that implementation of the LOA or amendment is being held in abeyance pending receipt of the initial deposit.

2. Based on circumstances applicable to the case, including the continued validity of the P&A data supporting the case, the case manager will determine whether to extend the offer expiration date for a longer period pending receipt of the initial deposit. The IA will issue a letter or message extending the offer expiration date or notifying SAAC, SAO, and DSAA that the offer cannot be extended beyond its current expiration date.

3. If the expiration date cannot be extended, or if the extended date expires without receipt of the initial deposit, SAAC will obtain DSAA-COMPT-FMD concurrence to cancel the case. A new LOA will be required if the customer's requirement is still valid.

4. These procedures do not apply to offers where SAAC has been notified that the initial deposit is in the hands of another USG agency, that a courtesy deposit has been made on SAAC's behalf, that funds have been wire transferred (with transaction number), or where the LOA is financed by MAP or FMS credit funds.

### **130403 DISBURSEMENT AUTHORITY FOR FMS AGREEMENTS.**

A. **Case-Level Accounting.** FMS monies collected in advance of delivery, service performance, or contractual progress payments are available for reimbursement to U.S. appropriations or direct-cite payment to U.S. producers. Although these disbursements are controlled on an FMS country basis, accounting for FMS transactions is on an individual case basis. In other words, country cash deposits may be disbursed for the financial requirements associated with any of that country's cases with its consent, expressed or implied, but the integrity of deposit and disbursement accounting for individual cases will be maintained.

B. **Expenditure Authorities.** The total DOD expenditure authority for each FMS purchaser is equal to the amount of undisbursed monies on deposit for the purchaser in the FMS Trust Fund. Any subdivision of this authority must be requested by the DOD components. Based on the amount of a request and of available monies, the SAAC will formally release advice of expenditure authority in a specified amount at FMS country level to the DOD component. The DOD component must exercise prudent control to ensure the disbursement limitation is not exceeded when paying contractors or reimbursing U.S. appropriations.

**130404 ACCOUNTING FOR CONTRACTUAL PROGRESS PAYMENTS.**

A. **Incremental Payments.** Most of the materiel furnished on FMS orders is procured by the DOD on behalf of FMS purchasers. Associated with these procurement actions are incremental, contractual progress payments for work in process. Installment payments reduce the impact on customer budgets and reduce contractor investment in work in process. Similarly, it reduces the mutual risks inherent in case cancellation. It also provides continuing assessment of case requirements and pricing to update elements of inaccurate price estimation that may have occurred at the time of case offer.

B. **Segregating and Accounting for FMS Costs.** Sections 22 and 29 of the AECA necessitate accurate and prompt segregation and accounting for incremental costs to ensure that DOD appropriations are not adversely impacted by contractual payments on behalf of FMS orders. DOD policy is that contractors separately request progress payments when more than one country's requirements or U.S. requirements are included in the same contract. The DOD component that makes the progress payment must promptly report these costs to SAAC to insure that billings accurately reflect the rates at which disbursements are made. If the payment schedule appears to be inadequate, the DOD component should modify it (DD Form 1513-2 or 1513-1) with notification to both the FMS purchaser and SAAC.

## TABLE 1304-1

**FINANCIAL ANNEX  
SUPPLEMENTARY FINANCIAL TERMS AND CONDITIONS**

1. This agreement is financed entirely with cash, FMS loan or grant funds, MAP funds, or any combination thereof as indicated in Block 27 of DD Form 1513, Letter of Offer and Acceptance (LOA), or Block 28 of DD Form 1513-1, Amendment to Offer and Acceptance. The Purchaser agrees to make payments in such amounts and at such times as may be specified by the USG, including any initial deposit indicated on the LOA required to meet financial requirements arising from this case.

2. The Foreign Military Sales Billing Statement, DD Form 645, will serve as the statement of account and billing statement. An FMS Delivery Listing identifying items physically or constructively delivered, and services performed during the billing period, will be attached to the billing statement. The Security Assistance Accounting Center (SAAC) forwards billing statements to Purchasers no later than 45 days before payments are due, and Purchasers will forward payments in U.S. dollars (cash or request for advance of loan funds) to the USG in time to meet prescribed due dates. For cases financed with MAP funds, these funds are merged in the trust fund and applied to the cases. Such costs as may be in excess of the amount funded by MAP or credit agreement funds must be paid by the purchaser, if additional MAP/credit funds are not available. Questions concerning the content of DD Form 645 billing statements and requests for billing adjustments should be submitted to the Security Assistance Accounting Center (SAAC/FS), Lowry AFB, Colorado 80279-5000.

3. Cash payments in U.S. dollars for initial deposits and amounts due and payable on Quarterly Billing Statements (DD Form 645) are to be forwarded to the SAAC or other formally agreed upon repository in time to meet prescribed payment dates. The preferred method for forwarding cash payments is by bank wire transfer to the Department of the Treasury account at the Federal Reserve Bank of New York using the standard federal reserve funds transfer format. Wire transfers will be accepted by the Federal Reserve System (FRS) only from banks that are members of the FRS, therefore, non-U.S. banks must go through a U.S. correspondent FRS member bank. The following information is applicable to cash payments:

- a. Wire Transfer:  
 Treasury Department Name: TREAS NYC  
 Treasury Department Code: 021030004  
 Agency Name: AFAFC/SAAC  
 Agency Code: (3801) Air Force  
 Third Party Information: Identify reason for funds transfer.
- b. Check Mailing Address:  
 AFAFC/ACFC/SAAC/FSR  
 P.O. Box 20030  
 Denver, CO 80220-0030

4. To authorize payments of initial deposits required on LOAs or amounts due and payable on FMS billing statements from funds available under loan or grant agreements, the Borrower will submit a letter of request for each advance of loan or grant funds (where requested by loan or grant agreement being cited as source of payment) addressed to the Defense Security Assistance Agency, 1400 Wilson Blvd., Suite 535, Arlington VA 22209-2535. Letter formats and specific

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TABLE 1304-1. Supplementary Financial Terms and Conditions

instructions for processing required loan or grant advance requests are included in specific provisions of the applicable loan or grant agreement. Questions pertaining to status of loan or grant balances should be directed to the above DSAA address.

5. If full payment is not received by SAAC by the prescribed due date, interest shall be charged as outlined in General Conditions, Paragraph B.3.g. of Annex A to the LOA. The principal of the arrearage will be computed as the excess of cumulative financial requirements over cumulative collections (cash and loan) shown in the FMS Billing Statement after the payment due date.

6. The initial deposit of \$\_\_\_\_\_ required to accompany this LOA is an integral part of the Purchaser's acceptance. If the advance payment is made from loan funds, the Credit Programs Division, DSAA, will submit payments to the SAAC in accordance with Borrower requests for loan advances described above.

7. The payment schedule provided below is for planning purposes. The SAAC shall request Purchaser payment in accord with the payment schedule, unless DOD costs (including 90-day forecasted requirements) exceed the amounts required by the payment schedule. Should this occur, DOD would be unable to comply with the advance payment requirement of the Arms Export Control Act and the U.S. will use its best efforts to provide a revised payment schedule (DD Form 1513-2) at least 45 days prior to the next payment due date. The Purchaser is required to make payments in accordance with quarterly billings (DD Form 645) issued by the SAAC regardless of the existing payment schedule.

8. It is understood that the values on the LOA are estimates, and that the final amount to be charged for items or services furnished will be equal to the final total cost to the USG. When final deliveries are made and all known costs are billed and collected, the SAAC will provide a "Final Statement of Account" which will summarize total final costs of this agreement. Should the final total costs be less than the funds collected, such excess funds will be available for payment of unpaid billings for other agreements. If there are no such unpaid billings, excess funds will be disposed of as agreed upon between the Purchaser and the Comptroller, DSAA.

9. To assist the Purchaser in developing fiscal plans and annual budgets, the USG provides its best estimate of anticipated costs of this agreement in the following estimated payment schedule:

#### ESTIMATED PAYMENT SCHEDULE

<u>PAYMENT DATE</u>	<u>QUARTERLY</u>	<u>CUMULATIVE</u>
Initial Deposit:		

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TABLE 1304-1. (Continued)

**TABLE 1304-2**  
**KEY DATES IN FMS BILLING AND COLLECTION**

<u>Offer Expiration/ Acceptance Dates of LOAs*</u>	<u>SAAC "Cut-off" for Delivery Performance Reports from Implementing Agencies</u>	<u>As of Date on FMS Bill- ing statement</u>	<u>Approximate Date of FMS Billing Statements</u>	<u>Payment Due at SAAC</u>
11 Sep - 10 Dec	16 Dec	31 Dec	15 Jan	15 Mar
11 Dec - 10 Mar	16 Mar	31 Mar	15 Apr	15 Jun
11 Mar - 10 Jun	16 Jun	30 Jun	15 Jul	15 Sep
11 Jun - 10 Sep	16 Sep	30 Sep	15 Oct	15 Dec

\*Accepted LOAs received and implemented between these dates will appear on the next quarterly FMS Billing Statement.

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TABLE 1304-2. Key Dates in FMS Billing and Collection.

SECTION 1305 - BUDGET EXECUTION
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**130501 REPORTS.** Information copies of reports required by Chapter 5, DOD 7290.3-M will be submitted to DSAA by SAAC.

**130502 CASE RECONCILIATION.**

A. **General.** Case reconciliation is not a single action. Rather, it is a series of actions which commence with the implementation of an FMS case and continue through closure. It is DOD policy that case records maintained by IAs are in agreement with SAAC records and that all proper charges and credits are recorded by responsible activities. SAAC country managers are responsible for assuring country level trust fund accounts are in balance. They will, no less than annually, accomplish a country reconciliation using a country level trial balance. Country managers will work with case managers to assure that case records reconcile to country trust fund general ledger accounts.

B. **Facilitating Case Reconciliation.** There are several actions which those responsible for case execution must take to ensure continuing reconciliation leading to final closure. The first action is the careful preparation of all documentation ensuring that it is in compliance with the provisions of this manual and DOD 7290.3-M.

1. **Case File Development/Maintenance.** It is essential that documentation supporting case execution be completed and retained in a manner that makes it available to case managers and those responsible for reconciliation. See Section 1306 for a discussion of case files. Execution of a typical FMS case may span several years. Normal DOD file retention requirements may appear to make retention difficult. Case managers must be familiar with file requirements to ensure retired files can be accessed and specifically that source documents, invoices, GBLs, and other proof of shipments, and other applicable documents which support the use of funds and provide the audit trail necessary to ensure both USG and customer funds are accounted for are accessible. Cases with large volumes of transactions may have the source documents eventually transferred to microfiche. Care must be exercised in reduction and storage of these files to prevent loss of data.

2. **Recording Case Data with Objective Evidence.** Throughout the life cycle of a case, those responsible for case execution must ensure all transactions, financial and logistical are recorded in writing. Particular care must be exercised by those responsible for computer systems to ensure that if data is lost it can be reconstructed from a backup file. Cost statements and large accounting spreadsheets, whether they are kept manually or in a computer, must be backed with applicable source documents. In those rare instances when financial transactions are recorded and supporting documentation is not available, certified memoranda by those responsible must be placed in the file.

3. **Maintaining Accurate and Current Records.** FMS accounting records represent the cash position of purchasing nations. Overages and shortages in these accounts reflect unfavorably on the fiduciary responsibility assumed by the USG in accepting FMS cases for execution. The implications of any inaccuracies in the accounts are misuse of funds and liabilities to DOD appropriations. Consequently, those responsible for the accounting and bookkeeping must make every effort to maintain the accuracy of their accounts and to adhere to the requirements of internal control.

**130503 FMS CASE CLOSURE.**

A. **General.** When ordered articles have been physically delivered and ordered services performed, or no orders have been placed against an open BO LOA for 180 days or more, the IA should consider the LOA a candidate for closure. IAs should submit FMS Case Closure Certificates to SAAC in accordance with DOD 7290.3-M, Chapter 5 after the following actions are complete:

1. **Performance and Billing.** Reports of Performance submitted to SAAC to report all delivered articles and services have processed and billed to Purchaser on FMS Quarterly Billing Statements.

2. **Reimbursement of Costs.** Costs of articles and services have been reimbursed from FMS Trust Funds to DOD appropriations or USG equity accounts.

3. **FMS Accounting Balances.** IA and SAAC accounting balances have been reconciled and all performance and disbursements have been properly reported and accounted for.

4. **Item Discrepancies.** All outstanding ROD claims have been submitted to SAAC.

B. **Estimated Case Closure Dates.** IAs should provide an "Estimated Case Closure Date" in all LOAs. Although a case closure date will not normally duplicate the final estimated delivery date referred to in LOAs, there should be a close correlation. The DOD Executive FMS Reconciliation and Case Closure Board provides the means whereby IAs can recommend final closure of cases when all deliveries are complete although charges on open contracts remain unbilled for the case and cannot otherwise be closed under current DOD guidelines. It is no longer necessary that cases remain unclosed on active files for years after full delivery of articles and services because contract overhead, renegotiation of profit, and similar costs are not finalized.

C. **Case Status.** Cases must be implemented (status "I") in the SAAC FMS accounting data file and the DSAA 1200 System in order to be reclassified closed (status "C"). This also applies to instances when the Purchaser requests cancellation of a case (see paragraph 130705.B.3.).

**130504 DOD EXECUTIVE FMS RECONCILIATION AND CASE CLOSURE BOARD.**

A. **Purpose.** A DOD Executive FMS Reconciliation and Case Closure Board has been established as a means to close cases that cannot otherwise be closed. The general purpose, organization, and functions of this high-level board are described in DOD 7290.3-M, Section 503. The Deputy SECDEF has empowered the Board to authorize the billing actions and accounting adjustments which IAs recommend to bring case level records into agreement and allow closure in accordance with established DOD policy.

B. **Qualifying Criteria for Board Review:** The criteria which should be used by IAs to select cases for submission to the Board are as follows.

1. The case cannot be closed under current DOD policy.
2. There are abnormal balances in SAAC's central accounting system general ledger accounts and the case level trial balance.

3. Formal litigation is not outstanding on the case. That is, a final written decision is pending and has not been released by a contracting officer on a claim (which cannot be mutually settled) by or against a contractor (reference: *Federal Acquisition Regulation*, paragraph 33.221).

4. Even though all local IA and central SAAC case level records have been reconciled, there are known differences that cannot be brought into agreement (such as, unliquidated obligations on open DOD contracts or reports of performance cannot be found to support disbursements), without additional billing actions or accounting adjustments.

5. Unliquidated obligations represent unquantified final overhead costs (such as profit or G&A) which have not been billed or paid on fully delivered open DOD contracts.

6. The IA can identify and recommend the accounting adjustments and/or additional billing actions required to bring local IA and SAAC central case level records into agreement.

C. Categories of FMS Cases Selected for Board Review. After IAs select cases under the criteria parameters, each will be identified in one of the following categories.

1. Category 1. Cases have been fully delivered for longer than 12 months and the only known charges not billed to FMS Customers are not yet finalized amounts on open DOD contracts. These undefinitized unbilled amounts should not exceed the unliquidated value remaining obligated on contract.

2. Category 2. IAs can confirm that case level records have been reconciled, but reasonable effort to bring case level detailed accounting records into balance have been exhausted and it is uneconomical to expend further resources to resolve the imbalance in case level records.

3. Category 3. IAs can confirm that case level records have been reconciled, but the necessary local case level detailed accounting records are incomplete or cannot be located to document the imbalance in local case level records.

4. Category 4. Extraordinary circumstances preventing case closure can be documented by the IA. Examples of this may be instances when FMS customer refuse to pay final billing amounts for cases that have been fully delivered for an extended period or countries no longer have an active FMS program with the USG.

5. Category 5. Cases in this category qualify in category 2 or 3 but also have unbilled amounts represented by unliquidated obligations on open DOD contracts (Category 1).

D. Submission of Selected FMS Cases for Board Review. Cases which qualify and are selected by IAs for Board Review may be submitted as generated to the Board's Secretariat through a central point designated by each IA. Submission of cases is not solicited by the Board. IAs are responsible for identifying and submitting cases to the Board to obtain approval to execute accounting adjustments and additional billing actions which will allow case closure under current DOD case closure policy.

1. The duties of the Board's Secretariat are fulfilled by the Financial Management Division of the DSAA Comptroller and includes arranging for meetings of the Board's Working Group.

2. The Board's Working Group is composed of a DSAA Comptroller and ASD(C) staff member and representatives of the IA with cases under review.



130504.D.3.

3. Each case submitted for Board review is subject to preliminary review by the Working Group to determine its qualification for review and completeness of supporting documentation.

4. The documentation accompanying cases submitted for review must include sufficient information to satisfy the Board that recommended accounting adjustments and additional billing actions are based on valid research. The following documentation should be considered for inclusion in submission packages and may be requested by a Board member:

- a. Case closure analysis worksheet (Table 1305-1)
- b. A brief description of the problem which is preventing case closure. Identify the Category clearly illustrating why the case cannot be closed and provide a chronology of case closure events.
- c. A statement that the unliquidated obligation represents the best estimate of the unpaid amount on the open contract.
- d. DD Forms 1513, 1513-1's and 1513-2's.
- e. Current SAAC-produced case level financial management worksheet.
- f. Final SF 2061, FMS Planning Directive.
- g. Extract of the most recent DD Form 645, FMS Quarterly Billing Statement, for the case.
- h. Case level trial balance (when available from DIFS or FABS).
- i. Portions of the IA's official historical case file that supports the submission.
- j. Recommended accounting adjustments and billing actions to bring the IA's local case level records into balance and agreement with SAAC's central case level records and allow closure under current DOD case closure policy.

5. If the Working Group agrees that cases submitted by an IA meet the criteria and are properly documented for the Board's review, a meeting of the Board will be scheduled.

**E. DOD Executive FMS Reconciliation and Case Closure Board Meetings.** Meetings of the full Board will be scheduled by the Chairman when it is necessary to discuss overall matters of common interest. Members attending Board meetings convened to consider for review will usually be the DSAA Comptroller (Chairman), Director for Accounting Policy [ASD(C)] and the designated board member from the MILDEP with cases before the Board. If an IA other than a MILDEP submits cases to the Board, the submitting Agency will be represented by a properly authorized individual from that Agency and the MILDEP which reports the case to SAAC for billing. A unanimous vote by Board members is required to approve recommended actions.

1. The Board is empowered to release Determinations authorizing the IA to make case level accounting adjustments and initiate additional reporting actions to SAAC by the Deputy SECDEF Charter of 20 February 1987.

2. The Board's Secretariat maintains a record of all Determinations released by the Board and distributes the Board's notice of decisions to appropriate DOD IAs. Each case reviewed by the Board will be assigned sequential control numbers (FYNNN = 88001) which also serve as the reference of authority for executing accounting and billing actions approved by the Board. The board will generally make one of the following determinations:

- a. Approve the recommended actions.
- b. Approve recommendations with modifications.
- c. Return the submission for additional information.
- d. Deny the recommendations.

3. The Board may request other activities such as the DSAA General Counsel or SAAC to attend meetings.

4. When the Board cannot reach unanimous agreement on a course of action which would allow a case before the Board to be brought into balance for closure, the case may be referred to the Office of the Deputy SECDEF with alternatives for decision.

**F. Executing Accounting Adjustments and Additional Billing Actions Approved by the Board.** The basis for initiating case level accounting adjustments and additional reporting actions by IAs based on Board Determinations should be supported by Board Control Numbers. Additional charges on cases which have been routinely closed under current DOD policy and not by Board authority should continue to be routinely processed in accordance with DOD 7290.3-M.

1. RCS: DD-COMP(M) 1517 performance reporting, accounting entries and adjustments, and other case closure actions initiated by IAs and SAAC as a result of Board approval on other than Category 1 cases are to be prepared and processed in accordance with DOD 7290.3-M.

2. Billing and accounting actions approved by the Board for Category 1 cases.

a. The amount approved in this category of cases to be reported to SAAC as the final amount to be charged on the case will normally be the amount of the unliquidated obligations remaining on the DOD contract (or FMS line on a DOD contract) applicable to the case being closed.

b. IAs will report these approved charges to SAAC using DD Form 1517 performance reports.

c. IAs will transfer amounts reported for Category 1 cases to the Central Case Closure Cost Clearing Account managed by SAAC. These transfers should be accomplished with no-check Forms 1080 to SAAC which should include the Board assigned control number and clear account designator 55-X-CCC to identify the transaction as a specific Case Closure Board approved action.

d. After billing and accounting adjustments approved by the Board have been processed and recorded in IA FMS related case level records and in SAAC central accounting records, IA and SAAC case level records should agree, be in balance, and may be certified and closed in accordance with standard case closure guidance in DOD 7290.3-M.

3. Actions required to close board approved cases:
  - a. Standard case closure certification guidance in DOD 7290.3-M applies.
  - b. Verification of the Board assigned control number should be perpetuated in appropriate IA and SAAC closed case records and the case closure certificate.
4. Processing changes to Board approved closed cases.
  - a. Unreported/unbilled charges received after case closure on other than Category 1 cases, will be processed in accordance with DOD 7290.3-M.
  - b. If contractor billings exceed the Unliquidated Obligation on open contracts associated with Category 1 closed cases, the additional amount must be reported to SAAC on DD Forms 1517 as charges on closed Category 1 cases and the billed amount transferred to SAAC for deposit in the Closed Case Clearing Account.

G. Payment of Final Contractor Billings.

1. Payment of final contractor bills received on Category 1 closed cases will be made by the Paying Office identified in the contract (not SAAC) from funds on deposit in the Closed Case Clearing Account.
2. Payment with funds from the Clearing Account may be released only after EA identified to the applicable Board control number, has been obtained from SAAC.
3. The payment of contractor billings from the Clearing Account are to be reported through normal DOD accounting channels to SAAC as disbursements from 55-X-CCC. (DD Form 1517, performance reports, are not required).

TABLE 1305-1

**CASE CLOSURE WORKSHEET**

Managing Activity: \_\_\_\_\_

FMS Case: \_\_ - \_\_ - \_\_

Date --/--/--

1. Case Manager:
2. Date Case Implemented:
3. Date Supply Complete:
4. Reason case cannot be closed (Check one):
  - Category 1: Open contract.
  - Category 2: Further reconciliation uneconomical.
  - Category 3: Incomplete/missing records.
  - Category 4: Extraordinary circumstances.
  - Category 5: Combination of Categories 1 and 2 or 3.
5. Open contracts Information:
  - Contractor:
  - Contract Number:
  - Contract Line:
  - Unliquidated obligation amount:
  - Estimated Contractor closeout date:
6. Estimated closure date without board approval:
7. Recommended accounting and billing actions which if approved by the Board will allow the case to be closed:

TABLE 1305-1 Case Closure Worksheet

**SECTION 1306 -- CASE FILES**

**130601 GENERAL FMS CASE FILES.** General FMS Case Files will be maintained in accordance with Chapter 6, DOD 7290.3-M. Retention of source documents and status reports must be consistent with the life cycle of the FMS case. History files maintained by SAAC must be in accordance with the requirements of DOD 7290.3-M, paragraph 50303A which stipulates that a case never closes for accounting purposes, rather it is recategorized from active to inactive. Per Comptroller, Department of Defense, memorandum, 17 June 1987, documentation supporting FMS disbursements is to be retained indefinitely.

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\*  
\*

**130602 DISBURSEMENT DOCUMENTATION.** DOD components which process FMS Trust Fund disbursement transactions will support the payment voucher with authentic contracts/purchase orders, invoices, and receiving reports. This supporting documentation must reflect proper authorities' certification of receipt and payment for the articles or services. The disbursement documentation must be available without delay for inquiries or requests on particular FMS cases. Additionally, the required supporting disbursement documentation will facilitate the FMS case reconciliation process prescribed in Section 1305 of this manual.

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Section 1307 - PRICING OF FMS TRANSACTIONS
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**130701 GENERAL.**

A. **Background.** In compliance with the AECA, DOD pricing and financial procedures provide for the charging of all DOD direct and indirect costs, including applicable surcharges. The P&R, P&A, or LOA will provide estimated data as indicated below.

B. **Policies for Pricing.** Each DOD component must adhere to the policies prescribed in DOD 7290.3-M.

C. **Single Selling Price.** It is DOD policy to provide a single unit price for articles offered under FMS. It is not normal FMS practice to provide a detailed description of the components of cost included in estimated prices for line items on LOAs. There may be instances where the provisions of such information is necessary to demonstrate that such costs are necessary. Furnishing of cost breakouts beyond single unit prices require DSAA approval.

D. **Direct/Indirect Costs.** The cost of defense articles or services is chargeable to a FMS case if it can be demonstrated that the provision of such articles or services was made solely for the purpose of implementing and administering the FMS case involved. Within FMS, most costs are generally identified as either direct or indirect. The DD Form 1513 lists unit costs, total costs, and selected additional charges but does not specifically identify direct or indirect costs which may be a part of the line item unit costs or the additional charges.

1. **Direct Costs.** A direct cost is any cost that can be identified specifically with a particular final cost objective. Examples are materiel and labor to build or repair a principal item, the costs to train users how to operate and maintain the item, and costs from the Transportation Cost Look-up Table.

2. **Indirect Costs.** An indirect cost is any cost not directly identified with a single, final cost objective. Indirect costs are often accumulated in logical cost groupings, such as administration and transportation and applied as a percentage allocation to direct costs. For example, certain costs such as administration, contract administration, and the transportation cost based on a percentage surcharge would normally be considered indirect costs..

E. **Use of Estimated Prices.** To assure that all costs are covered, quotations on defense articles and services will be cited as estimated prices, with final adjustments to be established after delivery of items from production or the rendering of services. The DD Form 1513 will indicate that prices for articles and services from procurement are estimated prices. Those instances in which firm prices may be quoted on an LOA are discussed in Paragraph 70203 of DOD 7290.3-M.

**130702** (Reserved for future use.)

**130703 ARTICLES FROM STOCK.**

A. **Authority.** Section 21 of the AECA authorizes the sale of defense articles from stock to eligible foreign countries or international organizations. Specific guidance on when the selling price of an article from stock is determined is in Paragraph 70202 of DOD 7290.3-M.

B. **Pricing Principles.** Standard prices will be used when non-excess materiel is to be sold and no inventory replacement is required. For the sale of principal items a test is required to determine if a requirement for inventory replacement is created as a result of the sale. When an

article is supplied from inventory with replacement required, the FMS selling price will be the best estimate available at the time of drop from inventory. When no replacement is required, the price will be based on the most recent actual procurement cost of the "series" and "model" being sold, and will consider any modifications or improvements, as well as desirability or utility due to age or condition.

C. Replacement Factors for Secondary Items/Non-CLSSA

1. Criteria for Charging Such Costs. The stock list price of procurement funded secondary items furnished from inventory will be increased by a surcharge published by the Comptroller, Department of Defense. The surcharge will be included in the item's price and covers the increased costs, anticipated due to inflation, of replacing the item from procurement sources. See Section 702, DOD 7290.3-M.

2. DD Form 1513 Presentation Most such items will be provided against blanket order FMS cases. The dollar values offered in the LOA should cover appropriate replacement pricing.

3. Military Department Delivery Reporting. MILDEP Delivery reports will reflect the item selling price as a single price combining stock list price plus the Comptroller, Department of Defense, published surcharge amount.

4. Applicability. This instruction does not apply to stock fund pricing, but only to central procurement secondary items provided from DOD inventories. As indicated in DOD 7290.3-M, CLSSA (FMSO II) shipments will be priced at standard price plus an acquisition surcharge. See Table 702-14, DOD 7290.3-M for CLSSA and non-CLSSA surcharges.

D. Quotation of Firm Prices. DOD components will quote firm prices when offering principal or major items from DOD stocks as provided in DOD 7290.3-M, Section 702. All LOAs offering principal or major items from DOD stocks will be coordinated with the DSAA Operations Directorate. In the exceptional instances where a MILDEP recommends that firm prices not be quoted, the rationale will be identified during the coordination process.

130704 ARTICLES FROM PROCUREMENT

A. Authority. Section 22 of the AECA authorizes the sale of defense articles from procurement to eligible foreign governments and international organizations. Pricing of defense articles from procurement will be in accordance with DOD 7290.3-M, Section 703 and will include full DOD contract costs and authorized surcharges.

B. Purchaser Obligations and Contracting Principles. The purchaser is obligated to pay all costs incurred by the USG as well as any damages or costs that may accrue from the purchaser's cancellation of the contract. In general, defense articles shall be priced on the same basis as the cost principles used in pricing defense contracts for items for DOD use. However, recognition shall be given to reasonable and allocable contractor costs which are justified in connection with a particular sale (see DOD FAR Supplement, 225.7304(c)).

C. Government Provided Engineering Services.

1. Criteria for Charging Such Costs. Government-furnished engineering services may be requested by the purchaser, or costs may be incurred to provide such services as a part of the production of articles being sold under FMS. Those services will be offered on LOAs, reported and billed in the same manner as any other service sold under FMS. The criteria for

determining whether government-furnished engineering services associated with equipment purchases should be charged directly to an FMS case are:

a. Performance is necessary for production, configuration control, or reliability of the article being sold. The costs to be charged for such services will be based on the proportionate share of man-years needed for the FMS items being produced. As a general proposition, the costs will be derived by pro-rating total engineering costs by the ratio of items being produced for FMS purchasers to the total items being produced in the same time frame.

b. These DOD costs must be allocable to a specific program rather than be performed to benefit the FMS program in general. Virtually all man-years associated with FMS-related engineering tasks are allocable; however, it is recognized that some engineering man-years may be required for general FMS administration and, upon proper documentation that the cost of such man-years cannot be allocated to FMS case lines, they may be charged to the FMS administrative budget or fund.

c. As indicated in DOD 7290.3-M, engineering costs are chargeable directly to an FMS case only if they are recurring in nature, and are related to a current production run in which FMS materiel is being produced. NC are recoverable via policies and procedures included in DODD 2140.2 and DOD 7290.3-M.

\*

2. **DD Form 1513 Presentation.** Estimated costs of providing engineering services associated with production of purchased items will be included in the estimated unit costs of the item being purchased. Thus, the LOA item price will include not only the estimated contract cost to produce it (including GFM) but also the cost of services required to assure production in the correct configuration. Such costs will also include the pro-rata share of government-furnished testing and evaluation services.

3. **Military Department Delivery Reporting.** MILDEPs will include the appropriate pro-rata share of applicable government-furnished engineering service costs in the reported U/P of the purchased item. SAAC will submit billings to countries at the full U/P reported by the MILDEP.

**130705 AUTHORIZED CHARGES.** See Table 1307-1 for a list of charges used in FMS pricing. Also see Section 130104.B.

\*

A. **Accessorial Charges.** These charges represent certain expenses incident to issues, sales, and transfers of materiel which are not included in the standard price or contract cost of materiel, such as:

1. **Packing, Crating and Handling.** Packing, crating, and handling (PC&H) costs are costs incurred for labor, materiel, or services in preparing the materiel for shipment from the storage or distribution point.

2. **Transportation.** Transportation charges include inland (second destination) and ocean transportation costs representing shipments by land, sea, air, inland and coastal waterways, vessel or air, and including parcel post via surface or air.

3. **Port Loading and Unloading.** These are costs for labor, materiel or services at ports of embarkation or debarkation.

4. **Prepositioning.** Supply distribution costs incurred by locations outside the U.S. in anticipation of support to other authorized customers. These costs are applicable when



shipments are made from overseas storage and distribution points, except that no positioning costs shall be assessed on "long supply" stocks.

5. **Staging.** These costs are for aggregation or prepositioning of materiel in U.S. facilities within CONUS.

## B. Administrative Charges.

1. **Scope.** An administrative charge shall be added to all FMS cases to recover DOD expenses related to the administration of FMS transactions in accordance with Section 21(e)(1)(A) of the AECA. Normally, the charge will be three percent; however, in certain instances a five percent charge will apply. See DOD 7290.3-M, Section 705, for the appropriate administrative charges which must be included in FMS cases. If the LOA contains both standard and non-standard items, they must be cited as separate line items on the LOA.

2. **Case Cancellation by USG.** Cancellation charges will be assessed on cases cancelled for the convenience of the USG only on an exception basis when approved by DSAA.

3. **Case Cancellations by FMS Purchaser.** Earned reimbursements for administrative surcharges are not refundable; i.e., the 50 percent that is earned when the case is accepted. Unearned administrative surcharges, i.e., partial delivery but prior to full delivery of FMS case ordered articles or services may be charged in accordance with the following guidance:

a. For LOAs under \$25 million which are cancelled.

(1) SAAC shall retain a portion of the administrative surcharge that equals one-half of the estimated articles and services ordered value, or the administrative rate times the actual articles and services delivered at closure, whichever is higher.

(a) FMS Orders for Nonstandard Articles. SAAC shall retain one-half of five percent of the basic sales price of the order or five percent of the value of articles and services delivered at the time of closure, whichever is higher. The five percent administrative surcharge may be reduced to three percent (but not lower) based on the DSAA Director's determination.

(b) All Other FMS Orders (Standard Defined).

(1) Offers signed after 1 October 1977. SACC shall retain one-half of three percent of the basic sale price of the order or three percent of the value of articles and services delivered at the time of closure, whichever is higher.

(2) Offers signed before 1 October 1977. Compute as stated above, using a two percent administrative surcharge rate instead of the three percent.

(2) CLSSAs.

(a) FMSO I. SAAC shall retain the one-time nonrefundable administrative surcharge of five percent on the on-hand portion (Part A). For amendments that decrease the value of the on-hand portion, no adjustments will be made to the nonrefundable administrative surcharge. However, for amendments that increase the value of the on-hand portion, the five percent nonrefundable administrative surcharge will be charged on the increase and shall be retained by SAAC. No administrative surcharge shall be charged on the on-order portion (Part B) of the LOA. An administrative surcharge of five percent shall be charged for inventory over and above the on-hand portion of the case.

(b) FMSO II. SAAC shall retain a three percent administrative surcharge on requisitions processed.

b. For LOAs valued at \$25 million or greater which are cancelled. The DSAA Comptroller shall determine the appropriate administrative surcharge to be retained by SAAC; however, the charge shall normally be at least \$250,000.

4. LOA Notes Regarding Cancellation Charges. A note should be placed in LOAs to provide the amount of the administrative charge which may be assessed should the LOA be cancelled.

5. Assessment of Administrative Charges at Closure on Cases Cancelled at FMS Purchaser's Request.

a. SAAC may assess an administrative charge equal to one-half of the applicable administrative charge on a cancelled case's estimated articles and services ordered value if that amount is greater than the administrative charge on the actual delivered articles and services value and the IA indicates DSAA approval on the closure certificate. DSAA countersignature of DD Form 1513-2 does not constitute DSAA approval.

6. IA requests for DSAA approval to allow SAAC to assess cancellation charges should be routed to the DSAA Comptroller and documented as follows:

a. Copy of Purchaser's request for case cancellation or a written explanation why the case was cancelled.

b. DOD's over and above costs if items on the cancelled case have been placed on contract by the IA.

c. Statement that cost incurred in implementing and cancelling the case will/will not be recouped by the administrative charge assessed on the actual delivered value.

d. Name and telephone number of the individual to whom inquiries may be directed.

7. Cancellation of FMS Cases. In the event that the FMS Purchaser cancels an entire FMS case prior to the delivery of all articles and services, a case cancellation fee may be assessed. One half of the administrative fee will be included in the "initial deposit" to cover this requirement unless otherwise agreed upon by the DSAA, Comptroller.

8. DSAA may approve waivers or reductions outside of the above parameters if circumstances dictate. Such waivers or reductions shall be fully documented and demonstrate that estimated administrative costs incurred on the case have been recouped.

### C. Logistics Support Charges.

1. Background. DOD 7290.3-M directs that an LSC be added to FMS case lines for spare parts, supplies, and maintenance of customer owned equipment to recoup an appropriate share of the cost incurred in the logistics support area. See DOD 7290.3-M Section 717 for a complete discussion of how the charge is to be applied.

2. **DD Form 1513 Presentation.** The LSC is to be included in the single selling price presented to FMS purchasers in the LOA for those lines coded with the applicable generic codes listed in DOD 7290.3-M.

3. **Reporting.** SAAC will apply a 3.1 percent LSC, as applicable, to the extended value amounts reported by the IAs in the DD Comp(M) 1517 billing reports. However, in accordance with Paragraph 71704C of the DOD 7290.3-M, the IAs will determine from SAAC the amount of LSC to include in the IA's Case Closure Certificate to be submitted to SAAC. \*

**D. Nonrecurring Cost Recoupment Charges.**

1. **Background.** Section 21 of the AECA requires that an appropriate charge be made for a proportionate amount of any NC of RDT&E, and production of MDE. Implementation guidance on establishment of charges, collections, and waivers is contained in DOD Directive 2140.2.

2. **DOD Component Responsibility.** DOD components are responsible for determining recoupment charges for all items of defense equipment. DOD components must use actual, not program, cost data and may use estimates where the development of more precise data is not possible; however, in the latter case, it must be demonstrated that a reasonable approach was used and prior approval of alternative costing methods must be obtained from DOD Comptroller (Accounting Policy), with DSAA concurrence. The costs to be applied against the foregoing threshold levels shall normally be determined based upon the roll-away, sail-away or fly-away cost of the end item, and assessments for product sales shall be made on the basis of end item sales. In the event an end-item contains one or more components which individually meet these thresholds, recoupment will be made on both end item and component sales. Nonrecurring RDT&E costs are those costs funded by an RDT&E appropriation to develop or improve the product or technology. This includes costs of any ECP initiated prior to the date of the contract with the customer, as well as projections of such costs, to the extent additional effort applicable to the sale model or technology is necessary or planned. It *does not* include costs funded by either procurement or O&M appropriations to improve the product or for costs of publications. The costs of improvements are recurring costs and will be recovered in accordance with DOD 7290.3-M. Nonrecurring production costs are those one-time costs incurred in support of previous production of the model specified and those costs specifically incurred in support of the total projected production run from which delivery is to be made which would normally be expenses against a production run. These NCs include such costs as pre-production, special tooling, special test equipment, production engineering, product improvement, destructive testing, and pilot model production, testing, and evaluation. They do not include costs of government property or facilities for which rental or asset use charges will be assessed. "Special" nonrecurring RDT&E or production costs are those incurred at the request of, or for the benefit of, the customer in developing a special feature or unique requirement. These "special" costs must be paid by the customer as incurred. The objective of applying these recoupment charges is to ensure that a purchasing customer pays a fair price for the value of DOD "sunk" investment costs. The pro rata recoupment charge is to be included in the FMS or direct commercial sales price of the product or technology unless reduced or waived as outlined in paragraph h. below. Fair Pricing legislation exempted the assessment of NC for those countries/organizations whose cases are fully funded with FMS Credit (non-repayable), effective with deliveries reported to SAAC after 1 December 1989. \*

3. **DSAA Approval.** Prior to applying pro rata NC recoupment charges to sales of items on the MDEL, components will insure that the proposed pro rata charge has been approved by the Director, DSAA. Approval will be requested only for MDE items, and for which there has not been an approved NC pro rata charge established since 5 January 1977.

4. **Format.** Requests for approval of pro rata charges for each MDE item will be submitted on the format shown in Chapter 7, Section 700, Figure 700-1. USG nonrecurring RDT&E and production costs will be shown separately. The total of these two entries, i.e., the total USG nonrecurring investment in the item, will be prorated against past and projected production quantities for USG, FMS, MAP, and direct commercial sales. Actual past and projected production quantities will be depicted and a country breakout for FMS and direct commercial sales projections will be shown. FYDP forecasts will normally be used to indicate the U.S. military service production quantities; however, for those items for which Selected Acquisition Reports (SARs) are required, the latest SAR data will be cited, as applicable.

5. **Pro Rata Charges Determined before 5 January 1977.** If the pro rata charge was determined prior to 5 January 1977, it will be reviewed to identify any significant changes. Changes requiring approval by DSAA will be submitted to Director, DSAA, in the format of paragraph D., above.

6. **Direct Commercial Sales.** The DOD requires that, in the case of direct commercial sales of defense items to foreign countries and international organizations, the U.S. contractor must collect and pay to the cognizant MILDEP the appropriate NC recoupment charge for the items being sold. MILDEPs will insure that they have in place an operative system for assessment, monitoring, collection, and reporting of these recoupments in order to insure that all appropriate payments are in fact made to the DOD. This system will provide for the following actions to be taken:

(a) **Applicable Items.** The development of complete lists of non-MDE and MDE items under the cognizance of the MILDEP which require assessment of an NC recoupment charge in accordance with DoDD 2140.2 and a reference to the contracts in which the recoupment clause applicable to the items is contained.

(b) **Cross-Reference of Export License Requests.** The cross-referencing of all export license requests processed by the MILDEP against these lists to determine whether the commercial sale is required to have a NC recoupment charge assessment.

(c) **Editing Munitions Control Export Licenses.** Munitions Control Export Licenses will be annotated to indicate the amount of NC recoupment charge which the contractor is required to reimburse to the USG, and indicate the office in the MILDEP to which the payment is to be made. It is emphasized that this process should in no way delay the expeditious handling of Munitions Control Export Licenses. In the event that appropriate NC recoupment charges have not been determined for a particular item, the munitions control license should be annotated only to show that a charge may be required, and that the contractor is directed to contact the designated MILDEP administrative or procurement contracting officer to ascertain the specific recoupment charge. Recommendations for approval of an export license request may not be conditioned upon an agreement by the license applicant to pay such a charge to the USG in a case in which the MILDEP knows that the applicant does not have a current contractual obligation with the USG to make such payments.

7. **Reporting.** Collections received both from FMS and commercial sales transactions will be reported in the DSAA(Q)1112 report required by DoDD 2140.2. This report will be submitted quarterly by each DOD component, to DSAA Comptroller, within 45 days of the end of each quarter.

130705.E.

**E. Asset Use**

1. **Charges for Use of USG-owned Facilities.** Sale of defense articles to any foreign country or international organization shall include appropriate charges for any use of USG-owned facilities, plant and production equipment in connection with the production of the defense articles. Charges for use of USG-owned facilities, production and research property shall be assessed as follows:

a. **Rental Charges for Use of DOD Assets.** Sales of defense articles which were produced in government-owned facilities or with government-owned industrial plant and production equipment, for which a rental is assessed in accordance with the provisions of DOD FAR Supplement 45.4 and FAR 52.245-9, will be priced to include the appropriate rental charge. When there is a provision for rental charges for use of U.S. facilities, plant, production or research property, in the DOD facilities contract, the rental charge will be assessed.

b. **Use of U.S. Industrial Plant Equipment for Work for Foreign Governments or International Organizations.** Non-government use of USG-owned industrial plant equipment requires prior written approval of the contracting officer or Departmental level approval depending upon the percentage of usage, in accordance with the provisions of the DOD FAR Supplement 45.407.

c. **Use of U.S. Production and Research Property for Work for Foreign Countries or International Organizations.** Non-government use of U.S. production and research property for foreign procurement requires the prior written approval of the MILDEP having cognizance of the property. Such approval may be granted only if use will not interfere with U.S. requirements, and the work is in support of FMS or a direct commercial sale approved under the terms of the AECA. Either the asset use or applicable rental charges will be assessed.

2. **Charges for Items Provided from Inventory**

(a) **Military Department Delivery Reporting.** The MILDEPs will report inventory item shipments to SAAC at stock list price or replacement price as applicable. At case closure a certificate will be submitted from the MILDEP to SAAC.

(b) **Attrition Charges for FMS Training.** Attrition charges for FMS training, 4 percent for flying and 1 percent for non-flying, are to be included in the tuition rates billed to the customers. Attrition charge collections made by the MILDEPs will be forwarded to SAAC for deposit. See DOD 7290.3-M, Section 104. Use of these funds must be approved by DSAA. When equipment is damaged beyond repair due to FMS student error, a report of the loss and request for finding to cover procurement of the replacement items shall be submitted to the DSAA Comptroller for approval.

(c) **Applicability.** These provisions do not apply to rental charges made under the provisions of the FAR for items provided from procurement initiated to meet FMS customer requirements. FAR rental charges for items furnished from procurement will vary depending on the degree of use of DOD facilities and are included in contractor billings.

**F. Quality Assurance and Inspection, Contract Audit Services, and Other Contract Administration Services.**

1. Refer to DOD 7290.3-M, paragraph 70305 for guidance regarding recovery of CAS costs incurred in support of new procurement for FMS.

2. Costs incurred by DOD for QA and inspection and CAS will be assessed for FMS programs as prescribed by DOD 7290.3-M.

G. Review of Accessorial and Administrative Rates. Rates for accessorial and administrative costs are subject to review at least every two years. Requests for exceptions to the pricing policies prescribed herein, decisions to resolve disputes, or deviations from any price or service charge when it can be shown that such deviation is in the best interest of the USG shall be submitted through the Director, DSAA, to the ASD(C). Such requests will contain the basis or justification and supporting data for the exceptions. See additional guidance in DOD 7290.3-M, Section 721.

TABLE 1307-1  
Summary of Charges Used in FMS Pricing

Type	What it is typically for	Abbreviation	Generic Code	Typical Location on DD 1513	Applied by--for billing	DOD 7290.3-M Reference
1. Admin Surcharge	Cost of administering the FMS program	ADMIN	L6A	Blk 23/24	SAAC	Sec. 705
2. Non-recurring Cost Recoupment	Pro rata recovery of RDT&E and Production startup	NC	-	Included in Line	IA	Para 70205 DODD 2140.2
3. Contract Administrative Surcharge	Contract Admin, Audit & Quality Assurance	CAS		Included in Line	IA	Para 70305
4. Packing, Crating & Handling	Obtaining items from inventory and preparing for shipping	PC&H	L2A	Blk 22	SAAC	Para 70402
5. Transportation	Cost to U.S. of transporting customer material using DTS or a GBL which must be charged to purchaser	TRAN	L00	Blk 25	SAAC	Para 70403
6. Logistics Support Charge	Cost of Logistics Support	LSC		Included in Line	SAAC	Sec. 717 *
7. Stock fund price adjustment surcharge (CLSSA)	To allow for price growth			Included in Line	IA	Para 70202B1 *
8. Stock fund replacement surcharge (non-CLSSA)	To recover replacement costs on sales from stock			Included in line	IA	Para 70202B2 *

TABLE 1307-1 Summary of Charges Used in FMS Pricing

1307-10

Change No. 2, 2 July 1990

DOD 5105.38-M

TABLE 1307-1 Summary of Charges Used in FMS Pricing (continued)

Type	What it is typically for	Abbreviation	Generic Code	Typical Location on DD 1513	Applied by--for billing	DOD 7290.3-M Reference
9. Procurement Funded secondary items (non-CLSSA) Replacement Surcharge	To recover replacement costs on sales of secondary items			Included in Line	IA	Para 70202C2 *
10. Force Rearrangement Factor--Sale of major item replaced with an improved item	To recover costs to IA of rearranging its forces, changes to spares, etc.			Included in Line	IA	Para 70202E2d *
11. Staging	Cost of staging items prior to shipment		L40	Blk 25	SAAC	Para 70403C *
12. Storage (FMSO)	Cost of storing on-hand inventory		L4A	Included in Line	IA	Para 70801 *
13. Storage (other)	Cost included per Note #7 Explanatory Notes, DD 1513		L4B		IA	Para 70801 *
14. Special SDAF Surcharge	To maintain solvency of SDAF Account			Included in Line	SAAC	Para 71807 *
15. Royalty Fees	To recoup cost of USG technical assistance and know-how		R9D	Included in Line	SAAC	Sec. 715 *



TABLE 1307-1 Summary of Charges Used in FMS Pricing (continued)

Type	What it is typically for	Abbreviation	Generic Code	Typical Location on DD 1513	Applied by--for billing	DOD 7290.3-M Reference	
16. Publication Pricing factors				Included in Line	IA	Sec. 716	*
<i>Acquisition Cost (AC)</i>	Cost of preparing masters						
<i>Copy Prod Cost (CPC)</i>	Cost of Printing						
<i>Special Cost (SC)</i>	Other costs such as sanitization						
17. Acceleration Rates	To recover full cost of providing USG services			Included in Line	IA	Sec 701	*
18. Travel	To recover travel costs associated with case negotiations and coordinated efforts.			*Included in Line	IA	Sec. 719	**

\*Initially charged to administrative funds -- subject to reimbursement from program management line after LOA is signed.

**TABLE 1307-2**

(Reserved for future use.)

## SECTION 1308 - PERFORMANCE REPORTING

### 130801 PERFORMANCE REPORTING/BILLING

#### A. Reporting Performance of FMS Orders.

1. **IA Responsibilities.** After an FMS agreement is implemented, the DOD IA executes the program. The IA directs provision of materiel or services and disbursements to contractors or vendors. As execution progresses, the IA reports the nature and financial value of transactions to SAAC. The IA reports accrued expenditures, also referred to as "work-in-process" (e.g., progress payments made to contractors, GFM/GFE provided to contractors, NCs, etc.), and physical deliveries within 30 days of the date of shipment or performance. \*\*

2. **FMS Performance Reporting.** The mechanism for reporting FMS performance to SAAC is the "FMS Detail Billing Report" (DD-COMP(M)1517). It is submitted monthly to arrive at SAAC no later than the 16th calendar day following the end of the reporting month. If the 16th calendar day falls on a non-working day, the cutoff will be moved to the first working day following the 16th. If materiel has been delivered or services performed, a performance report is forwarded to SAAC. If no materiel has moved but work-in-process has occurred, the IA reports the value of the work-in-process to SAAC. The format and instructions for completing the DD-COMP(M)1517 report are prescribed in DOD 7290.3-M. \*

#### 3. FMS Physical (Constructive) Delivery Reporting.

a. The cognizant DOD component must submit accurate and timely FMS physical (constructive) delivery data for selected major end items. Delivery information is contained in detail and summary reports described in Chapter 15, Section 1501, which are used not only as management tools by SA personnel worldwide but are also used for reporting required by the AECA and responding to correspondence and inquiries.

b. Items are considered delivered when title is passed to the purchasing country (see Chapter 8, Paragraph 80206.B.2). DOD components must report, within 30 days, all constructive deliveries for selected materiel lines to SAAC by the 20th of each month in the C1 transaction format (Table 1308-1). SAAC, in turn, should submit this data to DSAA for inclusion in the FMS 1200 System. These transactions are not a part of the formal FMS billing system. A delivery report is required for all DD Form 1513 lines having a U/I of "EA" for the following generics:

A1-A5, A9B	.....	Aircraft
B1-B4 (Complete Missile Lines Only)	..	Missiles
C	.....	Ships
D	.....	Combat Vehicles
E3	.....	Tactical & Support Vehicles
F2, F3, F4	.....	Weapons
G2, G4, G5 (Less M & Y), G6A	.....	Ammunition
H4	.....	Communications Equipment

c. RCS DSAA(M)1141 is assigned to this reporting requirement.

130801.B.

**B. Billing for FMS Transactions.**

1. **Quarterly Billings.** As of the end of each calendar quarter, SAAC renders a billing statement for each active FMS agreement in accordance with DOD 7290.3-M. The purpose of the bill is to provide the FMS purchaser a statement of account for costs incurred on his behalf and to request additional funds as projected in the payment schedule.

2. **Elements of Billing.** The first element of each billing is for costs incurred to date, and includes charges for materiel delivered and progress payments made to contractors. The FMS purchaser receives an FMS Delivery Listing that shows by document number the items reported to SAAC as delivered through the end of the month of the billing statement. The remaining portion of the value billed is for anticipated costs to be incurred. SAAC will normally extract this forecast of costs from the most recent payment schedule attached to the DD Form 1513. However, in the event costs occur which vary substantially from the existing schedule, the MILDEP should immediately advise SAAC and the customer of the variance. As described earlier, the DOD component should issue revised payment schedules when appropriate.

3. **Legal Effect of Billing.** The quarterly FMS Billing Statement (DD Form 645) is the binding legal claim for payment by the DOD as referenced in the DD Form 1513. Both the DOD component and FMS purchaser should understand that the billing, not the payment schedule, contains the required amount to be paid.

4. **Billing Questions Directed to SAAC.** Questions concerning billings to FMS purchasers should be addressed to SAAC, Lowry AFB, Denver, Colorado 80279-5000.

**130802 FINANCING RODs WHEN THE USG IS LIABLE.**

A. **Purpose.** The purpose of this section is to establish funding policy in those instances where the USG is determined to be financially liable for the resolution of a ROD. Procedural guidance for the completion of SF 364, Report of Discrepancy, related to FMS shipments can be found in DOD 7290.3-M, and Joint Regulation DLAR 4140.60, AR 12-12, AFR 67-7, NAVSUPINST 4920.9B and MCO 4140.1B. Chapter 8, Section 802 and Table 802-2, DOD 7290.3-M, contain additional information regarding RODs. \*

**B. Specific.**

1. **Specific Types of Discrepancies.** Table 802-2, DOD 7290.3-M, provides guidance for specific types of discrepancies and indicates whether FMS administrative funds or USG appropriated funds will finance the cost of correcting the discrepancy where the USG is liable to do so. \*

2. **Re-Requisitioning Items.** When customer countries are required to re-requisition items which were not previously shipped, they are required to pay the existing price at the time of issue regardless of the fact that the item was initially released at a lower price.

3. **RODs in Excess of \$10,000.** All RODs in excess of \$10,000 will be submitted to DSAA for approval before being charged against FMS administrative funds. This submission will contain the Department/Agency legal position on the liability of the USG.

C. **FMS Administrative Fund Budget Approval.** The DSAA FMS Administrative Budget Call, which is issued on an annual basis to MILDEPs and Defense Agencies, provides procedural guidance for the inclusion of estimated ROD costs that are to be financed from FMS administrative funds.

**130803 ADDRESS OF THE CENTRAL COLLECTION AND BILLING OFFICE.**

SAAC is the single DOD activity authorized to render billings from FMS transactions and to receive deposits from FMS purchasers. Collections received by any other DOD components should be forwarded to SAAC immediately. Each LOA should be annotated to inform the FMS purchaser that SAAC is the central accounting activity for the agreement. The address is Director, Security Assistance Accounting Center, Denver, Colorado 80279-5000.

**TABLE 1308-1****C1 TRANSACTION FORMAT**

<u>Column</u>	<u>Data Element</u>
1-2	C1
3-4	Country Code (CC)
5	Implementing Agency (IA) (See Appx D, Para. c.51.)
6-8	Case Designator
9-11	Record Serial Number (RSN)
12-15	Blank
16-21	Cumulative Quantity to Date
22-72	Blank
73-78	Reporting Date (YYMMDD)
79	Blank
80	Originator (must always be "A")

**SECTION 1309 - DELINQUENT ACCOUNTS FOR FMS BILLINGS.**

**130901 PROVISIONS OF FINANCIAL ANNEX TO LOA.** The Financial Annex to the LOA provides an estimate of the timing and amounts of the billings which SAAC produces for each FMS case. The customer is obligated to make payments against DD Form 645 billings, on time and in full. SAAC is obligated to insure prompt recording of collections.

**130902 LATE PAYMENT CAUSES.** Most problems of collection are due to late payment, rather than to any tendency of FMS customers to default on payments. Past experience has shown that it takes from 45 to 75 days after mailing the billing statement to receive collection. Late payments also frequently result from the purchaser's misunderstanding of the terms of sale, the content of the billings, or the general problems of communication. Recognition by MILDEPs should be given to the problem of improving communications with the customer on financial matters.

**130903 SAAC RESPONSIBILITIES FOR COLLECTION.** Responsibility for collecting overdue debts to FMS cash sales is entirely that of SAAC until it has exhausted means of collection available to it. These means include:

A. **Formal and Informal Contacts.** Both formal and informal contacts with representatives of purchasers at appropriate levels.

B. **Collection Assistance.** Requests for collection assistance from the SAO located in the purchaser's country.

C. **Requests for Collection Assistance.** Formal or informal requests for collection assistance from DSAA, as well as informal contacts with DOS as required to determine additional collection actions to be taken.

**130904 FURTHER ACTION ON DELINQUENT ACCOUNTS.** When all internal means of collection have been exhausted, delinquent accounts will be referred to the Comptroller, DSAA for further examination. Comptroller, DSAA will then either recommend further action to be taken by OSD or cause the debt to be referred officially to DOS for diplomatic assistance. Data provided by SAAC to support the debt referral will include:

A. **Origin and History.** Origin and history of the debt including prior effort at collection.

B. **Validity of the Claim.** Elements of the agreement which may be in dispute between the purchaser and the U.S.

C. **Normal Military Channels.** A statement that resolution through the normal military channel, with responsible foreign officials on behalf of the collection, has failed.

D. **Adverse Impacts.** Assessment of any adverse impact on our foreign customer if the issue is raised at the diplomatic level.

**130905 SAAC HOLDS ACCOUNTING RECORDS AFTER TRANSFER OF ACTION TO STATE DEPARTMENT.** Delinquent Accounts Receivable will continue to be carried on the accounting records of SAAC even though primary collection responsibility may have been passed to the DOS.

130906.

**130906 REPORTING FORMATS AND FREQUENCIES.** Details on delinquent debt reporting formats and frequencies are contained in DOD 7290.3-M and in DODI 2140.4.

**130907 INTEREST ASSESSMENT ON DELINQUENT DEBTS.**

A. **Requirements to Assess.** The AECA requires DOD to assess interest on delinquent debts that arise pursuant to the FMS Program. Within DOD, SAAC has responsibility to operate the FMS billing process and to assess interest on delinquent payments due from FMS purchasers.

B. **Basis for Charge.** Interest is assessed based on the net arrearage owed by a purchaser taking into account cumulative financial requirements and cumulative payments received on each and every FMS case that the purchaser has with DOD as of the due date of the FMS bills. Daily interest charges are assessed at an annual rate until such time as sufficient funds are received by DOD to pay any arrearage amount. Such procedures provide maximum flexibility in utilizing all payments received, including initial deposits on newly accepted cases, in computing the net cash position for the country.

C. **Reports to FMS Customer.** SAAC will provide the MOD or comparable official of each FMS purchaser a report showing arrearages existing as of the billing statement due date. Billings for any interest assessments will be provided on a quarterly basis.

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## CHAPTER 14

## SPECIAL PROGRAMS AND ACTIVITIES

SECTION 1400 - SPECIAL DEFENSE ACQUISITION FUND
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**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 provides that SDAF may be used for narcotics control purposes. SDAF receives obligational authority through an annual appropriations act which addresses SA programs.

B. **Purpose.** SDAF funds the procurement of defense articles in anticipation of their sale or transfer to foreign governments. The basic objective of the fund is to facilitate delivery of materiel in advance of normal PLT and establish a readily available source of selected items of materiel. Such source enhances USG capability to satisfy urgent military requirements of allied and friendly nations while avoiding diversions from production for U.S. forces or withdrawals from U.S. stocks.

C. **Policy Guidance.** This chapter is the principal source of policy necessary for implementation of SDAF. In addition, other guidance facilitating program execution include Section 718, DOD 7290.3-M; 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. Preparation of the annual procurement plan;
2. Issuance of SDAF funding documents to procure articles and services by the Fund;
3. Allocation of SDAF assets for the USN and the USAF;
4. Review of SDAF LOAs prior to DSAA countersignature;
5. Periodic assessment of fund status to include Profit and Loss analysis; and
6. The preparation of annual reports.

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

1. Submissions to the annual procurement plan;
2. Program management of SDAF assets;

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

C. SAAC. SAAC performs centralized accounting and no other activity is authorized to disburse SDAF funds. Other accounting duties include, but are not limited to, the following:

1. Performing general ledger accounting in accordance with applicable DOD Comptroller guidance;
2. Performing contract accounting and disbursing functions in accordance with the FAR;
3. Performing FMS LOA accounting for SDAF LOAs in accordance with DOD 7290.3-M;
4. Assuring the adequacy of FMS Trust Fund deposits to meet case requirements of SDAF sell-out and transferring such amounts to the SDAF account as required; and
5. Performing other accounting responsibilities as agreed between Director, AFAFC and Director, DSAA.

#### 140003 FUNDING.

A. Sources of Capitalization. SDAF is a revolving fund managed by DSAA. From FY 82-86, SDAF was incrementally capitalized with miscellaneous receipt FMS funds from NC, asset use charges, and contractor rental payments for use of USG plant and production equipment. Following capitalization of SDAF, sale of defense articles that it has procured became the principal source of replenishment. This permits SDAF dollars to revolve within the limits established by Congress. The capitalization ceiling for SDAF was set at \$1.07 billion for FY 1987 and each year thereafter.

B. Method of Collection for Capitalization. The process outlined in Paragraph 140003.A. is used when the SDAF is recapitalized or for an increase to the capitalization ceiling. This method of collection would go into effect upon issuance of guidance by DOD Comptroller in coordination with DSAA Comptroller. IAs deposit amounts collected on FMS and commercial sales to SDAF Account Symbol 11X4116. Monthly, each IA reports deposits to DSAA via the RCS 1147(M) Report.

C. Administrative Expenses. The cost to administer SDAF is included in the annual FMS Administrative Budget. Guidance is provided to IAs with each FMS Administrative Budget call.

#### 140004 OVERVIEW OF OPERATIONS.

A. The operation of SDAF primarily encompasses two overlapping processes. These processes are described as buy-in and sales (or sell-out).

1. Buy-in involves procurement of defense articles and services through the IAs.

2. Sales involve procurement by foreign countries, through the established FMS process, of defense articles and services previously acquired.

3. Sales value is typically \$200-\$300 million per year.

B. Other operational activities related to the buy-in and sales processes include:

1. **Procurement Plan.** An annual procurement plan, developed by DSAA in consultation with the IAs, the JCS, the CINCS, OMB, and DOS, determines the articles and services which the SDAF will procure citing a particular fiscal year of funding.

2. **Apportionment.** Following Congressional passage of the SA Appropriations Act, OMB provides an annual apportionment to the SDAF account. This apportionment determines the amount of obligations SDAF can incur out of its total capitalization.

3. **Procurement.** Prior to the issuance of a MIPR, DSAA will coordinate with the procuring IA to define item configuration, ancillary items, and delivery scheduling for the purchase.

4. **MIPR Issuance.** Following the decision to buy an item, DSAA issues a MIPR, DD Form 448, to the appropriate IA to procure the item.

5. **Allocations.** When a sale is pending, SDAF assets are allocated by DSAA or the IAs as applicable, and reserved for the foreign purchaser. At the time of LOA acceptance, the asset moves from an allocated to a sold status.

6. **LOAs.** Normal SDAF operation allows FMS countries to buy out the SDAF equity from on-going contracts prior to physical delivery to the USG. In general, standard procedures for developing, implementing, and closing an FMS LOA are followed by the SDAF.

**140005 PROCUREMENT CRITERIA.** No single criterion determines whether an item qualifies for SDAF procurement; however, statute requires that emphasis be placed on items that are in short supply for U.S. forces and that also have anticipated FMS customer requirements. Items should:

A. Be those which, based on experience, judgement, and an analysis of the historical data and a projection of needs, are most likely to be needed to meet foreign requirements in less than normal PLT;

B. Be those whose withdrawal from active or reserve force inventories, or diversion from production dedicated to active or reserve forces, would result in seriously adverse impact on the combat readiness of U.S. forces;

C. Be capable of being produced from existing or expanded production lines;

D. Be required to meet established acquisition objectives of U.S. forces, if not transferred to meet foreign requirements;

E. Have significant anticipated FMS demands;

F. Be those with long PLTs (particularly over 24 months);

G. Have the capability of being approved for foreign sales under current NDP.

Additionally, Sec 51 (a) of the AECA states that SDAF may be used for procurement of defense articles that are particularly suited for narcotics control purposes. There are certain items that do not meet procurement criteria because of uncertain future production of weapons; however, these items may be considered for procurement by SDAF or production bases may be maintained as deemed necessary by DSAA when customer requirements exist for these items. Decisions to buy with SDAF funds also take into account service levels, production base availability, mobilization base requirements, availability of procurement options for replacement items, modification to meet foreign demand, NDP, available capital in SDAF, and investment in items from previous procurements.

#### **140006 PROGRAM IMPLEMENTATION.**

A. **Plan.** DSAA develops an annual SDAF procurement plan in consultation with the IAs, the JCS, the CINCS, OMB, and DOS. The procurement plan is provided annually to Congress in accordance with the AECA, Sec 53. The development of the plan is described in detail in Table 1400-1.

B. **Apportionment.** In recent years, three-year obligational authority has been granted to SDAF. Such authority is approved by Congress through an annual Appropriations Act. OMB gives the approval to obligate the funds through an annual apportionment to the SDAF account at a line item level. Later requests to amend the approved final Procurement Plan necessitate reapportionment by OMB.

C. **MIPR Issuance.** DSAA issues MIPRs to the appropriate IA for the purchase of SDAF items. MIPRs are processed generally in accordance with DFARS 208.70, Coordinated Acquisition. IAs negotiate, wherever possible, separate contracts for SDAF procurements. Where separate contracts are not feasible, SDAF items must be on separate contract lines. A Category II method of funding (Direct Citation) is normally utilized. SAAC 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 upon by DSAA in advance. Acceptance of MIPR requires the identification of costs in the categories shown in Table 1400-2 "MIPR Cost Checklist," to assure SDAF fuel cost recovery. A completed copy of Table 1400-2 must accompany the basic MIPR acceptance and balance to the MIPR value. See DOD 7290.3-M, Sections 700-722 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. 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. A reverse MIPR authorizes IAs to purchase defense equipment and services 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 MIPR Acceptance to SAAC.

D. **Procurement of SDAF Items.** Procurements for SDAF are subject to the FAR and, in particular, to DFAR Supplement 25.7303 on notification to prospective sources of the procurement for a potential FMS and to DFAR Supplement 25.7304 on pricing such acquisitions. Copies of contracts for SDAF procurements (except ammunition) must be provided to SAAC, FSRs, Denver, Colorado 80279-5000, within ten days of contract award.

E. **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 SDAF Division immediately upon receipt of an LOR when SDAF assets are involved.
3. SDAF Division 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 directing LOA preparation and specifying the item, quantity, etc.
6. Asset allocations are reviewed periodically by DSAA and the IAs to assure that all transactions are completed or to initiate proper follow-up.

#### **140007 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 7290.3-M, Section 71802. Price elements may be found in Table 1400-2.

B. **Pricing of SDAF Items Purchased From Stocks.** Stock funded items sold to SDAF will be priced at standard price plus the current replacement surcharge rate for non-CLSSA customers. The price of major items sold from stock will be based upon a determination as to when the items will be replaced in kind, replaced with an improved item, or not replaced. Also see DOD 7290.3-M, Section 71802.

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 SAAC simultaneous with other CAS billings for FMS and SAAC 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.

**140008 INVENTORY CONTROL AND REPORTING.**

A. **Custodial Responsibility.** SDAF inventory is the responsibility of the IAs. The procedures for proper inventory management followed for the IAs own inventory should be followed for the 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 is a responsibility of the IAs.

B. **Reporting Deliveries to the SDAF Account.** Delivery of items to SDAF 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, SF 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 SAAC. Bills will be for direct out-of-pocket costs incurred on major equipment.

D. **Inventory Losses.** Secondary item prices include a pro-rata inventory loss cost; therefore, inventory losses related to SDAF secondary items will be absorbed at the time of the loss by the IA responsible for managing the items. If SDAF major 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 forward to the Director, DSAA for disposition.

**140009 PRICING SALES FROM THE SDAF (SELL-OUT).** Sales from SDAF will be priced according to DOD 7290.3-M, Section 718. 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 stock funded items, the reported price at time of delivery may not agree with the LOA price due to the IA catalog pricing. The pricing elements outlined in Table 1400-4 and in DOD 7290.3-M, Section 71802, Paragraph B, C, and D comprise the selling price of items sold from SDAF.

B. **Sales to FMS Countries.** The selling 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. Applicable charges for PC&H and 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 which must match the current MIPR value.

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 the DOD component involved.

2. In accordance with DOD 7290.3-M, Section 71802, if DSAA determines an SDAF item to be 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.

#### 140010 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 (Section 70002). Pricing information will be coordinated with DSAA prior to release.

B. LOA Management. LOAs for SDAF items prepared by IAs will be prepared in accordance with guidance provided in Chapter 7 except as follows:

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 with "F" Source of Supply Code to indicate SDAF. The USAF has also been authorized the use of a "D" IA Code, "JQ" designator for its SDAF LOAs.

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 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 SDAF Division requires an extra DD Form 1513 accompanied by three sets of SDAF FAWs (one copy for DSAA/Plans/SDAF Division; one copy for SAAC/SDAF; and one for SAAC/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 (a new LOA need not be prepared unless directed by DSAA).

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/SDAF Division.

5. Initial deposits as normally computed for FMS LOAs will be increased by the value of disbursements already made for SDAF items being sold. SAAC 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 (Section 804).

7. Signed copies of DD Forms 1513, 1513-1, and 1513-2, involving SDAF items, should be forwarded to DSAA, Attention: DSAA/Plans/SDAF Division.

C. **Requisitioning and Billing Procedures for Items Purchased from DOD Stocks (MILSTRIP).** For stock funded items, the requisitioning activity uses its own fund code, signal code L, and the activity's DODAAC. SAAC is billed by SF 1080 for all reimbursable cost.

D. **Payment for Transportation of SDAF Items.** Costs incurred to transport materiel to assembly or holding points that are not included in the item price are funded on the original MIPR issued for such materiel. When a GBL is processed by a transportation officer, a copy of the GBL will be forwarded to SAAC. This will alert SAAC that transportation costs will be incurred against the original MIPR. Thus, SAAC will inform SDAF that additional funds might be needed for transportation on the original MIPR. USAFAC 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 SAAC. Recoupment of transportation expenses for FMS sell-out will follow existing FMS guidance in DOD 7290.3-M, Chapter 8.

E. **Reports of Discrepancy.** This supplements guidance contained in DOD 7290.3-M Section 802 and DOD 5105.38-M Section 130802. It is DOD policy that the appropriation that is credited with the proceeds of a sale will pay ROD 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 RODs on SDAF cases, when applicable.

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

1. **SDAF LOA Closure - "Q" Cases.** SAAC informs DSAA/SDAF Division 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 - SAAC as Financial Manager.** SAAC is the financial manager for any FMS LOA line on IA LOAs that sell SDAF assets. Closure responsibilities are accomplished as agreed between SAAC and the appropriate IA for each SDAF LOA line. Once an LOA line is balanced, SAAC informs DSAA/SDAF Division 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/SDAF Division.

3. **SDAF LOA Closure - SAAC is not Financial Manager.** LOA closure responsibilities for the sale of SDAF assets transferred to a purchaser, wherein SAAC is not the LOA line manager, resides with the appropriate IA responsible for the FMS LOA or LOA line. DSAA SDAF Division assures recoupment of the appropriate amount to the SDAF account.

## **140011 SDAF DELIVERY REPORTING**

A. **Delivery Reporting.** Assets sold to an FMS customer will be reported to SAAC by the IAs on DD 1517 (See DOD 7290.3-M, Sections 80302 and 80303). LSC must be excluded from the reported delivered price. Two categories of items will be reported to SAAC.

1. **Major Equipment.** Major SDAF equipment items shipped to FMS customers will be reported to SAAC 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 SAAC by the IAs on DD 1517 (DOD 7290.3-M, Sections 80302 and 80303). Reports will be submitted to SAAC 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.

**140012 EQUIPMENT LOANS.** The AECA and the SDAF Charter and Operation Instructions permit assets procured by SDAF to be loaned to the IAs with SECDEF approval; however, leases of SDAF items are not permitted. SDAF items loaned to the IAs require either restoration to their original condition at the end of the loan period or replacement at IA expense. The receiving IA is responsible for storage and O&M costs incurred for the loaned equipment. In the event loaned equipment is permanently transferred to an IA the transaction is priced at the amount specified in the loan agreement (See Table 1400-5).

**140013 REPORTING.** Input for the report requirements (A through C) will be provided by SAAC. As part of the annual written report to Congress, required by Sec 2431(a) of Title 10, U.S.C., regarding procurement schedules for each weapon system for which funding authorization is required, DSAA shall provide a report estimating the likely procurements to be made through the Fund.

A. **Reporting.** SAAC prepares a number of reports in accordance with applicable sections of DOD 7220.9-M, DOD Accounting Manual.

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/FR&CPD 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.

<b><u>Accounting Subhead</u></b>	<b><u>Source</u></b>
.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.

D. **Congressional Reporting.** By 31 December of each year, DSAA will submit to Congress a report to include:

1. A description of each contract for the acquisition of defense articles or services which was entered into during the preceding fiscal year;
2. A description of each contract for the acquisition of defense articles or services which is anticipated to be entered into during the current fiscal year;
3. A description of each defense article or service acquired that was transferred to a foreign country or international organization during the preceding fiscal year; and
4. An evaluation of the impact of the utilization of the authority of the SDAF on U.S. defense production and the readiness of the U.S. Armed Forces.

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.

\* The exact calendar date will vary slightly from year to year, based on weekends, holidays, or similar adjustments.

Table 1400-2

**Special Defense Acquisition Fund  
MIPR Cost Checklist**

MIPR #: \_\_\_\_\_ Line #: \_\_\_\_\_ Quantity: \_\_\_\_\_

MIPR Line Value: \$ \_\_\_\_\_

<u>MIPR Cost Element Price</u>	<u>Unit Price</u>	<u>Total</u>
a. Contractor Hardware & Related Equipment Costs	_____	_____
b. Contractor Engineering & Support	_____	_____
c. Government Furnished Material	_____	_____
d. Engineering Services, Government	_____	_____
e. Direct Labor (Example: AIF)	_____	_____
f. Unfunded Civilian Pay Costs	_____	_____
g. Unfunded Military Pay Costs	_____	_____
h. Engineering Change Orders	_____	_____
i. Proof and Acceptance	_____	_____
j. First Destination Transportation	_____	_____
k. Test Ammunition	_____	_____
l. Quality Assurance	_____	_____
m. Contingent Liabilities	_____	_____
n. Other (Explain)	_____	_____
MIPR VALUE	_____	_____
	_____	_____

[Acceptance of related MIPR requires identification of costs in the categories shown to assure full cost recovery. Accumulate above costs in accordance with DOD 7290.3-M, Sections 700-722. Other applicable surcharges will be applied at time of sale; such as, NC and PCH&T.]

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Table 1400-2. Special Defense Acquisition Fund MIPR Cost Checklist

TABLE 1400-3

**DEFENSE SECURITY ASSISTANCE AGENCY  
SPECIAL DEFENSE ACQUISITION FUND  
INVENTORY REPORT**

By the tenth day following the end of the reporting quarter, the responsible Military Department will submit to DSAA an SDAF Inventory Report identifying items received and transferred during the quarter and the physical quarter-end inventory on hand.

Minimum data required:

1. Procurement Directive Program line and sub-line (i.e., MIPR)
2. Item Description
3. NSN
4. Contract Date
5. Total Quantity Due In
6. Cumulative Quantity Received through End of Current Quarter
7. Quantity Due In Next Quarter
8. Date Last Due In
9. Quantity Shipped - By FMS LOA
10. Anticipated Shipments Next Quarter - Qty and FMS LOA
11. Quantity Allocated - By Country and LOA
12. Quantity On Hand at End of Current Quarter

**Inventory Report Format**

MIPR Line	Item Description	NSN	Contract Date	Total Quantity Due In	Cumulative Quantity Received	Quantity Due In Next Qtr	Date Last Due In	Quantity Shipped By LOA	Shipments Next Qtr Quantity & LOA	Quantity Allocated By Ctry & LOA	Quantity On Hand, Current Quarter

1400-13

Change No. 3, 1 March 1991

DOD 5105.38-M

Table 1400-4

Defense Security Assistance Agency  
Special Defense Acquisition Fund  
Financial Analysis Worksheet

LOA _____	LOA Preparer _____
Item _____	Organization _____
LOA Line _____	Telephone No. _____
Quantity _____	Date Prepared _____

## I. SDAF Component Price

## A. SDAF Source Stabilized Unit Price; Higher of:

(1) SDAF Contract _____	MIPR-Line _____
(2) Latest DOD Contract _____	FY _____

## B. SDAF Other Source Unit Price

(1) Support Contracts _____	MIPR-Line(s) _____
(2) DOD Work Orders _____	MIPR-Line(s) _____
(3) Stock Funded _____	MIPR-Line(s) _____
(4) Other (Explain) _____	MIPR-Line(s) _____

## C. SDAF Adjusted Unit Price

(1) Contract Administration Services _____	
(2) First Destination Transportation _____	MIPR-Line _____
(3) Production & Engineering/Other _____	MIPR-Line _____
(4) Recurring Support Cost:	
(a) Contract _____	MIPR-Line _____
(b) Government _____	MIPR-Line _____
(5) Long-Lead Recoupment _____	MIPR-Line(s) _____
* (6) Logistical Support Charge _____	MIPR-Line(s) _____
(7) Other (Explain) _____	MIPR-Line(s) _____

D. Sub-Total SDAF Adjusted Unit Price (IA+IB+IC) \_\_\_\_\_

---

Table 1400-4. DSAA SDAF Financial Analysis Worksheet

Table 1400-4

## DSAA SDAF Financial Analysis Worksheet (Continued)

## II. FMS Component Price

## A. FMS Adjusted Unit Price

\*\* (1) NC (RDT&E) \_\_\_\_\_  
 \*\* (2) NC (Production) \_\_\_\_\_  
 (3) Other (Explain) \_\_\_\_\_

B. Sub-Total FMS Adjusted Unit Price (IIA) \_\_\_\_\_

III. Total SDAF Unit Price (ID+IIB) \_\_\_\_\_

IV. Remarks

**Note:** To be used in lieu of regular FAW when source of supply is SDAF. Three of the SDAF FAWs are required. Distribution includes:

First Copy: DSAA/~~Plans~~/SDAF Division  
 Second Copy: SAAC/~~SDAF~~  
 Third Copy: SAAC/Country Manager

\* LSC is computed on base price plus all add-ons.  
 \*\* If Applicable

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Table 1400-4. DSAA SDAF Financial Analysis Worksheet (Continued)

## Table 1400-5

Defense Security Assistance Agency  
Special Defense Acquisition Fund  
Loan Agreement

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.

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Director, DSAA  
(Signature)

---

(Date)

---

Implementing Agency  
(Signature)

---

(Date)

---

Table 1400-5. DSAA SDAF Loan Agreement



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**SECTION 1401 - FOREIGN MANUFACTURE OF U.S. DEFENSE EQUIPMENT**

**140101 PURPOSE.** The purpose of this section is to define U.S. policy with respect to requests for release of technical data and offset procurement and to supplement information provided in this manual and the following directives:

- A. DODD 2000.9, International Coproduction Projects and Agreements Between the U.S. and Other Countries or International Organizations;
- B. DODD 5530.3, International Agreements; and
- C. DODI 2050.1, Delegated Approval Authority to Negotiate and Conclude International Agreements.

The reader is referred to Chapter 5 of this Manual for information on Export Control, Disclosure and Technology Transfer policies.

**140102 BACKGROUND AND SCOPE.** In the international arms environment, military necessity requires a better integration of U.S. forces with those of cooperating nations. For this reason, foreign manufacture of U.S. defense equipment is determined to be to the benefit of the U.S., under the following circumstances:

- A. With allies in general: when it encourages the strengthening of their defense forces, improves U.S. defense relationships, and enhances interoperability with U.S. forces.
- B. Within NATO: when it improves the readiness and interoperability of Alliance forces and maintains a viable Alliance defense industrial base on both sides of the Atlantic.
- C. With selected nations: when it is advantageous to assist in maintaining their defense industrial bases or in improving their general defense capabilities by means of collaborative defense programs. Implementation of such foreign manufacture programs by the USG can be under the auspices of:

1. An international agreement for the coproduction of the items such as MOU or MOA,
2. A cooperative development agreement,
3. An FMS case which provides the recipient with the technical data necessary to either manufacture, or operate and maintain, the defense item.

**140103 AUTHORITY TO NEGOTIATE AND SIGN INTERNATIONAL AGREEMENTS.**

A. **General.** DODD 5530.3 provides that no DOD element may negotiate or sign an international agreement (other than those in the intelligence field) without the prior written concurrence of the Office of the USD(P) unless specific delegation of authority has been received. Such delegation is granted on a case-by-case basis. DODI 2050.1 provides delegation of authority to specified DOD elements to negotiate and/or conclude certain types of agreements. Within the SA program, FMS LOAs are exempted from the requirements of DODD 5530.3. For all other agreements, such as MOUs covering foreign manufacture of U.S. defense equipment (coproduction, licensed production, etc.), or other special types of sales not reflected on a LOA, the terms of DODD 5530.3 must be met. For coproduction programs which include FMS

provisions for transfer of defense articles or services, written authority must be obtained from the Director, DSAA prior to entering into negotiations, as defined in Paragraph C.2 of DODD 5530.3. It should be noted that requests for such authority must include not only a description of the project involved, but also fiscal and legal memoranda, as outlined in Section H of the Directive. International agreements for the coproduction of MDE will be classified Confidential, as a minimum, until the agreement is concluded. Since such agreements involve matters which must be resolved on a governmental basis as part of a broad program of cooperation, copies of the agreements under negotiation will not be released to parties outside of the USG. However, they may be discussed with representatives of appropriate U.S. industry for the purposes of obtaining the information requested in Paragraph 140104.C. below. With the consent of the foreign country, agreements may be released to specific U.S. firms for implementation.

**B. Congressional Notification.** Any international agreement which commits the USG to the sale of defense articles and defense services for \$50 million or more, or any major defense equipment of \$14 million or more, will be reported by the DSAA to the Congress under the terms of the AECA, Section 36(b) prior to conclusion of the agreement. The statutory requirement for reporting, as well as the requirement for advance notification to Congress, extends to any undertaking by the DOD to establish an FMS transaction. Refer to Chapter 7, Section 703, for information regarding the processing of Section 36(b) notifications. In addition, the Department of State may be required to submit to the Congress Notifications under the AECA, Sections 36(c), 36(d), and/or 42(b) in advance of the conclusion of the agreement.

**C. International Agreements Involving Foreign Manufacture of Defense Items Manufactured in Government-owned, Government-operated Plants.** Information on any international agreement with a foreign country or international organization for the coproduction or licensing of a defense article that is manufactured in a U.S. Government-owned, Government-operated (GOGO) plant will be submitted to the Committees on Armed Services of the House of Representatives and the Senate not less than sixty days before the agreement is signed. The following information should be provided to the Director, DSAA, not less than 90 days prior to the expected conclusion of any agreement falling within this requirement:

1. The name of the foreign country involved;
2. Details of the proposed agreement;
3. The proposed date of the signing of the agreement; and
4. The recommendation of the appropriate officials in the materiel branch of the applicable DOD component.

#### **140104 PRINCIPLES REGARDING COPRODUCTION POLICY.**

**A. General.** Defense policy regarding coproduction is provided in DODD 2000.9. A coproduction project may be limited to the assembly of a few end-items with a small input of local country parts, or it may extend to a major manufacturing effort requiring the build-up of capital industries. Coproduction is a program under the aegis of the USG which is implemented either by a government-to-government arrangement or through specific licensing arrangements by designated commercial firms which enable an eligible foreign government, international organization, or designated foreign commercial producer to acquire the "know-how" to manufacture or assemble, repair, maintain, and operate, in whole or in part, either a specific defense item or weapon, communication, or support system. All defense articles and defense services (including USG "defense information" as defined in Section 644(e) of the Foreign Assistance Act of 1961) transferred to a foreign purchaser by the USG must be provided in accordance with the provisions of the AECA.

B. **Technical Data.** Technical data is defined as recorded information, regardless of form or characteristic, of a scientific or technical nature. It may, for example, include document research, experimental, developmental, or engineering work; or be usable or used to define a design or process or to procure, produce, support, maintain, or operate material. The data may be graphic or pictorial delineations in media, such as drawings or photographs; text in specifications, or related performance or design type documents or computer printouts. Examples of technical data include research and engineering drawings and associated lists, specifications, standards, process sheets, manuals, technical reports, catalog item identifications, and related information and computer software documentation. It does not include computer software or financial, administrative, cost and pricing, and management data or other information incidental to contract administration.

C. **Initiation of Coproduction Programs.** Discussions on coproduction programs may be initiated by a properly authorized DOD component and by authorized representatives of foreign governments and international organizations. For programs involving the use of FMS, the cognizant DOD component will ensure appropriate coordination with the DSAA and will furnish technical and negotiating assistance as required. DOD component recommendations forwarded to the DSAA concerning foreign government requests for coproduction must represent consolidated Departmental views. For programs involving FMS, DOD component recommendation will be forwarded to the DSAA for authorization to proceed and will include, to the extent practicable, the information described below. After such agreements are signed, the appropriate DOD component will perform necessary managerial and reporting functions.

1. Origin, nature, and scope of the program;
2. Supporting rationale for its approval;
3. Implications of the proposed technology transfer endorsed by the DOD component;
4. Any exceptions to the NDP-1 which are required or have been approved, together with the scope and limitations of the exceptions;
5. Impact of such coproduction on U.S. industry, including both the prime and subcontractors involved in the manufacture of the items being considered;
6. The views of these prime and subcontractors with respect to the proposal;
7. The impact of the program on the U.S. mobilization base for the item; and
8. The impact of the program on any other authorized foreign production of the same item.

D. **Coproduction Program Financed with FMS Credit Funds.**

1. **AECA Section 42(b) Notification by Department of State.** Section 42(b) of the AECA requires the Secretary of State to provide advice to the Congress prior to the approval of the use of any FMS credit or proceeds of any FMS loan to finance coproduction or licensed production in a foreign country. The advice to Congress must include a description of the defense article(s) to be produced under a coproduction program or licensed production and the probable impact of the proposed transaction on employment and production within the U.S.

2. **DSAA Advice to Department of State.** DSAA Operations will not approve release of an FMS LOA, or funding of a direct sale contract for coproduction/licensed production which is covered under a government-to-government MOU, to be financed with FMS credit funds until the Department of State has been advised of the pending program, and the Department of State has advised Congress as required by AECA, Section 42(b). The letter to the Department of State will advise of the country, type of proposed transaction (FMS, LOA or direct commercial sale), description of program and identification of extent of foreign production, and impact on employment and production within the U.S. (to the extent such information is available).

### **140105 SECURITY ASSISTANCE COPRODUCTION AGREEMENTS.**

A. **General.** In some instances which involve foreign production of complex U.S.-developed military equipment, formal government-to-government agreements are necessary. These take the form of a document referred to as a MOU or MOA. The MOU/MOA is an agreement, negotiated between the governments, which provides a framework for a program which will normally require a combination of munitions licenses for industry involvement and/or FMS LOAs to implement. The guidance below applies to the international agreements negotiated by DSAA or for which DSAA has granted authority to negotiate and conclude an agreement under the provisions of DODD 5530.3.

B. **Use of MOUs/MOAs.** In most programs either a commercial munitions license or FMS LOA is sufficient to establish the rights and obligations of each party to the agreement. In general, for most government-to-government programs the substance of Paragraphs 3 and 4 below can be incorporated into FMS LOAs in lieu of MOUs/MOAs. However, in some exceptional instances, it is in the U.S. interest to negotiate and conclude an MOU/MOA before initiation of either the commercial or USG program. Final determination as to whether an MOU/MOA will be negotiated is the responsibility of DSAA. If the proposed program is anticipated to include some or all of the following it may necessitate an MOU/MOA:

1. Systems are major items, the program itself is complex, it involves licensed production, or it is considered sensitive by the USG or U.S. industry.
2. The USG owns or has unlimited rights to the technical data.
3. The system contains classified or sensitive components or classified data is required to be released for the program.
4. It is determined that clarification and delineation of the responsibilities, duties, and authorities of the parties is required.
5. One or more of the above factors apply, and the system is in the active MILDEP inventory, or
6. The foreign country has specifically requested an MOU/MOA.

C. **Content of MOUs/MOAs.** MOU/MOA provisions are intended to delineate the basic agreements between the participating governments consistent with all USG legal requirements. These include provisions for:

1. The identification of program objectives and a statement of how objectives are to be achieved.
2. Providing USG authorization for the foreign production.

3. Setting up the management arrangements.
4. Protecting U.S. security interests.
5. Establishment of the scope of the program in quantitative terms and value, if possible.
6. Establishing the framework for USG monitorship of the implementation of the agreement in the foreign country to include any required auditing, production validation, foreign country reporting requirements, visits by USG personnel, or other USG interface with the producing country.
7. The establishment of the required framework for implementing the program through direct commercial or FMS arrangements; or the relationships of the two types of arrangements.
8. Clarifying the rights and restrictions on the use of technical data, both USG-owned and U.S. contractor-owned.
9. Providing for the duration of the program and for termination.

D. **Specific MOU/MOA Elements.** While there are general provisions which must be included in all MOUs/MOAs, no two MOUs/MOAs are necessarily alike. The MOU/MOA reflects the interests of the involved governments and the final content of each MOU/MOA is determined during negotiations. However, there are certain U.S. provisions required by U.S. law or regulations and which are not negotiable. A typical MOU/MOA contains agreement on at least the following topics (specific guidance is included in other parts of the SAMM):

1. **Scope of Agreement.** The MOU/MOA must contain a definition of the items and quantities to be produced in the U.S. and those authorized for production by the participating country. The participants in the program and their obligations must be clearly stated.
2. **Definition of Terms.** A list of terms and, when required, their definition must be included.
3. **Export Channels.** A section must be devoted to describing how technical data and material will be exported from the U.S. Limitations on the use of commercial or FMS channels will be clearly identified. Generally, classified information and equipment, and technical data owned by the USG, must be exported through DOD. The role of DOD in assisting the participating country in obtaining commercial export licenses or technical data belonging to U.S. companies may also be defined.
4. **Authorization for Use of Technical Data.** The limits of technical data use and restrictions on its transfer to third parties must be defined. Consistent with the requirements of DODD 2140.2, provisions for the payment of royalty fees, and/or nonrecurring cost recoupment charges, where applicable, as well as recognition of the use of USG facilities will be included. \*
5. **Flowback of Technical Information.** Appropriate provisions will be included relative to the return to the U.S. of any technical improvements to the equipment or manufacturing processes transferred under the provisions of the MOU/MOA. The USG must have the right to use the improvements without payment of any fees. \*

6. **Management.** There will be provisions for the establishment of project officers by the participating governments. These project officers become the points of contact and the channel for exchange of information between the parties. A joint project office is the preferred method of management and may be established. USG costs for program management are required to be financed under FMS procedures.

7. **System Configuration Management.** The MOU/MOA will usually contain provisions for configuration management to insure that systems are produced to standard specifications. The MOU/MOA may include provisions for incorporation of engineering changes and modifications to the system, and the procedures to manage such changes.

8. **Security.** Each MOU/MOA will contain a section on security. Existing security arrangements between the U.S. and the participating government will usually be referenced in this section.

9. **Customs, Duties, Taxes.** Provisions may be included for reciprocal arrangements relative to taxes, duties, and customs fees in connection with the program. This may depend on other agreements and on the applicable national laws of the participating countries.

10. **Administrative Provisions.** Provisions will be included for procedures to amend or change the MOU/MOA, for identification of the effective national language, and for procedures to resolve conflicts should they arise.

11. **Audit Access and Production Validation.** On a case-by-case basis, after the consultations and reviews required by Paragraph E below, consideration will be given to including provisions in MOUs/MOAs which allow for U.S. access to the production and storage facilities where the authorized production will be accomplished, and to applicable records to enable the verification of production quantities.

12. **Third Party Transfer.** MOUs/MOAs must address the USG policy and transfer to third parties of equipment, information, and data received by the foreign government based on the provisions of the MOU/MOA. Provisions will be included relative to any foreign production incorporating U.S. origin equipment or based on U.S. origin data or information obtained from the USG or directly from U.S. industry or other sources.

13. **Cost Recoupment.** MOU/MOA procedures for transfers of articles and data within the project and for third party transfers must address the recoupment of nonrecurring research, development, and production costs and for the reimbursement for any applicable administrative costs. Identifiable administrative costs, unless such fees have been waived or are exempted, will be reimbursed to the DOD under FMS procedures. Where applicable, provisions for royalty fees will be included. \*

14. **Logistics Support.** Provisions relative to logistics support will be included within the MOU/MOA. This may include such aspects as USG responsibilities, authorization for foreign production of spares, if any, and any other pertinent requirements. U.S. logistics support requirements are addressed in DODD 5000.39. \*

15. **Termination.** Each MOU/MOA will include a specific duration; e.g., ten years, after which the MOU/MOA either expires or is renewed. Also, each agreement will contain procedures for the termination of the agreement by either party, as well as provisions for certain elements of the MOU/MOA to remain in effect after termination; e.g., third party transfer, security, flowback, and limitations on any further weapon system production, and consideration of continued production authorization for spare parts.

E. **MOU/MOA Compliance.** It is DOD policy to assure compliance with the terms of international agreements. This policy requirement is clearly stated in Paragraph K, DODD 5530.3. This paragraph states:

"It is DOD policy to maintain awareness of compliance with the terms of international agreements. DOD components shall oversee compliance with international agreements for which the DOD component is responsible. DOD components shall keep General Counsel, DOD, currently and completely informed on compliance with all international agreements in force for which they are responsible. When a question arises concerning compliance by any party or parties with the terms of an international agreement that cannot be resolved by informal discussions between the responsible offices, except for those cases governed by the procedures set forth in DOD Directive 5525.1, the Head of the DOD component concerned shall be provided with full particulars of the circumstances relevant to the question. Unless previously authorized by the Secretary of Defense, no action shall be taken by any DOD component to resolve or otherwise deal with such questions having policy significance before obtaining the written concurrence of both USD(P) and GC, DOD."

1. **Responsibilities for MOU Monitoring.** DOD enters into agreements with friendly and allied countries on the basis of common goals to achieve mutual national security objectives. On this basis there is a clear assumption on the part of both parties that the participating countries will fulfill their responsibilities under the agreement. To assure that this is accomplished throughout the duration of the agreement, clear responsibilities for MOU compliance and monitorship must be established. The overall responsibility for assuring that the MOU terms and conditions are followed rests with the DOD component responsible for the agreement. Such responsibility is vested in the DOD component that negotiated the agreement, or for MOUs/MOAs negotiated at the OSD level, with the DOD component designated as the responsible organization when the MOU/MOA is implemented. As outlined below, this responsibility is accomplished with the assistance of other involved USG organizations and U.S. industry.

2. **MOU/MOA Provisions.** All MOUs/MOAs will specify the provisions for monitoring and reporting of the foreign production and production validation. The extent of such provisions will depend on a number of factors including whether a complete system is authorized for production in the foreign country, whether DOD or U.S. industry retain control of critical components or technology, the extent of U.S. industry arrangements with the participating country's foreign industry, and the participating country's ability and willingness to protect U.S. origin items and technology. Accordingly, DOD and U.S. industry consultations are essential in developing coproduction programs, and the validation and monitoring requirements for each program. In certain instances, USG monitoring responsibilities for at least a limited period of time may be satisfied by arrangement with U.S. industry for periodic reports (See Paragraph 3 below). In others, USG responsibilities may only be satisfied by arranging for access, etc., for USG personnel. In this latter case, the following note will be included in the MOU/MOA:

**"Production Reporting/Validation-**The Government of \_\_\_\_\_ agrees to provide periodic reporting of quantities of defense items produced under this MOU/MOA and will permit U.S. Department of Defense personnel access to government and contractor facilities, storage sites, and those records necessary to verify production quantities, as well as control of technical data and other implementation requirements of this MOU/MOA. Such access, if requested, will be permitted when mutually convenient, but within a reasonable period of time after the request. Visits will be accomplished under established visit procedures."



3. **Criteria for USG Monitoring.** USG monitoring and production validation requirements will vary contingent upon numerous factors unique to individual programs. Decisions regarding USG monitoring requirements will be made on a case-by-case basis after review of each situation. USG audits of production facilities may not be required when there is clear evidence of commercial arrangements which are satisfactory to the DOD or where similar DOD controls would result in a duplication of effort. Such circumstances exist when there will be a direct agreement between a U.S. firm and the foreign government or foreign firm which provides access to foreign facilities and production records by the U.S. firm. Further, the need for direct USG involvement in oversight may also be reduced while the U.S. firm will have technical representatives in the foreign plant or the U.S. will retain control over critical technology or components essential to the item being produced. Industry technical representatives will be requested to provide information on the foreign production including items and quantities, third party sales, and any non-compliance with provisions of the MOU/MOA to the cognizant DOD component. When USG monitoring is modified based on the industry arrangements, MOUs/MOAs will be structured to provide for USG monitoring once industry technical representatives leave the foreign production facility or are no longer required. In other cases, authorization of production of the entire item in the foreign country increases the need for USG monitoring provisions. Whether or not USG monitoring and validation provisions are in the MOU/MOA does not change the requirements of the responsible DOD components to assure that the reports required by Paragraph F below are submitted, and for maintaining oversight of the program. All of these factors will be considered in the initial structuring of the program and in the initial discussions between DOD and U.S. industry relative to the program monitoring and access requirements. MOUs/MOAs will be structured to assure that there are acceptable monitoring provisions for each program and also that the DOD component responsible for the MOU/MOA receives adequate data to monitor the program and to prepare the status reports.

4. **DOD Component Responsibility.** The DOD component responsible for an MOU must assure that the following actions are accomplished.

a. That commitments are not made regarding coproduction programs until OSD level approval is obtained in accordance with DODD 5530.3.

b. That MOUs are drafted consistent with current DOD policy and that negotiation and conclusion authority is requested and obtained in accordance with the provisions of DODD 5530.3.

c. That appropriate provisions are included in all agreements to assure USG and foreign country rights and obligations are clearly defined. Appropriate provisions to enable USG monitoring of the agreement as identified in Paragraph 1 above will be included in all agreements.

d. That munitions export license reviews and approvals will not be provided prior to completion of negotiations if such approvals would conflict with, or otherwise impact on, USG MOU/MOA negotiations.

e. That all MILDEP coordination is conducted and any required Congressional notification data is provided to DSAA.

f. That after conclusion of the agreement appropriate distribution of copies of the agreement is made to DSAA, the SAO, DIA, OGC (original), State Department Treaty Affairs, and other involved organizations.

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

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

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

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

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

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

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

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

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

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

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

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

140105.E.6.a.

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

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

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

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

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

1. Country/International Organization
2. Date of MOU/MOA
3. Expiration of MOU/MOA
4. Item(s) and Quantity(s) authorized for production in MOU/MOA
5. Status of foreign country's production; i.e., items in production, quantities produced during previous six months, quantity produced to date.
6. Third Country Sales authorized, if any, specifying country and quantity involved.
7. Identification/summary of any reports of MOU/MOA noncompliance received during the previous six months (if none, state none).
8. Source of information for data provided under Sections 5, 6, and 7 of the report, and a summary of monitoring actions taken during the previous six months. \*
9. Name, organization, and telephone number of the assigned project officer.

#### 140106 COOPERATIVE PROJECTS UNDER THE AECA, SECTION 27.

##### A. General.

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

140106.A.2.

2. The original legislative authority for these cooperative projects applied only to NATO member countries. Subsequent authority (Section 1103 of the National Defense Authorization Act for FY 1987) amended Section 27 of the AECA to extend the scope of the cooperative projects to specific non-NATO friendly foreign countries, based on identification of the countries by DOD and reports submitted to the Congressional Committees.

3. Programs eligible for designation and implementation as cooperative projects are required to meet the definitional and waiver criteria of Section 27 of the AECA and 10 U.S.C. 2407, set forth below. The objective of these projects is to economize through pooling of resources by all parties. Thus, a basic principle of these projects is the willingness of the participants to equitably share the costs and administrative expenses of the program. Additionally, such agreements must provide that no requirement is imposed by a participant for worksharing or other industrial or commercial compensation in connection with the agreement that is not in accordance with such agreement.

4. Cooperative projects are intended to fulfill joint requirements of both the DOD and the foreign parties and thus Section 27 provisions are not intended to be applied to those programs that entail foreign acquisition to meet foreign requirements whether from U.S. production, foreign coproduction, or licensed production of wholly U.S. developed weapons systems. That is, cooperative projects are not a substitute for FMS. Cooperative projects make possible partnership arrangements for truly cooperative projects where the U.S. and another eligible country make equitable and important contributions during the early phases of weapons systems development and where a joint management office is established to administer the program on behalf of the participants.

#### B. Definitions - Section 27, AECA.

1. NATO Cooperative Project. The term "cooperative project" in the case of an agreement with the NATO, or with one or more member countries of that organization, means a jointly managed arrangement, described in a written agreement among the parties, which is undertaken in order to further the objectives of standardization, rationalization, and interoperability of the armed forces of NATO member countries and which provides:

a. For one or more of the other participants to share with the U.S. the costs of research, development, testing, evaluation, or joint production (including follow-on support) of certain defense articles;

b. For concurrent production in the U.S. and in the country of another participant of a defense article jointly developed under a. above;

c. For procurement by the U.S. of a defense article or defense service from another member country.

2. Non-NATO Cooperative Project. The term "cooperative project" in the case of an agreement entered into with a non-NATO country under subsection (j) of Section 27, AECA, means a jointly managed arrangement, described in a written agreement among the parties, which is undertaken in order to enhance the ongoing multinational effort of the participants to improve the conventional defense capabilities of the participants and which provides:

a. For one or more of the other participants to share with the U.S. the costs of research, development, testing, evaluation, or joint production (including follow-on support) of certain defense articles;

b. For concurrent production in the U.S. and in the country of another participant of a defense article jointly developed under a. above; or

c. For procurement by the U.S. of a defense article or defense service from another party to the agreement.

3. Current authorized non-NATO countries are Australia, Republic of Korea, Japan, Israel, and Egypt.

#### C. Waiver or Reduction of Charges.

1. Authorization to waive or reduce certain charges associated with cooperative projects, if the other participants agree to waive corresponding charges, is provided for in the AECA, Section 27(e)(1). Waiver or reduction of appropriate charges must be approved by the Director, DSAA, prior to the conclusion of the cooperative project agreement.

2. NRC Recoupment Charge Waiver. If the cooperative project involves the development of a completely new item, with no use of items previously developed with USG funds, there would be no U.S. NRC charge to participant countries as each participant would be contributing its equitable share of the cost of development and production. If the cooperative project involves the use of items previously developed with USG (not jointly funded as a part of the cooperative project) which involve an NRC charge, a waiver of the U.S. charges must be processed in accordance with Chapter 7, paragraph 70204.H. Countries currently eligible for such waiver are NATO member countries, Australia, Japan, and New Zealand. The request for waiver of U.S. NRC recoupment charges should be submitted to the Director, DSAA, at the same time the Section 27 certification is provided. (See paragraph E. below.)

3. FMS Administrative Charges. Normally Section 27 programs will not be implemented through the FMS system, and an administrative charge would therefore not be applicable. When the FMS system is used, the administrative charge will be assessed. Non assessment of administrative charges required by Section 21(e)(1)(A) and Section 43(b) of the AECA to the participants, necessitates that the MILDEP program MILDEP appropriated funds (O&M or R&D) to finance these program administrative costs. Section 27(e)(2) specifically states:

Notwithstanding provisions of Section 21(e)(1)(A) and Section 43(b) of the AECA, administrative surcharges shall not be increased on other foreign military sales made under the AECA in order to compensate for reductions or waivers of such surcharges for a cooperative project. Funds received pursuant to such other foreign military sales shall not be available to reimburse the costs incurred by the USG for administration of cooperative projects for which a reduction or waiver of administrative charges is approved.

4. Processing of reductions or waivers of charges must be accomplished prior to signing of a cooperative project agreement when such an agreement commits a priori to such waivers.

#### D. Implementation.

1. The authority to negotiate and conclude cooperative agreements as described in Section 27 (see DODD 5530.3) is delegated to USD(A), with authority to redelegate to the MILDEPs.

2. Section 27 programs will not be implemented through the FMS system, unless an exception has been made in writing by the Director, DSAA. Proposals to include the use of the FMS system in a cooperative program should be submitted to the Director, DSAA, and should include information on MOU terms which provide for waiver of any standard FMS costs. Such proposals will not be offered to potential foreign participants in a cooperative program without the prior written approval of the Director, DSAA.

3. Military Assistance Funds and Loan Financing received from the U.S. may not be used by any other participant to finance its share of the cost of a cooperative project, as defined in paragraph B. above.

4. For a NATO Cooperative project: Section 36(b) of the AECA (which requires a certification to the Congress of an offer to transfer major defense equipment valued at \$14M and defense articles or services valued at \$50 million) shall not apply to sales made under Sections 21 and 22 of the AECA or to production and exports made pursuant to cooperative projects under Section 27. Section 36(c) of the AECA (which requires a certification to Congress of a request for an export license for transfer of major defense equipment valued at \$14 million and defense articles or services valued at \$50 million) shall not apply to the issuance of licenses or other approvals under Section 38 of the AECA if sales are made, production and exports ensue, or such licenses or approvals are issued as part of a cooperative project. For non-NATO cooperative projects, certifications under Sections 36(b) and (c) of the AECA are required.

5. Section 27 certification of ongoing cooperative projects: With the approval of the Secretary of State and the SECDEF, a cooperative agreement which was entered into by the U.S. before the effective date of the amendment to Section 27 (August 8, 1985) made by the International Security and Development Cooperation Act of 1985, and which meets the requirements of Section 27 as so amended, may (subject to certification to the Congress) be treated on and after such date as having been made under Section 27, as so amended.

#### E. Certification to Congress.

1. Cooperative projects, as all International Agreements, require Congressional notification in accordance with the Case Act. (See DODD 5530.3.)

2. Cooperative projects which are to receive waivers or utilize the provisions of Section 27, AECA, must also be certified to the Congress 30 days prior to signature of the agreement (Section 27(f)). Prior to submission of the certification, the DSAA must consult with the Departments of State and Treasury on the program. The certification will be accomplished by the DSAA.

3. Before certification can be made, the proposed agreement must be the final version, agreed to by all participants. Submission to the Congress of the notification of a Section 27(f) program will not normally occur until the agreement is ready to be signed by all participants.

4. Any DOD component proposing to sign, on behalf of the U.S., any agreement or modification to an agreement, defined in B above, which will utilize the provisions and waivers of Section 27, will, not later than 60 days prior to the planned signature of the proposed agreement, forward to the Management Division, DSAA Operations, the following information for the certification required by Section 27(f) of the AECA:

- a. A detailed description of the cooperative project;
- b. An estimate of the quantity of the defense articles expected to be produced in furtherance of such a cooperative project;

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

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

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

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

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

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

#### **140107 REQUESTS FOR OFFSET PROCUREMENT.**

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

B. **Semiannual Report.** OUSD(A), in coordination with OUSD(P); the Department of Defense General Counsel; and the MILDEPs, will be responsible for publishing an annual report setting forth the status of existing and proposed compensatory offset agreements. Such reports will highlight the U.S. financial obligation and provide other detail as required.

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#### **140108 RELEASE OF TECHNICAL DATA.**

A. **General.** It is DOD policy to treat defense-related technology as a valuable and limited national security resource. Any export or re-export of defense related technical data of U.S. origin to a foreign recipient for its indigenous defense requirements must be approved under the provisions of the AECA. The principal controls are those provided under FMS procedures or export licensing for commercial transactions by the Department of State, Office of Munitions Control.

B. **Definition of Technical Data.** Technical data is defined in paragraph 140104.B. above. The most prominent category of technical data is described as a TDP. The TDP normally includes technical design and manufacturing information sufficient to enable the construction or manufacture of a defense item, component, modification, or to enable the performance of certain maintenance or production processes. It may include blueprints, drawings, plans, or instructions that can be used or adapted for use in the design, production, manufacture, or maintenance of the defense items or technology. USG rights to defense related technical data and TDPs range from complete USG ownership, to the possession of unlimited government rights, government purpose

license rights, or limited rights of use of privately-owned data, to complete private ownership without any USG rights of use.

C. **Scope.** The provisions of this paragraph on release of technical data apply to those programs where an eligible foreign government seeks U.S. origin technical data or a TDP for its use to meet its indigenous defense requirements or for potential retransfer of either defense items or technology to another foreign country for non-DOD use. These provisions do not apply to those programs between a U.S. prime contractor and its foreign subcontractors or potential subcontractors when the arrangement is intended to further USG defense acquisition requirements. The provisions of the FAR and DOD Supplement thereto govern such arrangements for DOD acquisition.

D. **Approval to Release Technical Data**

1. **Approval of the DSAA.** All requests to acquire technical data under FMS procedures must be approved by DOD component concerned and the Director, DSAA. Accordingly, DOD component will assure that DSAA is provided an information copy of all requests from foreign governments for such technical data release.

2. **Special Requirements When Credit Financed.** LOAs for the sale of technical data for production purposes will normally be financed on a cash basis. In the exceptional case when an LOA for production technical data is approved for FMS credit financing under the AECA, notification must first be provided to the Congress by the Department of State pursuant to the AECA, Section 42(b).

3. **Technical Data Related to Defense Articles Manufactured by Watervliet Arsenal.** Title 10 USC, Section 4542, prohibits the transfer of technical data from any government owned and operated defense plant manufacturing large caliber cannons (Watervliet Arsenal) to any foreign government, or assistance to any foreign government in producing any defense items currently being manufactured or developed in a government-owned, government-operated defense plant manufacturing large caliber cannons, unless the exceptional requirements of the statute are met. Headquarters, Department of Army must be consulted as to whether these requirements can be met before action may be taken to commit the USG to transfer such data.

4. **Types of Requests.** Requests for technical data and TDPs normally fall into one of three categories:

a. For use in operation and maintenance of items of U.S. origin defense equipment which had been previously transferred to the recipient.

b. For use in production of the defense item, or component thereof, follow-on-development of the item/components or improvement of an item of U.S. equipment (or derivations thereof), and

c. For study or evaluation purposes (for consideration of the desirability of a specific defense item for later request to the USG for authorization for production).



**E. Channels for Transfer of Technical Data and TDPs**

1. **U.S. Government-owned Technical Data and TDPs.** When requested by a foreign government for its indigenous defense requirements, USG-owned technical data and TDPs will only be released under FMS procedures. They will normally not be released unless it has been determined to be in the U.S. interest to do so and alternative means of meeting the requirements have been reviewed and are considered to be less desirable. Such technical data and TDPs will be sold only as defined line items on FMS cases, and the line item will clearly identify the item of defense equipment to which the data applies. The LOA will define the purpose for which the data or TDP is released and the applicable limitations and restrictions on the purchaser's use of the data. Foreign governments are responsible for the control and use of data received. Accordingly, U.S.-owned data required by foreign firms for authorized programs will be transferred through the appropriate foreign government.

2. **Privately-Owned Technical Data and TDPs for which USG Has Unlimited or Government Purpose Rights of Use.** Technical data and TDPs for which the USG holds unlimited or government purpose rights of use, and a U.S. firm also holds associated rights, are preferred to be transferred on a government-to-government basis but may be transferred by the U.S. firm holding associated rights, subject to USG approval through the export licensing process. If a government-to-government LOA is requested, the provisions of paragraph F below will be followed. If a direct commercial program transfer is requested by a foreign country, and the U.S. firm holding associated rights desires to make such a transfer, the U.S. firm must comply with the export licensing requirements of the Department of State. In addition, to facilitate the export licensing process the U.S. firm should consult with the MILDEP holding rights of use in the technical data.

3. **All other Unclassified Technical data and Technical Data Packages.** The provision of all other categories of unclassified technical data and TDPs (i.e. where they are owned by a U.S. firm or the USG has only limited rights) may be accomplished on a direct commercial basis subject to the U.S. firm receiving a State Department approved export license.

4. **USG NRC and Royalty Fees.** As detailed in Paragraph 140108 below, when data is transferred to a foreign country for reproduction purposes and the USG has financial investment in the development of that data, or development and production tools, the USG is, as required by DODD 2140.2, to be reimbursed for any foreign production of the equipment components or derivatives thereof. This requirement applies whether the technical data and/or TDP is transferred under FMS by DOD or on a direct commercial basis by a contractor unless such fees have been waived or are exempted. \*

5. **Classified Data.** Classified technical data and TDPs will be transferred only through official government channel pursuant to DODD 5200.1-R, DODD 5220.22-M, and part 25 of the ITAR.

F. **LOAs for Technical Data and TDPs.** The LOA will cover, as a minimum, the full costs for preparation, reproduction, and handling of the technical data and TDP. In addition, if the technical data and/or TDP is intended to be used for production purposes, the LOA will include the appropriate fee for authorized production unless such fees have been waived or are exempted. This fee will be the established NRC pro rata charge for MDE items or a royalty fee for non-MDE items as required by DODD 2140.2. Guidelines for the royalty fee computation are included in paragraph 140108 below. The applicable charge will be included as a separate line on the LOA unless waived by the Director DSAA under the provisions of paragraph 140108. The DD Form 1513 will clearly state (on the first page after identification of the item) the purpose of the TDP, as follows: \*

140108.F.1.

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

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

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

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

2. **Data Required by the DSAA.** If release of a TDP is requested for purposes of operation and maintenance of an item of U.S. equipment which has been approved for sale to the requestor, DOD component having cognizance over the item will provide the Director, DSAA, information shown at Table 1401-1 prior to release of the LOA, for use in making a release determination.

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

The technical data package offered herein is provided strictly for operations and maintenance purposes only. Should any new operation or maintenance procedures be developed by (country) for the (defense equipment), they will be shared without charge with the U.S. program manager. In offering this FMS case to (country), the U.S. Government makes no prior commitment or authorization for (country) to manufacture the defense equipment described therein. Separate U.S. Government approval is required for such manufacture. An LOA Amendment (DD Form 1513-1) will be issued for the provision of a certified production technical data package and the applicable charges for its use for manufacture. The purchaser agrees that unless specific authorization is provided in writing from the U.S. Government, the TDP will not be used for production.

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

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

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

3. **Royalty Fee Guidelines.** When the purchasing country intends to use the TDP for production, a royalty fee will be assessed for each item produced unless such fees have been waived or are exempted. Procedures on royalty fee computations, LOA presentation, collection, and waiver considerations are included in paragraph 140108 below. \*

4. **LOA Provisions.** The MILDEPs shall include the applicable notes listed in a., b., and c. below in LOAs for sale of TDPs for study/production purposes:

a. **TDPs Provided for Study Purposes:**

The technical data package offered herein is provided strictly for study purposes only. In offering this FMS case to (country), the U.S. Government makes no prior commitment or authorization for (country) to manufacture the defense equipment described therein. Separate U.S. Government approval is required for such manufacture. An LOA Amendment (DD form 1513-1) will be issued for the provisions of a certified production technical data package and the applicable charges for its use for manufacture.

b. **TDPs Provided for Indigenous Defense Production Purposes:**

(1) The technical data package offered herein is provided for the manufacture of (quantity) (defense equipment) in (country) for indigenous purposes only. Such manufacture may be accomplished either by the Government of (country) in its own government-owned or government-operated facilities or in designated in-country private commercial facilities. The Government of (country) will pay to the U.S. Government a charge of (amount) for each unit produced for the right to manufacture this equipment in the above stated quantities.

(2) Any manufacture in excess of this quantity for indigenous defense purposes will require separate approval of the U.S. Government and the execution of an LOA Notice of Modification (DD Form 1513-2) which also provides for payment of additional charges.

(3) The information furnished under this LOA, and the product derived from the use of such information, shall not be disclosed or transferred to any third country, person, or organization without the prior written consent of the U.S. Government and, where required, the execution of an LOA Notice of Modification (DD Form 1513-2).

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

(5) It is understood that the furnishing of these technical data does not in any way constitute a license to make, use, sell, or transfer whatsoever any inventions, technical information, or know-how (hereinafter referred to as proprietary information) owned by third parties which may be described in the documentation.

(6) The U.S. Government incurs no liability for any procurement, manufacture, use, or sale by the Government of (country) which makes use of any of the aforementioned proprietary information, or for any results derived from the use of the technical data furnished. The Government of (country) agrees to indemnify the U.S. Government against any liability resulting from a claim asserted by the owner of any such proprietary rights in connection with such use by the Government of (country) of the documentation provided hereunder.

(7) The U.S. Government will use its best efforts to furnish technical data that are accurate, adequate for the authorized purpose, current, and complete; however, the U.S. Government does not guarantee the adequacy, accuracy, currency, or completeness of these data. Similarly, the U.S. Government does not guarantee the accuracy, adequacy, currency, or completeness of any U.S. industry documentation.

(8) The cost of the documentation provided hereunder does not include periodic updating (revisioning service), which may be requested under a separate LOA, if desired.

(9) Production Validation - The Government of (country) will permit U.S. Government personnel access to government and contractor facilities, records, and storage sites to review the implementation of the requirements of this LOA. Such access will be permitted when mutually convenient, but within a reasonable period of time after the request. Visits will be accomplished under established visit procedures.

(10) Flowback of (country) Technical Data to the U.S.:

(a) Technical Data - (country) will furnish or cause to be furnished the following technical data to the U.S. Government at no cost to the U.S. Government other than the cost of reproduction, preparation, and handling:

1. All technical data pertaining to changes, modifications, and improvements in the design of (defense equipment) made in the course of development, evaluation, production, operation, and maintenance of (defense equipment).

2. All technical data pertaining to manufacturing processes employed in the production of (defense equipment).

3. Technical data pertaining to changes proposed in the design of (defense equipment) but not adopted.

4. Notwithstanding 1., 2., and 3. above, if (country) incorporates an existing commercial item without modification of either the item or the (defense equipment) and if: (i) the item is not based in whole or in part on U.S. technical data or on U.S. design; and (ii) the item is not in whole or in part funded or financed by (country) directly or indirectly; and (iii) there is no

development contract or subcontract between (country) and the supplier, then (country) will only be required, to the extent that it has the right to do so without incurring liability to others, to provide the U.S. Government sufficient information for the U.S. Government to evaluate the item, to procure it, to incorporate it into the system, and to operate, maintain, repair, overhaul, and modify it.

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

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

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

(1) The technical data package offered herein is provided for the manufacture of (quantity) (defense equipment) in (country) for indigenous purposes only and (quantity) of (defense equipment) in (country) for subsequent transfer to (country name(s)). Such manufacture may be accomplished either by the Government of (country) in its own government-owned or government-operated facilities or in designated in-country private commercial facilities. The Government of (country) will pay to the U.S. Government a charge of (amount) for each unit produced for the right to manufacture this equipment in the above stated quantities.

(2) Any manufacture in excess of this quantity for indigenous defense purposes and as authorized in note (a) herein will require separate approval of the U.S. Government and the execution of an LOA Notice of Modification (DD Form 1513-2) which also provides for payment of additional charges.

(3) The information furnished under this LOA, and the product derived from the use of such information, shall not be disclosed or transferred to any third country, person, or organization other than the Government(s) of (country names/s) without the prior written consent of the U.S. Government and, where required, the execution of an LOA Notice of Modification (DD Form 1513-2).

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

(5) It is understood that the furnishing of these technical data does not in any way constitute a license to make, use, sell, or transfer whatsoever any inventions, technical information, or know-how (hereinafter referred to as proprietary information) owned by third parties which may be described in the documentation.

(6) The U.S. Government incurs no liability for any procurement, manufacture, use, or sale by the Government of (country) which makes use of any of the aforementioned proprietary information, or for any results derived from the use of the technical data furnished. The Government of (country) agrees to indemnify the U.S. Government against any liability resting from a claim asserted by the owner of such proprietary rights in connection with such use by the Government of (country) of the documentation provided hereunder.

(7) The U.S. Government will use its best efforts to furnish technical data that are accurate, adequate for the authorized purpose, current, and complete; however, the U.S. Government does not guarantee the adequacy, accuracy, currency, or completeness of these data. Similarly, the U.S. Government does not guarantee the accuracy, adequacy, currency, or completeness of any U.S. industry documentation.

(8) Production Validation - The Government of (country) will permit U.S. Government personnel access to government and contractor facilities, records, and storage sites to review the implementation of the requirements of this LOA. Such access will be permitted when mutually convenient, but within a reasonable period of time after the request. Visits will be accomplished under established visit procedures.

(9) The cost of the documentation provided hereunder does not include periodic updating (revisioning service), which may be requested under a separate LOA, if desired.

(10) Flowback of (country) Technical Data to the U.S.:

(a) Technical Data - (country) will furnish or cause to be furnished the following technical data to the U.S. Government at no cost to the U.S. Government other than the cost of reproduction, preparation, and handling:

1. All technical data pertaining to changes, modifications, and improvements in the design of (defense equipment) made in the course of development, evaluation, production, operation, and maintenance of (defense equipment).

2. All technical data pertaining to manufacturing processes employed in the production of (defense equipment).

3. Technical data pertaining to changes proposed in the design of (defense equipment) but not adopted.

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

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

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

J. **Restrictive Markings on TDPs.** In all cases, care will be taken to insure that the TDP bears clear identifying marks stating any restrictions which indicate whether manufacturing is authorized or not authorized, as well as security classifications, which may apply. The restrictive markings will be applied to each piece of technical information provided, including drawings and aperture cards.

K. **Reporting in the 1200 System.** For reporting purposes, the line on the LOA for the applicable royalty fee (and nonrecurring recoupment charge) will be reported as code R9D in the 1200 system. Technical data packages will be recorded in the 1200 system under generic code M1F pseudo NSN 0208000000 TDP.

L. **Revisioning Services.** The sale of revisioning services, which provide for the updating of TDPs on a continual basis, may be offered only for TDPs for which transfer has been approved. These services for upgraded or improved items require separate transfer authorization.

## **140109 ROYALTY FEE MANAGEMENT.**

### **A. Guidelines.**

1. **General.** Charges for the use of TDPs to be used to manufacture or produce items for non-USG use are referred to as royalty fees. (DODD 7290.3-M, Section 715 applies.) Royalty fees apply when there is a firm USG authorization to produce items for non-USG use. LOAs for TDPs, as a minimum, will:

a. Be constructed of two line items, that is, one for the TDP and a second line for the total royalty fee;

b. Include a planned production schedule, actual or estimated, as a supplemental condition against which estimated royalty fees will be assessed;

c. Contain a supplemental condition that authorizes U.S. representatives to validate the accuracy of production when required, and

d. List and quantify production for approved third country production where such transfers have been authorized by the USG.

Production quantities authorization will normally require validation after no more than ten years.

## 2. Royalty Fee Computation.

a. For MDE items, the approved MDE nonrecurring cost recoupment charge is assessed for each item produced. For non-MDE items, a percentage surcharge is applied on the basis of the item's current DOD inventory price. The percentage surcharges are as follows:

(1) Where the foreign applicant intends to produce the article for "in-country" consumption only, a royalty fee of five percent of the latest or current U.S. unit price for each complete unit produced in country.

(2) Where the DOD has specifically approved "in-country" production for third country sale, a royalty fee of eight percent of the latest or current U.S. unit price for each complete unit produced in-country for third country sale.

b. When the production quantity is approved in the LOA, the NRC charge or appropriate percentage of the current DOD inventory price in effect will be used as the royalty fee. Once established, the royalty fee will be effective for the production of the approved quantity and not subject to retroactive recalculation. For subsequent production quantities approved, the royalty fee will be recalculated based on the then most current DOD inventory price or NRC charge. The price basis will exclude all FMS surcharges or FMS-unique factors. The authorized production of U.S. defense items will normally not exceed a period of ten years.

c. Based on cost effective considerations, a royalty fee will not be assessed when the total royalty fee value is less than \$100 and when an LOA would otherwise have to be modified to include the royalty fee line.

3. Reductions Waivers, and Exemptions. The royalty fee may be reduced or waived when the Director, DSAA, determines that special circumstances warrant a specific exception: \*

a. The charge for "in-country" consumption may be waived when the foreign applicant is a current recipient of MAP or concessional FMS credit funds.

b. If the item to be produced is obsolete and no longer being manufactured for MILDEPs and/or is not available in the MILDEP inventories, the royalty fee may be reduced or waived.

c. Royalty fees may be reduced by the proportion of U.S. manufactured components purchased from the U.S. and incorporated in the end item being manufactured by the customer if it is demonstrated that a duplicate royalty fee would be assessed.

d. Any reduction or waiver of royalty fees is required to be approved in writing by the DSAA and the Office of the ASD (Comptroller).

e. Fair Pricing legislation exempted charging of NC or royalty fees for FMS LOAs that are fully financed with MAP Merger and/or Non-repayable FMS Credits. This exemption includes sales of TDPs for purposes of foreign production or coproduction of MDE for indigenous use. However, all units produced for third parties are subject to an eight percent royalty fee as third party transactions are not financed with USG grant funds. \*\*

4. Billing of Royalty Fees. The royalty fee will be automatically billed according to the payment schedule that will be based on a production schedule. Revised payment and production schedules will be formalized by a DD Form 1513-2 Notification. If a production schedule is not available at the time of LOA preparation for an approved quantity, the purchaser



will have 12 months to provide a schedule. A supplemental condition will be placed in the LOA to (1) require that the production schedule be provided within 12 months for the quantity of items authorized for production by the LOA and (2) advise the customer that if no production schedule is provided then a bill for either one year production or 1/10 of the total authorized production, at the USG option, will be presented for payment. Ten months after LOA acceptance SAAC will request that the MILDEP obtain a production schedule from the FMS purchasers. If no reply is received from the customers within 45 calendar days of the date of the request, the MILDEP will issue a DD Form 1513-2 and a bill for either one year production quantity or 1/10 of the total authorized production quantity will be presented by SAAC for payment. Should the production quantity authorization be more or less than the normal ten year validation, the amount to be billed will be adjusted accordingly.

B. **Royalty Fee Collection.** SAAC is the supporting activity or line manager for the royalty fee line. The TDP line will be delivery reported using normal FMS billing procedures. For the royalty fee line, SAAC will be the official accounting station. The royalty fee line will be delivery reported and accounted for by the SAAC. SAAC will maintain and liquidate obligations for the royalty fee line and deposit receipts according to DODD 7290.3-M. SAAC will record commitments, obligations, disbursements, and performance. Financial data will be available in the DIFS data base and the MILDEPs will have normal access as with any other FMS case. SAAC will also provide "FK" feedback as recorded in DIFS to the MILDEP.

C. **Monitorship.** The SAAC will request the MILDEP to confirm the actual production schedule on an annual basis after acceptance of FMS cases. DSAA will determine the requirement to spot check foreign production. If required, DSAA will select a sampling of country reported productions and request a Security Assistance Organization (SAO) or other U.S. Government representative to inspect the in-country production facility to verify that royalty payments are commensurate with actual production. The sampling will be selected by DSAA based on recommendations by the IAs and SAAC. The results of the inspection and any corrective action will be furnished to DSAA and a copy furnished to the applicable IA and SAAC. The SAAC will report anticipated and actual collections of royalty fees through the DSAA (Q) 1112 Report to the DSAA Comptroller (Financial Management Division).

D. **Closure.** The SAAC will furnish the MILDEP a statement that all financial obligations have been met.

E. **TDPs Sold or Transferred via Other Sources.**

1. **Guidelines.** SAAC will collect royalty fees associated with foreign production where TDPs were or are obtained by foreign governments through means other than FMS case and that are used for production purposes for the benefit of non-USG users. A documented country agreement to pay the royalty fee is required prior to collection. These procedures apply except when a waiver has been approved or in the unusual event that the U.S. contractor pays to the MILDEP directly.

2. **Process.** When the royalty fee requirement and the associated assessment is identified, SAAC will:

- a. Establish a pseudo FMS case designator for control purposes;
- b. Advise the foreign government, through the SAO, that a production schedule is required within 45 days to SAAC;
- c. Bill the foreign government according to the production schedule through the normal FMS billing process using a DD Form 645;

140109.E.2.d.

- d. Receive and review the annual production report required from the country;
- e. Verify through DSAA the accuracy of the production schedule on a sampling basis, and
- f. Report anticipated and actual collections to DSAA via the DSAA (Q) 1112 Report.

If a production schedule is not available, SAAC will provide pertinent data to the SAO and request the SAO to obtain production status and a schedule of future productions. SAAC will suspense the query and follow up for two three-month intervals. Further pursuit of the query should be requested of DSAA Operations.

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 DOD instructions, maintenance manuals or other similar publications: \_\_\_\_\_  
\_\_\_\_\_
5. In-country inventory of major end items requiring maintenance support from the requested TDP: \_\_\_\_\_  
\_\_\_\_\_
6. Current status of DOD maintenance capability; e.g., is there an excess depot level capability at the DOD facility: \_\_\_\_\_  
\_\_\_\_\_
7. Security classification of the TDP: \_\_\_\_\_
8. DOD component recommendation on releasing the TDP: \_\_\_\_\_  
\_\_\_\_\_

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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.S. production and stock on hand of item(s) involved:
  - a. U.S. production: \_\_\_\_\_
  - b. Stock on hand: \_\_\_\_\_
  - c. Excess or about to be excess: \_\_\_\_\_
5. U.S. and foreign production history for last five years:
  - a. U.S.: \_\_\_\_\_
  - b. Foreign: \_\_\_\_\_
6. Future U.S. production plans (define planned quantity in two categories, i.e., approved or proposed);
  - a. Approved: \_\_\_\_\_
  - b. Proposed: \_\_\_\_\_
7. Current U.S. source(s) of supply for item: \_\_\_\_\_  
\_\_\_\_\_
8. Current cost to U.S. Government of the item, and whether it is produced in-house or under government contract: \_\_\_\_\_  
\_\_\_\_\_

TABLE 1401-2. Data Sheet for TDP Transferred for Study or Production.

9. Security classification of the TDP and of the item to be produced:
- a. TDP: \_\_\_\_\_
- b. Item: \_\_\_\_\_
10. Other countries authorized to produce the item: \_\_\_\_\_
11. Impact sale may have on U.S., FMS and/or other programs: \_\_\_\_\_
12. Whether intended recipients of production have previously obtained the item to be produced and quantities obtained, actual or estimated: \_\_\_\_\_
13. Major assemblies or components in TDP having patent or other proprietary rights not releasable without prior approval: \_\_\_\_\_
14. Copy of all pertinent correspondence with the purchaser concerning the TDP is attached.
15. Statement as to whether the TDP requirement would be met by means of pertinent DOD instructions, maintenance manuals or other similar publications: \_\_\_\_\_
16. DOD component recommendation releasing the TDP: \_\_\_\_\_

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TABLE 1401-2. (Continued)

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## CHAPTER 15

### DSAA MANAGEMENT INFORMATION SYSTEMS

<b>SECTION 1500 - DSAA 1200 FOREIGN MILITARY SALES SYSTEM OVERVIEW, GUIDANCE, AND DATA SUBMISSION INSTRUCTIONS</b>
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**150001 PURPOSE.** The purpose of this section is to provide a general description of the concepts and characteristics of the DSAA Foreign Military Sales Information System (DSAA (AR) 1200), commonly referred to as the DSAA 1200 System. In addition, this section will provide guidance and instructions for preparing and furnishing data used in maintenance of the System.

**150002 DESCRIPTION OF THE FOREIGN MILITARY AND CONSTRUCTION  
SALES INFORMATION SYSTEM.**

A. **General.** The DSAA 1200 System is an aggregation of country oriented data providing status of sales negotiations, execution of accepted sales cases and other associated information about the FMS and FMCS programs. It provides current status and historical information since program inception. It also covers the chronology of each FMS or FMCS case or potential case from the point of establishment of a letter of request in the System through the Congressional review phase for potential major sales as defined in Section 36(b) of the AECA, through acceptance and implementation, and finally to completion (the transfer of materiel/services and final billing to the customer of the case). Case tracking includes: recording offer data, the country's acceptance or refusal of the case terms, the issuance of OA from SAAC to the IA, IA receipt of the OA, IA issuance of case program directives, IA supply performance against the case and, ultimately, financial case closure.

B. **Types of Data Contained in the System.** The DSAA 1200 System contains two separate and distinct types of data records as indicated below:

1. **Case Level Records.** Case records contain identification of the sales case, a description of the defense articles and defense services, important dates, case value, security classification, and other related data element codes. Each case record can be identified by the Case Identifier (combination of country/activity code, implementing agency code, and case designator). Key events and other data recorded in the case level data include:

a. **Congressional Notification.** In accordance with Arms Export Control legislation, data related to the AECA, Section 36(b) transmittals are entered into the DSAA 1200 System by using the Transaction Types S2, S6, or S7 formats. (See Tables 1500-1 through 1500-7.) This data includes the transmittal serial number, descriptive information about the type and value of items under consideration, and critical milestone dates (related to the submission and approval process).

b. **Letters of Request.** Data base entries are made by the appropriate implementing agency, using Transaction Type S1 format, to record receipt of the LOR for supplies and services.



c. **Offer, Acceptance, and Implementation Data.** This phase of a case level record includes information from the processing cycle in the life of a case from offer through acceptance, implementation, and case closure. These data are entered in the System by DSAA, SAAC, or the appropriate implementing agency by using the Transaction Types S3 and S4 Formats. The following are key events and other pertinent data in this offer, acceptance, and implementation cycle:

(1) **DSAA Countersignature of Letter of Offer.** Includes the countersignature (offer) date and the offer expiration date.

(2) **Acceptance by Country.** Notification from the country that they have accepted the terms of the offer is posted as an updated case status.

(3) **Obligational Authority.** The date of issuance of OA by SAAC to the implementing agency is provided by SAAC.

(4) **Program Directive Guidance.** Upon receipt of the OA by the MILDEP/agency and the issuance of program directive guidance to the implementing activities, the MILDEP or agency provides the program directive and case establishment dates (notification to country customers) for entry into the System.

(5) **Delivery/Completion and Case Closure.** Upon complete delivery (completion of the transfer of defense articles and services) by the implementing agency, the IA furnishes a transaction containing the supply completion date. Upon receipt of case closure certification by SAAC and assurance that financial requirements have been satisfied, SAAC furnishes DSAA a case closure status transaction for posting to the System.

2. **Item Detail Data.** Detail records, which correspond to the specific defense articles and services lines on the DD Form 1513, are established by SAAC at the time a case is offered. In addition, records are created for PCH&T and logistics management expenses. The records are periodically updated by SAAC throughout the life of the case. These records reflect the identification of defense articles and services at the level of data prescribed by the MASL (see Appendix D), the quantity and/or value purchased, delivery commitments, delivery forecasts, and cumulative deliveries when appropriate. All item detail records contain a record serial number which when used along with the case identifier (combination of country, IA, and case designator) identifies each item record within a FMS or FMCS case. Item detail records are submitted to DSAA on a monthly basis. For implemented cases the data represents the month end delivery position as recorded by SAAC from billings reported by the MILDEPs or agencies. For selected major items, the delivery status is based upon actual physical delivery count and is reported by the implementing agencies to SAAC. Historical item detail data (closed cases) are also retained on the data base.

### **150003 REPORTING FREQUENCY.**

A. **Case Level.** Transaction types S1 through S7 received prior to noon on Tuesday are processed in the 1200 System update scheduled for Wednesday of each week.

B. **Item Detail Data.** SAAC will provide item detail data (reflecting delivery status) to DSAA by the close of business of the last working day of each month. This data is the end of month position from the previous month; for example, end of April data is sent to DSAA on the last working day of May.

**150004 DATA BASE UPDATES**

A. **Case Level Transaction Data.** These data are provided by the MILDEPs, SAAC, and elements of the DSAA Comptroller's staff and are processed in weekly updates to the master data base. During each weekly cycle, input is edited and any rejected transactions are returned to the change originator in a suitable output format with a clear indication of the reason for the error condition(s). All rejected transactions should be analyzed immediately and resubmitted to DSAA for subsequent processing.

B. **Item Detail Data.** The data provided each month by SAAC are processed against the Materiel MASL and valid case records, and are subjected to a series of value and data element checks. An Item Detail Load Analysis report is created from this process and is furnished to the appropriate activity for evaluation and resolution of any problems.

**150005 PREPARATION AND SUBMISSION OF DATA INPUT FOR THE DSAA 1200 SYSTEM.**

A. **Input Formats.** Specific instructions for preparation of each data input format used in the DSAA 1200 System can be found in Figures 1500-1 through 1500-7. The following is a list of approved formats showing the preparing (submitting) agency:

<u>Code</u>	<u>Meaning</u>	<u>Preparing Agency</u>
S1	LOR Format- Transaction Type S1	IA/DSAA
S2	Congressional Transaction Format- Transaction Type S2	DSAA
S3	DOD Form 1513 Format- Transaction Type S3	DSAA/SAAC
S4	IA Format- Transaction Type S4	IA
S5	Redesignating Key Format- Transaction Type S5	DSAA
S6	Under DOD Preparation Format- Transaction Type S6 (Add/Change/Delete)	DSAA
S7	Under DOD Preparation Format- Transaction Type S7 (Change)	DSAA

B. **Submission of Data.** Data may be submitted in any one of the following modes:

1. Actual punched cards may be submitted either by messenger or by AUTODIN. Punch cards are the preferred method.

2. Magnetic Tape. Submitting offices should make special arrangements with DSAA, Office of the Comptroller, Data Management Division as to the tape characteristics and the method of submission when choosing this mode.

3. Transcript Sheet (low volume only).

TABLE 1500-1

## LETTER OF REQUEST FORMAT - TRANSACTION TYPE S1

Card Column	Number of Columns	Data	Instruction
1-2	2	Card Code (Transaction Type)	Must be filled. Always use "S1"
3-4	2	Country/Activity Code	Must be filled. Use codes shown in Appendix D, Tables D-5, D-6, and D-7.
5	1	Implementing Agency Code	Must be filled. Use codes shown in Appendix D.
6-8	3	Case Designator	Must be filled. Column 6 must always be alpha, columns 7 and 8 may be either alpha or numeric. No columns may be left blank.
9-10	2	Case Amendment Number	May be blank or zeroes for a basic case; otherwise, this field must be numeric using codes 01 thru 99.
11	1	Transaction Code (Action Code)	Must be filled. Use an "A" for an added record, a "C" for a change to a record, or a "D" for deleting a record.
12	1	Change Originator Code	Must be filled. Use codes shown in Appendix D.
13	1	Status Code	The status code will have an entry only when a case is cancelled during the Letter of Request or Congressional 1200 status cycle (anytime before offer status). A "Z" status code should be entered for LOR cancellation. Unless this condition exists, leave the status code field blank. Status codes will be automatically generated for each case based on dates entered.
14-19	6	Date of Letter of Request (LOR)	Must be filled for all add transactions using numeric YYMMDD format. This field cannot be blanked out.

TABLE 1500-1. Letter of Request Format - Transaction Type S1.

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

TABLE 1500-1. (Continued)

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

## GUIDELINES FOR LOA DESCRIPTIONS - FMS 1200 SYSTEM

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The following guidelines are provided to assure that DD Form 1513 descriptions are informative.

1. The established format for describing LOAs containing MDE items is unchanged; i.e., the quantity sold will appear in parenthesis after each item listed in the description (e.g., "F-16A (20) AND F-16B (15) A/C SYSTEM").

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

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

4. BO, CLSSA, spare part, TAFT, QAT, and training LOAs should contain reference to what is being supported; e.g., "BLANKET ORDER - F-18 SPARES" or "SPARE PARTS, M60A1 TANK, 150MM GUN."

5. In summary, the LOA item description should be stated in simple, straightforward terminology that will be understood by those unfamiliar with FMS. The 40 character description field should be fully utilized in order to make the descriptions meaningful, with abbreviations used only when necessary to conserve space.

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TABLE 1500-1. (Continued)

TABLE 1500-2

## CONGRESSIONAL TRANSACTION FORMAT - TRANSACTION TYPE S2

Card Column	Number of Columns	Data	Instruction
1-2	2	Card Code (Transaction Type)	Must be filled. Always enter "S2".
3-4	2	Country/Activity Code	Must be filled. Use codes shown in Appendix D, Figures D-5, D-6 and D-7.
5	1	Implementing Agency Code	Must be filled. Use codes shown in Appendix D.
6-8	3	Case Designator	Must be filled. Column 6 must be alpha, columns 7 and 8 may be either alpha or numeric. No columns may be left blank.
9-10	2	Case Amendment Number	May be blank or zeroes for a basic case; otherwise, this field must be numeric using codes 01 thru 99.
11	1	Transaction Code	Must be filled. This field should always be "C" for a change to a record or "D" for deleting Congressional information. Using this Congressional delete will still leave all Letter of Request and offer information on the file.
12	1	Change Originator Code	Must be filled. Use codes shown in Appendix D.
13	1	Status Code	Leave blank. Status code will be generated by the computer.
14-19	6	Notification to State Date	If filled, must be numeric in YYMMDD (year/month/day) format. Additional fields which must be entered along with this date are Congressional Transmittal Number, Congressional Year of Interest, and 36(b) Transmittal Value. If applicable, one or both of two optional fields should also be entered at this time - the Construction Indicator and the Zero Dollar Indicator. To blank the date of this field, use an asterisk (*) in the right-most column.

TABLE 1500-2. Congressional Transaction Format - Transaction Type S2.

Card Column	Number of Columns	Data	Instruction
20-25	6	State Department Approval Date	If filled, must be numeric in YYMMDD format. To blank out this date, use an asterisk(*) in the rightmost column.
26-31	6	Advance Notification to Congress Date	If filled, must be numeric in YYMMDD format. To blank out this date, use an asterisk(*) in the rightmost column.
32-37	6	Statutory Notification to Congress Date	If filled, must be numeric in YYMMDD format. To blank out this date, use an asterisk(*) in the rightmost column.
38-42	5	Congressional Transmittal Number	If filled, this column should always have a numeric year in the two leftmost positions. Until establishment of a Statutory Notification to Congress Date, the other three positions must be alpha. Where there is a Statutory Notification to Congress Date entry, the three rightmost positions must be numeric.
43-44	2	Congressional Year of Interest	Must be filled when first entering Congressional information. Use numeric format. This field cannot be blanked out.
45-54	10	Blank	Leave Blank.
55	1	Zero Dollar Indicator	Must be "0" (zero) if filled (back-filled case) If left blank, it is assumed the case is a "lead tracking case."
56	1	Construction Indicator	If filled, must be either "Y" or "N".
57-68	12	36(b) Transmittal Value	Must be filled when first entering Congressional information on the data base. If filled, the 36(b) Transmittal Value must be right-justified using numeric entries with leading blanks. During the update, the leading blanks will be replaced with zeroes. This field is composed of ten dollar positions and two cents positions. If a zero is entered, the value field on the data base will be zeroed out.

TABLE 1500-2. (Continued)

Card Column	Number of Columns	Data	Instruction
69-80	12	Construction Case Value	If filled, must be right-justified using numerics only with leading blanks (these leading blanks will be changed to zeroes during processing). This field is comprised of ten dollar positions and two cents positions. The Construction Case Value field is entered and/or changed by Change Originator "Q" or "S". If a zero value is entered, the construction value will be zeroed out.

NOTE: Any date entered on the data base by Transaction Type S2 should be equal to or higher than any previously recorded date.

TABLE 1500-2. (Continued)



TABLE 1500-3

## DD FORM 1513 FORMAT - TRANSACTION TYPE S3

Card Column	Number of Columns	Data	Instruction
1-2	2	Card Code (Transaction Type)	Must be filled. Always enter "S3".
3-4	2	Country/Activity Code	Must be filled. Use codes shown in Appendix D, Tables D-5, D-6, and D-7.
5	1	Implementing Agency Code	Must be filled. Use codes shown in Appendix D.
6-8	3	Case Designator	Must be filled. Column 6 must be alpha, column 7 and 8 may be either alpha or numeric. No columns may be left blank.
9-10	2	Case Amendment Number	May be left blank or filled with zeroes for a basic case; otherwise, this field must be numeric using codes 01 thru 99.
11	1	Transaction Code (Action Code)	Must be filled. Use a "C" for a change to a FMS record, or use a "D" for deleting the offer and any higher information. Using this offer delete will still leave all Congressional and Letter of Request data on the file.
12	1	Change Originator Code	Must be filled. Use codes shown in Appendix D.
13	1	Status Code	The status code may be filled with an "X", when a case is cancelled during the 1513 cycle, or else left blank. All other status codes will be generated by the computer based on the dates entered in the system.
14-19	6	State Department List	If filled, this date must be numeric YYMM DD format. Only Change Originators "S" and "Q" will be allowed to make this date entry. To remove a date from the record, use an asterisk (*) in the rightmost column. This date may be input by itself, but usually it will be entered at the same time as the 1513 offer information is entered for the case. If this field is left blank, then the State Department List Date will be generated equal to the Offer Date.

TABLE 1500-3. DD Form 1513 Format - Transaction Type S3.

Card Column	Number of Columns	Data	Instruction
20-25	6	Offer Date (Countersignature)	If filled, this field must be numeric in YY MMDD format. Only Change Originator "Q" or "S" will be allowed to make this date entry. When the Offer Date is first entered into the data base, the Offer Expiration Date must be entered at the same time. To remove a date from this field, use an asterisk (*) in the rightmost column. If the Offer Date is blanked out, then the Offer Expiration Date should also be blanked out.
26-31	6	Offer Expiration Date	If filled, this field must be numeric in YYMM DD format. Only Change Originator "Q" or "S" will be allowed to enter a date in this field. This date must be initially entered along with the Offer Date. If the Offer Date is removed, this date should also be removed from the record. To remove a date from this field, use an asterisk (*) in the rightmost column. If this column contains an asterisk and the Offer Date does not contain an asterisk, the transaction will be considered invalid.
32-37	6	Acceptance Date/ Signature Date	If filled, this field must be numeric in YYMM DD format. Only Change Originator "G", "Q", or "S" will be allowed to enter the Signature Date. When Change Originator "G" is used, the date entered will be considered to be the Acceptance Date. Signature date changes may be accomplished only while the case is still in status "S"; additionally, it is impossible to retreat (by removing the date) to status "S". The Signature Date itself may be removed by entering an asterisk (*) in the rightmost column. Once the record is in Accepted Status, this field entry (Acceptance Date) may have changes made to it by using Change Originator "G", "Q", or "S". To blank out the Acceptance Date, use an asterisk (*) in the rightmost column.
38-43	6	Obligation Authority Date	If filled, this field must be numeric in YYMM DD format. Only Change Originator Code "G" or "S" will be allowed to make an entry in this field. To blank out, use an asterisk (*) in the rightmost column.

TABLE 1500-3. (Continued)

Card Column	Number of Columns	Data	Instruction
44-49	6	Case Closure Date	If filled, this field must be numeric in YYMM DD format. Only Change Originator "G" or "S" will be allowed to make an entry in this field. To blank out, use an asterisk (*) in the rightmost column.
50-55	6	Cancellation Date	If filled, this field must be numeric in YYMM DD format. The Cancellation Date will be taken from the internal computer date if the transaction has an "X" status code and no Cancellation Date entry. To blank out the Cancellation Date through direct transaction input, use an asterisk(*) in the right-most column. Another way to blank out this field is by changing any date field in the data base, which will in turn cause either an open (active) or closed status to be generated for the case.
56	1	Construction Indicator.	If filled, must be either an alpha "Y" or "N".
57-68	12	Total 1513 Case Value	If filled, must be right-justified using numerics only with leading blanks (these leading blanks will be changed to zeroes during processing). This field is comprised of ten dollar positions and two cents positons. If a zero value is entered, the total case value will be zeroed out. The 1513 Total Case Value will need to be entered for any non-36(b) case, or if there's a value change for a 36(b) case. This field must have an entry when first entering offer information if there is no previous Congressional money. This Case Value, if entered by Change Originator Code "Q" or "S", will also update the DSAA value. SAAC (Change Originator "G") will use this field to submit the Total Case value as recorded at SAAC. The SAAC value will be used to update the SAAC value field on the data base.
69-80	12	Construction Case Value	If filled, must be right-justified using numerics only with leading blanks (these leading

TABLE 1500-3. (Continued)

Card Column	Number of Columns	Data	Instruction
			blanks will be changed to zeroes during processing). This field is comprised of ten dollar positions and two cents positions. Construction Case Value field is entered and/or changed by change originator "Q" or "S". If a zero value is entered, the construction construction value will be zeroed out. SAAC will leave this field blank.

**NOTE:** DD Form 1513 Transaction dates entered into the data base by this transaction format should be equal to or higher than any previously recorded date. An exception to this is the Offer Expiration Date which must be higher than the Offer Date; no further sequence check can be accomplished upon the Offer Expiration Date field. Two other exceptions are the Program Directive Date and Case Establishment Date which are entered into the system by Transaction Type S4. These dates are not included in the date sequence checking. Any data base record which has a date field blanked out will be subjected to a sequence check in the same manner as any other actual date entry.

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TABLE 1500-3. (Continued)

TABLE 1500-4  
IMPLEMENTING AGENCY FORMAT - TRANSACTION TYPE S4

Card Column	Number of Columns	Data	Instruction
1-2	2	Card Code (Transaction Type)	Must be filled. Always enter "S4".
3-4	2	Country/Activity Code	Must be filled. Use codes shown in Appendix D, Tables D-5, D-6, and D-7.
5	1	Implementing Agency Code	Must be filled. Use codes shown in Appendix D.
6-8	3	Case Designator	Must be filled. Column 6 must be alpha, columns 7 and 8 may be either alpha or numeric. No columns may be left blank.
9-10	2	Case Amendment Number	May be blank or filled with zeroes for a basic case; otherwise, this field must be numeric using codes 01 thru 99.
11	1	Transaction Code (Action Code)	Must be filled. Always enter "C" (Change).
12	1	Change Originator Code	Must be filled. Use codes shown in Appendix D.
13	1	Blank	Leave Blank.
14-19	6	Program Directive Date	When filled, must be all numeric in YYMM DD format. Only the appropriate Implementing Agency's Change Originator code or DSAA(C/O = Q or S) will be allowed to make this entry into the system. To blank out a date, enter an asterisk (*) in the rightmost column.
20-25	6	Case Establishment Date	When filled, must be all numeric in YYMM DD format. Only the appropriate Implementing Agency's Change Originator code or DSAA (C/O = Q or S) will be allowed to make this entry into the system. To blank out a date, enter an asterisk (*) in the rightmost column.

TABLE 1500-4. Implementing Agency Format - Transaction Type S4.

Card Column	Number of Columns	Data	Instruction
26-31	6	Supply Completion Date	If filled, this field must be numeric in YYMMDD format. Only the appropriate Implementing Agency's Q or S) will be allowed to make this entry into the system.. To blank out a date, enter an asterisk (*) in the rightmost column.
32-80	49	Blank	Leave blank.

**NOTE:** The Supply Completion Date entered through this transaction card should be equal to or higher than any previously recorded date. Any data base record with date fields to be blanked out will be subjected to a sequence check in the same manner as any other actual entries.

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TABLE 1500-4. (Continued)

TABLE 1500-5

## REDESIGNATING KEY FORMAT - TRANSACTION TYPE S5

Card Column	Number of Columns	Data	Instruction
1-2	2	Card Code (Transaction Type)	Must be filled. Always enter "S5".
3-4	2	Old Country/Activity Code	Must be filled. Use Codes shown in Appendix D, Tables D-5, D-6, and D-7.
5	1	Old Implementing Agency Code	Must be filled. Use codes shown in Appendix D.
6-8	3	Old Case Designator	Must be filled. Column 6 must be alpha, columns 7 and 8 may be alpha or numeric. No columns may be left blank.
9-10	2	Old Case Amendment Number	May be blank or filled with zeroes for a basic case; otherwise, this field must be numeric using codes 01 thru 99.
11	1	Transaction Code (Action Code)	Must be filled. Always enter "C" (change).
12	1	Change Originator Code	Must be filled. Use either "S" or "Q".
13-14	2	New Country/Activity Code	Must be filled. Use codes shown in Appendix D, Tables D-5, D-6, and D-7.
15	1	New Implementing Agency Code	Must be filled. Use codes shown in Appendix D.
16-18	3	New Case Designator	Must be filled. Column 6 must be alpha, columns 7 and 8 may be either alpha or numeric. No columns may be left blank.
19-20	2	New Case Amendment Number	May be blank or filled with zeroes for a basic case; otherwise, this field must be numeric using codes 01 thru 99.
21-80	60	Blank	Leave Blank.

TABLE 1500-5. Redesignating Key Format - Transaction Type S5.

TABLE 1500-6

UNDER DOD PREPARATION FORMAT (ADD/CHANGE/DELETE)  
TRANSACTION TYPE S6

Card Column	Number of Columns	Data	Instruction
1-2	2	Card Code (Transaction Type)	Must be filled. Always enter "S6".
3-4	2	Country/Activity Code	Must be filled. Use codes shown in Appendix D, Tables D-5, D-6, and D-7.
5	1	Implementing Agency Code	Must be filled. Use codes shown in Appendix D.
6-10	5	Congressional Transmittal Number/Summary Control Record Serial Number	Must be filled with Congressional Transmittal Number for all add transactions. For changes, use the Summary Control Record Serial Number or the Case Designator and Amendment Number. The computer generates the Summary Control Record Serial Number for all adds.
11	1	Transaction Code (Action Code)	Must be filled. Use either "A", "C", or "D" for Add, Change, or Delete.
12	1	Change Originator Code	Must be filled. Always enter "Q" or "S".
13	1	Status Code	Leave blank. This code is generated by the computer.
14-15	2	Congressional Year of Interest	Must be filled using numerics for all add transactions. This is an optional field for change transactions.
16	1	Construction Indicator	If filled, must be either an alpha "Y" or "N".
17	1	Classification	If filled, must be either an alpha "C", "D", or "U".
18	1	Blank	Leave blank.
19-24	6	Under DOD Preparation Date (DSAA, Operations)	When date is available, enter using all numerics in YYMMDD format.

TABLE 1500-6. Under DOD Preparation Format (Add/Change/Delete) - Transaction Type S6.



Card Column	Number of Columns	Data	Instruction
25-30	6	Under DOD Preparation Date (DSAA, Compt)	When date is available, enter using all numerics in YYMMDD format.
[NOTE: One or both of the two dates above must be present for an add transaction.]			
31-40	10	Under DOD Preparation Value	If filled, must be all numeric (whole dollars).
41-80	40	Case Description	Must be filled for all add transactions. All entries must contain at least 15 non-blank, meaningful characters followed by the quantity of the major defense equipment items in parentheses (where appropriate).

TABLE 1500-6. (Continued)

TABLE 1500-7  
 UNDER DOD PREPARATION FORMAT - (CHANGE)  
 TRANSACTION TYPE S7

Card Column	Number of Columns	Data	Instruction
1-2	2	Card Code (Transaction Type)	Must be filled. Always enter "S7".
3-4	2	Country/Activity Code	Must be filled. Use codes shown in Appendix D, Tables D-5, D-6, and D-7.
5	1	Implementing Agency Code	Must be filled. Use codes shown in Appendix D.
6-10	5	Summary Control Record Serial Number/Case Designator + Amendment Number	Must be filled.
11	1	Transaction Code (Action Code).	Must be filled. Always enter "C" (change).
12	1	Change Originator Code	Must be filled. Always enter "Q" or "S".
13	1	Status Code	If filled, it must always be "Z" for cancellation.
14-15	2	Congressional Year of Interest	If filled, it must be numeric.
16	1	Construction Indicator	If filled, it must be either "Y" or "N".
17	1	Classification	If filled, it must be either "C", "D", or "U".
18	1	Blank	Leave blank.
19-24	6	Under DOD Preparation Date (DSAA, Operations)	Enter date, when available, using numeric YYMMDD format.
25-30	6	Under DOD Preparation Date (DSAA, Comptroller)	Enter date, when available, using numeric YYMMDD format.

TABLE 1500-7. Under DOD Preparation Form - (Change) Transaction Type S7.

Card Column	Number of Columns	Data	Instruction
31-40	10	Under DOD Preparation Value	If filled, must be all numeric (whole Dollars).
41-45	5	Congressional Transmittal Number	If filled, it changes the Congressional Transmittal Number.
46-51	6	Cancellation Date	Entry is required only if a case is cancelled.
52-57	6	New Case Identifi- cation	This is an optional field.
58-80	23	Blank	Leave blank.

TABLE 1500-7. (Continued)

<b>SECTION 1501 - DSAA 1200 FOREIGN MILITARY SALES SYSTEM OUTPUT PRODUCTS</b>
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**150101 PURPOSE.** The purpose of this section is to provide users of the Foreign Military Sales Information System (DSAA (AR) 1200), commonly referred to as the DSAA 1200 System, with a description of the various reports which can be produced from the System. In addition, this chapter will outline the procedures to be used when requesting reports.

**150102 SOURCE OF OUTPUT REPORTS.** The reports discussed herein are drawn from the DSAA 1200 System data base.

**150103 CATEGORIES OF DSAA 1200 SYSTEM OUTPUT REPORTS.** The following categories of reports are produced from the System: (1) Update (Data Management) Products; (2) Item Detail Level Reports; (3) Summaries by Category from Item Detail Level; and (4) Case Level and Summary Management Reports.

**150104 REQUESTS FORA DSAA 1200 SYSTEM OUTPUT REPORTS.**

A. **Requirements for Request.** Requests for reports described in this chapter will be honored by DSAA, Comptroller, Data Management Division, if releaseable and if a valid requirement is established. However, requesting agencies should insure that requirements are carefully screened prior to submission. In those instances where assistance is required in selecting the proper report, a telephone or written inquiry will be given prompt attention by the Data Management Division. All requests will be honored as rapidly as possible. Normal processing time is approximately one week. Subordinate elements of the MILDEPs should submit requests for reports through appropriate departmental channels.

B. **Submission of Requests.** All requests should be directed to DSAA, Office of the Comptroller, Data Management Division, Washington D.C. 20301-2800.

C. **Report Parameters.** Agencies requesting reports must specify the report(s) desired, the number of copies for each report, the sort sequence, and the select options for each report. All select options should be reviewed carefully in order to limit the data desired. Data will be provided only on a need-to-know basis; i.e., UCOMs will receive data for their area of concern, an SAO will receive data only for its country, etc. To facilitate users in ordering reports, a sample request is shown in Table 1501-11 of this section.

D. **Classification of Reports.** Reports described herein are classified in accordance with guidelines set forth in this manual. Since a portion of the 1200 data base contains classified data, requestors with a need-to-know and appropriate security clearances will be provided this information. All requests for reports should address this consideration where appropriate.

**150105 DSAA 1200 SYSTEM OUTPUT REPORTS.**

A. **Availability of Reports.** The following paragraphs outline the specific reports produced from the 1200 System. Unless otherwise indicated, these reports are available for users of the System. As shown in Tables 1501-13 and 1501-14, applicable sort and select options have been grouped together for a series of reports which are similarly controlled. A sample of each report is shown at Tables 1501-1 through 1501-10 of this section. These sample reports are to be viewed as examples for format purposes only. The data contained in the sample illustrations are not necessarily actual data from the file nor are the dates and numbers consistent from one sample to the next. All codes referred to in sort and select options may be found in Appendix D.

## B. Report Descriptions.

1. Update (Data Management) Products. The following management products are produced after each weekly update. These reports are furnished to the appropriate IA and/or to the concerned DSAA manager after each update. These products may not be requested by other organizations.

a. Maintenance Acceptance and Error List. This list is produced by Transaction Type for each change originator and includes data input processed during the weekly update plus an error flag on each record which failed to pass the update edit procedures.

b. File Maintenance Management Alert List - New Request Summary. This summary is a comprehensive listing of all pertinent case information prepared for each country case identifier for which LOR input was received from the IA and processed by DSAA in the current weekly update. Under each IA section, all cases listed reflect the fiscal year, status, 36(b) indicator, classification, dates of request and receipt, notification dates to both State Department and to Congress, State Department list date, IA completion date, case description, construction indicator, and total case value.

c. File Maintenance Management Alert List - Offers Tendered Summary. This summary portrays the same pertinent case information as does the New Request Summary; however, the records included in this summary are offers processed by DSAA in the current weekly update.

d. File Maintenance Management Alert List - State Department List. This summary also portrays the same pertinent case information as the New Request Summary; however, the records included in this list are from data processed during the current weekly update that fall under the aspects of Section 36(b), AECA legislation.

e. File Maintenance Management Alert List. This listing reflects data for fiscal year, status, 36(b) indicator, classification, State Department notification date, statutory notification to Congress date, offer date, acceptance date, obligational authority date, closure date, cancellation date, SAAC detail value, case description, construction indicator, total case value, and the country case identifier for each individual line of data processed during the current weekly update. All change transactions are reflected by two line entries followed by a printed message(s) which explains the action taken by the change. The first entry reflects the line as it appears before the update and the second entry reflects the line after the update has applied the changes. Add and delete transactions appear as one line entries and like changes are followed by a printed message that explains the action taken.

## 2. Item Detail Level.

a. Available Reports. The following paragraphs outline the reports available from the System which are provided from Item Detail Level data. These reports provide information about the latest position, e.g., delivery status, of item data corresponding to the DD Form 1513 LOA detail lines.

(1) Item Delivery Status - Report E. This report contains one printed line for each item detail record which portrays the quantity and value purchased, the quantity and value delivered, and the computed quantity and value of purchases remaining undelivered. In addition, case and country totals are provided. (See sample report at Table 1501-1 of this section.)

(2) **Item Purchases by NSN - Report I.** This report contains one printed line for each item detail record which portrays the quantity and value purchased, the quantity and value delivered, and the computed quantity and value of purchases remaining undelivered. Normally, this report is prepared for major items only in order to limit the page volume of each report. (See sample report at Table 1501-2 of this section.)

b. **Sort and Select Options for Item Detail Level Reports.** See Table 1501-13 of this section.

3. **Summaries by Category from Item Detail Level.**

a. **Available Reports.** The following reports summarize purchases and/or deliveries into generic groupings and are available using the Item Detail Level data:

(1) **Summary of Purchases - Report D.** This report summarizes purchases into general categories and depicts for each of these categories the quantities and dollar amounts of purchased items by fiscal year spread across the page with a total purchase value shown for each category as a whole. Selection of the FY array for this report is similar to the selection process described below for the Selected Item Summary - Report G. This report contains nine columns of FY data in addition to two summary columns. The left-hand column combines all purchases from 1950 to the year shown in that heading. The right-hand column combines all purchases from 1950 through the last year of data included in the report. (See sample report at Table 1501-3 of this section.)

(2) **Selected Item Summary - Report G.** This report summarizes purchases into general categories and depicts for each of these categories the quantities and dollar amounts of purchased items by fiscal year spread across the page. Year of purchase is determined by the acceptance date of each case. The left-hand column accumulates purchases from 1950 to the year shown in the column heading. The number of years to be accumulated in this column is variable. The next six columns contain data for the six succeeding FYs up to and including the ending FY selected. For example, if FY 1982 is requested as the ending fiscal year, the data will be presented as follows from left to right: FY 50-76; FY 77; FY 78; FY 79; FY 80; FY 81; and FY 82. Since only six years may be individually displayed on a single report, additional reports with different ending FYs must be requested in order to display additional years. However, 1964 is the first year which may be displayed. All data prior to 1964 has been totaled and is available only in summary form between 1950 and 1963. (See sample report at Table 1501-4 of this section.)

(3) **EMS Status of Purchases and Deliveries - Report H.** This report summarizes purchases and deliveries into general categories and depicts for each category shown the quantity and value for (1) cumulative purchases, (2) cumulative deliveries, (3) current FY purchases, and (4) computed undelivered purchases. Purchases for the current FY to date column are based upon the fiscal year of acceptance of the case. Cumulative deliveries are based upon delivery data received from the MILDEPs through SAAC. When ordering this report, select the beginning and ending FY and quarter. This selection is based upon acceptance date of the case, not delivery date. To include all data, select FY 50 (1st quarter) to current FY (current reporting quarter). (See sample report at Table 1501-5 of this section.)

b. **Sort and Select Options for Summaries by Category-Item Detail Level.** See Table 1501-13 of this section.

4. **Case Level and Summary Management Reports.**

a. **Available Reports.** The following paragraphs describe the reports available in this category:

(1) **Fiscal Year Activity - Report B.** This report summarizes (by country and fiscal year) the total case value contained in the case records. The data are accumulated by fiscal year based on the acceptance date of the case. Totals are provided at the end of each country, area, UCOM, and for worldwide. (See sample report at Table 1501-6 of this section.)

(2) **Case Listing Report C.** This report portrays at case level the case status, fiscal year, implementing agency, offer date, acceptance date, implementation date, case description, and total case value. It also reflects the Congressional transmittal number of the 36(b) cases. (See sample report at Table 1501-7 of this section.)

(3) **Case Milestone Dates and Intervals - Report J.** This report displays the following information for each country and implementing agency selected: letter of request date, IA receipt dates, IA LOA completion date, offer date, acceptance date, program directive date, delivery date, closure date, status, and fiscal year of acceptance of each case designator. This report also displays the number of days between each milestone date. (See sample report at Table 1501-8 of this section.)

(4) **Congressional 36(b) Case Dates - Report K.** This report displays for each country and IA selected: Congressional transmittal number and date each case was forwarded to State Department, date of 36(b) State Department approval, date of advance notification to Congress, the date of statutory notification to Congress, State Department list date, offer date, acceptance date, and case establishment date for each case falling under the reporting criteria as prescribed in Section 36(b) of the AECA. This report also displays the number of days between each stage in the 36(b) processing cycle. (See sample report at Table 1501-9 of this section.)

(5) **FMS Case Level Summary - Report L.** This report consists of data drawn from both case and detail level and reflects by country the case value, total purchases, undefined purchases, total deliveries, and computed undelivered balances portrayed at the case level to provide an overall view of the status of each case. The undefined purchases column is computed by subtracting total purchases (derived from detail records) from case value (derived from case level records). The undelivered balance is computed by subtracting total deliveries (derived from detail records) from total purchases. (See sample report at Table 1501-10 of this section.)

b. **Sort and select Options for Summary Management Reports.** See Table 1501-14 of this section.

**150106 ABBREVIATED TITLES USED IN DSAA 1200 SYSTEM OUTPUT PRODUCTS/REPORTS.** Abbreviated titles are used in the column headings of reports prepared from the 1200 System. A list of these abbreviated titles along with the meaning of each is shown at Table 1501-12 of this section.

TABLE 1501-1. FMS Item Delivery Status.

1501-5

UNCLASSIFIED														
THIS IS A SAMPLE REPORT					DSAA - FOREIGN MILITARY SALES ITEM DELIVERY STATUS					THIS IS A SAMPLE REPORT				
COUNTRY: CANADA					SEQUENCE: CTRY, CASE NO.					IMPLEMENTING AGENCY: DMA AREA:				
I CASE	GEM				SC	DEL-----PURCHASED-----	-----DELIVERED-----	-----UNDELIVERED-----						
CC A NO	RSM CDE-----MSM-----	-----DESCRIPTION-----			UI TL FYQ	COM--QTY-- --VALUE--	--QTY-- --VALUE--	--QTY-- --VALUE--						
CN U UAZ00 L00	L00010000SUP0PNS	SUPPLY OPERATIONS			XX CC 772		3390	3390						
CN U UAZ00 L6A	L6A015100LOGEXPM	LOGISTIC MANAGEMENT EXP			XX CC 772		2020	2020						
CN U UAZ00 UAZ	JSA691000TNGAIDS	TRAINING AIDS			XX CC 772		100975	100975						
CASE TOTALS							106385	106385						
CN U UNX00 UNX	JSA691000TNGAIDS	TRAINING AIDS			XX CC 644		51172	51172						
CASE TOTALS							51172	51172						
CN U UNY00 UNY	JSA691000TNGAIDS	TRAINING AIDS			XX CC 644		5046	5046						
CASE TOTALS							5046	5046						
CN U UNZ00 L00	L00010000SUP0PNS	SUPPLY OPERATIONS			XX CC 644		5490	5490						
CN U UNZ00 UNZ	JSA691000TNGAIDS	TRAINING AIDS			XX CC 644		46237	46237						
CASE TOTALS							51727	51727						
CN U UVE00 UVE	JSA691000TNGAIDS	TRAINING AIDS			XX CC 654		73110	73110						
CASE TOTALS							73110	73110						
CN U UVF00 UVF	JSA691000TNGAIDS	TRAINING AIDS			XX CC 654		6109	6109						
CASE TOTALS							6109	6109						
CN U UVG00 L00	L00010000SUP0PNS	SUPPLY OPERATIONS			XX CC 654		2828	2828						
CN U UVG00 UVG	JSA691000TNGAIDS	TRAINING AIDS			XX CC 654		35947	35947						
CASE TOTALS							38775	38775						
COUNTRY TOTALS							2487222	2485636	1586					

TABLE 1501-1  
FMS ITEM DELIVERY STATUS



TABLE 1501-2. FMS Item Purchases by NSN.

1501-6

UNCLASSIFIED									
THIS IS A SAMPLE REPORT					DSAA - FOREIGN MILITARY SALES ITEM PURCHASES BY NSN				
THIS IS A SAMPLE REPORT					THIS IS A SAMPLE REPORT				
COUNTRY:					SEQUENCE: GEN/NSN, CTRY, CASE NO.				
					IMPLEMENTING AGENCY: DMA AREA:				
I CASE CC A NO	GEN RSM CDE	NSN	DESCRIPTION	SC UI TL FYQ	DEL COM	PURCHASED QTY	DELIVERED QTY	UNDELIVERED QTY	VALUE
CO U UAW00	UAW	J5A691000	TNGAIDS TRAINING AIDS	XX C 761		2467	2467		
CO U UB000	UB0	J5A691000	TNGAIDS TRAINING AIDS	XX X 774		405		405	
CO U UB000	UB0	J5A691000	TNGAIDS TRAINING AIDS	XX C 781		499	499		
CO U UX000	UX0	J5A691000	TNGAIDS TRAINING AIDS	XX CC 662		1000	1000		
CO U UY000	UY0	J5A691000	TNGAIDS TRAINING AIDS	XX CC 662		1438	1438		
CO U X6400	001	J5A691000	TNGAIDS TRAINING AIDS	XX CC 644		1830	1830		
CO U X6500	001	J5A691000	TNGAIDS TRAINING AIDS	XX CC 654		77	77		
CO U X6600	001	J5A691000	TNGAIDS TRAINING AIDS	XX CC 664		161	161		
CO U X6800	001	J5A691000	TNGAIDS TRAINING AIDS	XX CC 684		20	20		
CO U X6900	001	J5A691000	TNGAIDS TRAINING AIDS	XX CC 694		115	115		
NSN TOTALS						1676397	1675992	405	
CO U UB000	UBF	J5V769Z00	MON-STANDARD FORMS/PUBS	XX CC 793		432	432		
NSN TOTALS						432	432		
CH U SBA00	SBA	J8A768Z00	MAPSPUB 800KS,MAPS + PUBLICATIONS	XX X 782		1449		1449	
CH U SB000	SB0	J8A768Z00	MAPSPUB 800KS,MAPS + PUBLICATIONS	XX CC 784		147073	147073		
CH U SB000	SB0	J8A768Z00	MAPSPUB 800KS,MAPS + PUBLICATIONS	XX CC 793		185608	185608		
CH U SB000	SB0	J8A768Z00	MAPSPUB 800KS,MAPS + PUBLICATIONS	XX CC 803		201715	201715		
CH U SB000	SB0	J8A768Z00	MAPSPUB 800KS,MAPS + PUBLICATIONS	XX CC 813		241384	241384		
CO U SAA00	SAA	J8A768Z00	MAPSPUB 300KS,MAPS + PUBLICATIONS	XX CC 804		714	714		
CO U SAA00	SAA	J8A768Z00	MAPSPUB 300KS,MAPS + PUBLICATIONS	XX CC 811		867	867		
CO U UAX00	UAX	J8A768Z00	MAPSPUB 800KS,MAPS + PUBLICATIONS	XX C 763		518	518		
CO U UAY00	UAY	J8A768Z00	MAPSPUB 300KS,MAPS + PUBLICATIONS	XX C 763		137	137		
CO U UAZ00	UAZ	J8A768Z00	MAPSPUB 800KS,MAPS + PUBLICATIONS	XX C 764		1639	1639		
CO U UBA00	UBA	J8A768Z00	MAPSPUB 800KS,MAPS + PUBLICATIONS	XX C 765		759	759		
CO U UB000	UBB	J8A768Z00	MAPSPUB 800KS,MAPS + PUBLICATIONS	XX C 772		93	93		
NSN TOTALS						781955	780506	1449	
CH U SBA00	L00	L00010000	SUP0PMS SUPPLY OPERATIONS	XX X 782		94		94	
CH U UAA00	L00	L00010000	SUP0PMS SUPPLY OPERATIONS	XX CC 684		2375	2375		
CH U UAA00	L00	L00010000	SUP0PMS SUPPLY OPERATIONS	XX CC 694		3179	3179		
CH U UAA00	L00	L00010000	SUP0PMS SUPPLY OPERATIONS	XX CC 694		8	8		
CH U UAA00	L00	L00010000	SUP0PMS SUPPLY OPERATIONS	XX CC 704		1377	1377		
CH U UAA00	L00	L00010000	SUP0PMS SUPPLY OPERATIONS	XX CC 704		2110	2110		
CH U UAA00	L00	L00010000	SUP0PMS SUPPLY OPERATIONS	XX CC 704		71	71		
CH U UAA00	L00	L00010000	SUP0PMS SUPPLY OPERATIONS	XX CC 714		1074	1074		
CH U UAA00	L00	L00010000	SUP0PMS SUPPLY OPERATIONS	XX CC 723		70	70		
CH U UAA00	L00	L00010000	SUP0PMS SUPPLY OPERATIONS	XX CC 723		3390	3390		
CH U UAA00	L00	L00010000	SUP0PMS SUPPLY OPERATIONS	XX CC 644		5490	5490		
CH U UAA00	L00	L00010000	SUP0PMS SUPPLY OPERATIONS	XX CC 654		2828	2828		

RCS 1200-NSNPURCHS(I)-IA THIS IS A SAMPLE REPORT  
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TABLE 1501-2  
FMS ITEM PURCHASES BY NSN

DOD 5105.38-M

TABLE 1501-3. FMS Summary of Purchases.

DA BR

THIS IS A SAMPLE REPORT

COUNTRY: BRAZIL

SEQUENCE: CC

U N C L A S S I F I E D

DSAA - FOREIGN MILITARY SALES  
SUMMARY OF PURCHASES

THIS IS A SAMPLE REPORT

IMPLEMENTING AGENCY: ALL  
AREA:

CATEGORIES/DESCRIPTIONS	FY 50-74	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83	CUMULATIVE C FY 50-83 L
HOWITZERS 155 MM	20		6								26
MORTARS 81 MM	19		21								40
MORTARS 107 MM - 4.2 INCH				200							200
RIFLES RECOILLESS 106 MM	6		12	30							48
OTHER WEAPONS UP TO 75MM		72									72
MOUNTS 20 MM	42										42
MOUNTS 40 MM	12										12
MOUNTS 3 INCH/50	18										18
LAUNCHERS ROCKET	21		47								68
TOTAL VEH + WPNS (+ SP)	36514	255	546	455	33				2	16898	54704
TORPEDOES	21	108									129
TOTAL AMMUNITION	7156	14396	3396	3783	2734			149	746	900	33260
SIDEWINDER MISSILES.			87								87
TOTAL MISSILES (+ SP)	9		285		**				60	264	618
TOTAL COM EQPT (+ SP)	4863	293	248	65	458				200	501	6629
TOTAL OTHER EQPT (+ SP)	6704	963	957	11	44				106	596	9380
TOTAL REP + REHAB EQPT	36123	1	285	2	350			200	298	35	37293
TOTAL SUPPLY OPER	6200	1700	720	972	999		173	248	983	1727	13722
TOTAL TRAINING	3672	365	285	204	71		495	470	604	1190	7357
TOTAL OTHER SERVICES	5804	909	19	3038	1126	311	76	270	400	968	12921
TOTAL BOOKS MAPS + PUBS	37	1	**	62	1047		10	438	1185	345	3125
TOTAL NON-SPEC REQMTS					**						**
COUNTRY TOTAL	220656	21789	10042	14718	13095	311	2743	4143	13525	35805	336827
WORLDWIDE TOTAL	220656	21789	10042	14718	13095	311	2743	4143	13525	35805	336827

IN THOUSANDS OF DOLLARS

\*\* LESS THAN \$500

FY 1976 INCLUDES 77

= QTY IS MISSILES VALUE INCLUDES SUPPORT EQUIP

RCS 1200-PURCHASES(D)-DA  
DA BR

THIS IS A SAMPLE REPORT

U N C L A S S I F I E D

AS OF 08 DEC 83 PROCESSED 13 DEC 83 PAGE 2

TABLE 1501-3  
FMS SUMMARY OF PURCHASES

DOD 5105.38-M

1501-7

TABLE 1501-4. FMS Selected Item Summary.

GA BR

THIS IS A SAMPLE REPORT

COUNTRY: BRAZIL

SEQUENCE: CC

U N C L A S S I F I E D

DSAA - FOREIGN MILITARY SALES  
SELECTED ITEM SUMMARY

THIS IS A SAMPLE REPORT

IMPLEMENTING AGENCY: ALL  
AREA:

CATEGORIES/DESCRIPTIONS	CUM THRU FY 1977 QTY VALUE	FY 1978 QTY VALUE	FY 1979 QTY VALUE	FY 1980 QTY VALUE	FY 1981 QTY VALUE	FY 1982 QTY VALUE	FY 1983 QTY VALUE
RADIO MBL+TRANSPRTBL EQP	25						
RADIO-RADAR EQP AIRBORNE							143
RADIOS TACTICAL	125						
TELEPHONE SETS	6						
TEL+TEL TERMINL+TRANS EQP	32						
OTHER COMMUNICATIONS EQP	3968	70					310
COMMUNICATION EQP SPARES	1313	388				200	48
TOTAL COM EQPT (+ SP)	5469	458				200	501
MILITARY BRIDGES	2112						
TRACTORS CRLR + WHLD	110						
TOOL KITS AND SETS	656						
GENERATORS 30KW + LARGER	60					106	239
MISC OTHER SUPPORT EQP	2720	11					357
OTHER SUPPLIES	2876	6					
POL, GASES AND FUELS	100	27					
TOTAL OTHER EQPT (+ SP)	8635	44				106	596
REPAIR AND REHABILITATION	12069	350				200	
SHIP OVERHAULS	24342					298	35
TOTAL REP + REHAB EQPT	36411	350				200	35
SUPPLY OPERATIONS	6449	649		95	119	607	710
STOR + MAINT OF STOCKPILES					11		
LOGISTICS MANAGEMENT EXP	3143	350		77	118	376	1017
TOTAL SUPPLY OPER	9592	999		173	248	983	1727
TRAINING AIDS AND PUBL	1584	70			3		5
TRAINING	2942	1		495	468	604	1183
TOTAL TRAINING	4526	71		495	470	604	1190
TECHNICAL ASSISTANCE	1901	1120		76	270	400	123
RESEARCH AND DEVELOPMENT	2914						
OTHER SERVICES	2275	6					28

IN THOUSANDS OF DOLLARS

NM LESS THAN \$500

FY 1976 INCLUDES 77

= QTY IS MISSILES VALUE INCLUDES SUPPORT EQUIP

RCS 1200-SIPURCHES(G)-GA  
GA BR

THIS IS A SAMPLE REPORT

U N C L A S S I F I E D

AS OF 08 DEC 83 PROCESSED 13 DEC 83 PAGE 3

TABLE 1501-4  
FMS SELECTED ITEM SUMMARY

DOD 5105.38-M

1501-8

TABLE 1501-5  
FMS STATUS OF PURCHASES AND DELIVERIES

HA BR  
THIS IS A SAMPLE REPORT

UNCLASSIFIED  
DSAA - FOREIGN MILITARY SALES  
FMS STATUS OF PURCHASES AND DELIVERIES

THIS IS A SAMPLE REPORT

COUNTRY: BRAZIL  
SEQUENCE: CC  
IMPLEMENTING AGENCY: ALL  
AREA:

CATEGORIES/DESCRIPTIONS	PURCHASES				DELIVERIES		UNDELIVERED		C L
	QTY	CUMULATIVE VALUE	FY TO DATE QTY	VALUE	QTY	CUMULATIVE VALUE	QTY	CUMULATIVE VALUE	
OTHER SERVICES		2,309		28		2,281		28	
FMSO 1 AGREEMENT		3,808		817				3,808	
TOTAL OTHER SERVICES		12,921		963		7,716		5,205	
BOOKS, MAPS + PUBLICATIONS		3,125		345		1,829		1,296	
TOTAL BOOKS MAPS + PUBS		3,125		345		1,829		1,296	
NON-SPEC REQMS (NON-CEIL)		NM						NM	
TOTAL NON-SPEC REQMS		NM						NM	
COUNTRY TOTAL		336,827		35,805		282,557		54,269	
WORLDWIDE TOTAL		336,827		35,805		282,557		54,269	

IN THOUSANDS OF DOLLARS

NM LESS THAN \$500

RCS 1200-DELIVRIES(H)-HA  
HA BR

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= QTY IS MISSILES VALUE INCLUDES SUPPORT EQUIP  
AS OF 08 DEC 83 PROCESSED 13 DEC 83 PAGE 4

TABLE 1501-5. FMS Status of Purchases and Deliveries.

1501-9

TABLE 1501-6. FMS Fiscal Year Activity.

1501-10

THIS IS A SAMPLE REPORT

UNCLASSIFIED  
DSAA - FOREIGN MILITARY SALES  
FISCAL YEAR ACTIVITY

THIS IS A SAMPLE REPORT

SEQUENCE: CC

IMPLEMENTING AGENCY: DMA  
AREA:

CTRY/PROG YR	CASE VALUE
CANADA	
64	166
65	118
68	113
69	152
70	172
71	149
72	146
73	154
74	158
75	142
76 + 7T	111
77	106
78	151
79	191
80	208
81	249
82	387
83	450
TOTAL	3,323
COLOMBIA	
64	2
65	MM
66	3
68	MM
69	MM
70	MM
71	MM
72	1
73	MM
74	1
75	3
76 + 7T	6
77	MM
78	1
79	MM
80	1
81	1
82	1
83	1
TOTAL	21

DOLLARS IN THOUSANDS, MM LESS THAN 500 DOLLARS  
RCS 1200-CCACTIVE(0)-BA THIS IS A SAMPLE REPORT  
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AS OF 07 DEC 83 PROCESSED 8 DEC 83 PAGE 1

TABLE 1501-6  
FMS FISCAL YEAR ACTIVITY

DOD 5105.38-M

TABLE 1501-7. FMS Case Listing.

1501-11

UNCLASSIFIED										THIS IS A SAMPLE REPORT		
DSAA - FOREIGN MILITARY SALES										THIS IS A SAMPLE REPORT		
CASE LISTING												
COUNTRY: CANADA										IMPLEMENTING AGENCY: DMA		
SEQUENCE: CC										AREA:		
CC	I CASE NO	FY	S	OFFER DATE	ACCPY DATE	IMPLY DATE	DESCRIPTION			TRANS NO	CONSTRUCTION VALUE	TOTAL C VALUE L
CM	U 58A00	78	X	14 FEB 78			ROUND DOT SCREENS					1,586
CM	U 58B00	78	C	02 MAR 78	12 JUL 78	10 SEP 78	FLIGHT INFORMATION PUBLICATIONS					151,485
CM	U 58C00	79	C	02 MAR 79	04 APR 79	28 OCT 79	DOD FLIGHT INFORMATION PUBS					191,177
CM	U 58D00	80	C	05 FEB 80	17 APR 80	31 MAY 80	REQUEST FOR FLIP SUBSCRIPTION RENEWAL					207,766
CM	U 58E00	81	C	26 MAR 81	01 MAY 81	04 JUN 81	RENEWAL OF FLIP SUBSCRIPTION					248,626
CM	U 58A00	88	C	12 MAY 88	12 MAY 88	12 MAY 88	TRAINING AIDS PUB					35,909
CM	U 58B00	88	C	02 MAY 88	02 MAY 88	02 MAY 88	TRAINING AIDS PUB					6,354
CM	U 58C00	88	C	06 MAY 88	06 MAY 88	06 MAY 88	TRAINING AIDS PUB					70,979
CM	U 58D00	88	C	31 JUL 83	31 JUL 83	31 JUL 83	TRAINING AIDS PUB					57,610
CM	U 58E00	88	C	04 MAY 89	04 MAY 89	04 MAY 89	TRAINING AIDS PUB					40,061
CM	U 58A00	89	C	29 APR 89	29 APR 89	29 APR 89	TRAINING AIDS PUB					7,853
CM	U 58B00	89	C	16 MAY 89	16 MAY 89	16 MAY 89	TRAINING AIDS PUB					104,571
CM	U 58C00	89	C	04 MAY 90	04 MAY 90	04 MAY 90	TRAINING AIDS PUB					136,902
CM	U 58D00	90	C	22 MAY 90	22 MAY 90	22 MAY 90	TRAINING AIDS PUB					27,435
CM	U 58E00	90	C	05 MAY 90	05 MAY 90	05 MAY 90	TRAINING AIDS PUB					7,194
CM	U 58A00	91	C	05 JAN 91	05 APR 91	05 APR 91	PUBLICATIONS FLIGHT					129,682
CM	U 58B00	91	C	05 JAN 91	01 APR 91	01 APR 91	AERONAUTICAL CHARTS					14,032
CM	U 58C00	91	C	05 JAN 91	02 MAR 91	02 MAR 91	PUBLICATIONS FLIGHT					5,402
CM	U 58D00	92	C	03 JAN 92	09 MAR 92	09 MAR 92	PUBLICATIONS FLIGHT					138,570
CM	U 58E00	92	C	03 JAN 92	18 FEB 92	18 FEB 92	PUBLICATIONS FLIGHT					7,133
CM	U 58A00	93	C	22 JAN 93	15 MAR 93	15 MAR 93	PUBLICATIONS FLIGHT					153,646
CM	U 58B00	94	C	12 FEB 94	19 FEB 94	08 MAR 94	INFORMATION PUBLICATIONS					158,412
CM	U 58C00	95	C	07 JAN 95	03 APR 95	15 APR 95	FLIGHT INFO PUBLICATIONS 1APR95-31MAR96					141,842
CM	U 58D00	96	C	18 FEB 96	30 MAR 96	14 APR 96	FLIGHT INFORMATION PUBLICATIONS					110,620
CM	U 58E00	97	C	17 NOV 96	01 MAR 97	30 MAR 97	FLY INFO PUBLICATIONS					106,385
CM	U 58A00	98	C	13 APR 98	13 APR 98	13 APR 98	TRAINING AIDS PUB					51,172
CM	U 58B00	98	C	13 APR 98	13 APR 98	13 APR 98	TRAINING AIDS PUB					5,046
CM	U 58C00	98	C	13 APR 98	13 APR 98	13 APR 98	TRAINING AIDS PUB					51,727
CM	U 58D00	98	C	13 APR 98	13 APR 98	13 APR 98	TRAINING AIDS PUB					73,110
CM	U 58E00	99	C	28 APR 99	28 APR 99	28 APR 99	TRAINING AIDS PUB					6,109
CM	U 58A00	99	C	12 APR 99	12 APR 99	12 APR 99	TRAINING AIDS PUB					38,775
CM	U 58B00	99	C	12 APR 99	12 APR 99	12 APR 99	TRAINING AIDS PUB					
COUNTRY TOTAL												2,487,221

RCS 1200-CASE(C)-CA  
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TABLE 1501-7  
FMS CASE LISTING

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TABLE 1501-8  
FMS CASE MILESTONE DATES AND THEIR INTERVALS

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CASE MILESTONE DATES AND THEIR INTERVALS																			
CC	I	CASE S	AM T	FY	LOR DATE	NO DAY	IA RECT DATE	C NO DAY	I/A LOA COMP DATE	NO DAY	OFFER DATE	NO DAY	ACCEPTANC DATE	NO DAY	PROG DIR DATE	NO MTH	DELIVERY DATE	NO DAY	CLOSURE DATE
CO	U	SAA	C	80	10 SEP 79		10 SEP 79	31	11 OCT 79		11 OCT 79	264	01 JUL 80						30 JUN 81
CO	U	SAB	C	81	08 SEP 80				27 NOV 80	50								31 DEC 82	
CO	U	UAC	C	70					12 JAN 70		12 JAN 70		12 JAN 70		12 JAN 70	121	03 JAN 80		03 JAN 80
CO	U	UAD	C	71					04 JAN 71		04 JAN 71	8	12 JAN 71		12 JAN 71	109	03 JAN 80		03 JAN 80
CO	U	UAE	C	72					20 JUL 71		20 JUL 71	21	10 AUG 71		10 AUG 71	102	03 JAN 80		03 JAN 80
CO	U	UAF	C	72					03 JAN 72		03 JAN 72	1	04 JAN 72		04 JAN 72	97	03 JAN 80		03 JAN 80
CO	U	UAG	C	72					19 APR 72		19 APR 72		19 APR 72		19 APR 72	94	03 JAN 80		03 JAN 80
CO	U	UAH	C	73					21 MAY 72		21 MAY 72	149	17 OCT 72		17 OCT 72	88	03 JAN 80		03 JAN 80
CO	U	UAJ	C	73					03 JUL 72		03 JUL 72	106	17 OCT 72		17 OCT 72	88	03 JAN 80		03 JAN 80
CO	U	UAK	C	73					28 JUN 72		28 JUN 72	216	31 JAN 73		31 JAN 73	84	03 JAN 80		03 JAN 80
CO	U	UAL	C	73					02 JAN 73		02 JAN 73	86	29 MAR 73		29 MAR 73	82	03 JAN 80		03 JAN 80
CO	U	UAP	C	74					13 SEP 73		13 SEP 73	14	27 SEP 73	34	31 OCT 73		03 JAN 80		03 JAN 80
CO	U	UAR	C	74					10 JAN 74		10 JAN 74	23	04 FEB 74	24	28 FEB 74	71	03 JAN 80		03 JAN 80
CO	U	UAS	C	75					20 MAY 74		20 MAY 74	43	02 JUL 74	213	31 JAN 75	60	03 JAN 80		03 JAN 80
CO	U	UAU	C	75					03 JUL 74		03 JUL 74	56	28 AUG 74	19	16 SEP 74	64	03 JAN 80		03 JAN 80
CO	U	UAJ	C	75					07 JAN 75		07 JAN 75	77	25 MAR 75	21	15 APR 75	57	03 JAN 80		03 JAN 80
CO	U	UAV	C	75					29 APR 75		29 APR 75	50	18 JUN 75	104	30 SEP 75	52	03 JAN 80		03 JAN 80
CO	U	UAW	C	76					03 JUN 75		03 JUN 75	112	23 SEP 75	7	30 SEP 75	52	03 JAN 80	733-	31 DEC 77
CO	U	UAX	C	76					03 JUL 75		03 JUL 75	216	03 FEB 76	26	29 FEB 76	47	03 JAN 80	368-	31 DEC 78
CO	U	UAY	C	76					15 JAN 76		15 JAN 76	8	23 JAN 76	38	29 FEB 76	47	03 JAN 80	368-	31 DEC 78
CO	U	UAZ	C	76	07 JUN 76		07 JUN 76	3-	04 JUN 76		04 JUN 76	5	09 JUN 76	21	30 JUN 76	43	03 JAN 80	368-	31 DEC 78
CO	U	UBA	C	76	28 JUN 76		28 JUN 76	2	30 JUN 76		30 JUN 76	6	06 JUL 76	25	31 JUL 76	42	03 JAN 80	368-	31 DEC 78
CO	U	UBB	C	77	07 DEC 76		07 DEC 76	26	05 JAN 77		05 JAN 77		03 JAN 77		24 FEB 77	35	03 JAN 80	368-	31 DEC 78
CO	U	UBC	X	77	10 MAY 77		16 MAY 77	16	01 JUN 77		01 JUN 77	19	20 JUN 77		20 OCT 77				
CO	U	UBD	X	77	13 JUN 77		13 JUN 77	18	01 JUL 77		01 JUL 77	21	22 JUL 77		20 OCT 77				
CO	U	UBE	C	78					01 OCT 77		01 OCT 77	44	14 NOV 77	24	08 DEC 77	25	03 JAN 80	187-	30 JUN 79
CO	U	UBF	C	79	15 AUG 78	18	02 SEP 78	90	01 DEC 78		01 DEC 78	192	11 JUN 79		11 JUN 79	7	03 JAN 80	3-	31 DEC 79
CO	U	UBG	C	80					28 OCT 65		28 OCT 65		28 OCT 65		28 OCT 65	173	03 JAN 80		03 JAN 80
CO	U	UBH	C	80					28 OCT 65		28 OCT 65		28 OCT 65		28 OCT 65	173	03 JAN 80		03 JAN 80
CO	U	UBI	C	80					30 JUN 64		30 JUN 64		30 JUN 64		30 JUN 64	189	03 JAN 80		03 JAN 80
CO	U	UBJ	C	80					30 JUN 65		30 JUN 65		30 JUN 65		30 JUN 65	177	03 JAN 80		03 JAN 80
CO	U	UBK	C	80					30 JUN 66		30 JUN 66		30 JUN 66		30 JUN 66	164	03 JAN 80		03 JAN 80
CO	U	UBL	C	80					30 JUN 68		30 JUN 68		30 JUN 68		30 JUN 68	140	03 JAN 80		03 JAN 80
CO	U	UBM	C	80					30 JUN 69		30 JUN 69		30 JUN 69		30 JUN 69	128	03 JAN 80		03 JAN 80

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TABLE 1501-8. FMS Case Milestone Dates and Their Intervals.

1501-12

TABLE 1501-9  
FMS CONGRESSIONAL SECTION 36(b), AECA CASE DATES

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DSAA - FOREIGN MILITARY SALES

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CONGRESSIONAL (36.B) CASE DATES

CC	A	I CASE AM	TRANS NO	TO STATE DATE	NO DAY	36B STATE APPROVAL DAY	NO DAY	ADVANCED NOTI/CONG DAY	NO DAY	FORMAL NOTI/CONG DAY	NO DAY	STATE LIST DATE	NO DAY	OFFER DATE	NO DAY	ACCEPTANC DATE	NO DAY	CASE ESTAR DATE
AT	B	YTA	80-101	06 AUG 80	7	13 AUG 80	4	19 AUG 80	21	09 SEP 80	31	10 OCT 80	10	10 OCT 80	21	31 OCT 80		
AT	D	KPF	81-086	13 JUN 81	34	17 JUL 81		17 JUL 81	38	24 AUG 81	30	23 SEP 81	23	23 SEP 81	203	14 APR 82		
AT	D	SCD	76-039	06 FEB 76	11	17 FEB 76		17 FEB 76	2	19 FEB 76	33	24 MAR 76	24	24 MAR 76	98	30 JUN 76	19	19 JUL 76
AT	D	SEA	80-122	25 AUG 80	8	02 SEP 80	6	08 SEP 80	21	29 SEP 80	185	03 APR 81	03	03 APR 81	49	22 MAY 81		
AT	D	YAS	80-100	07 AUG 80	6	13 AUG 80		19 AUG 80	22	10 SEP 80	30	10 OCT 80	10	10 OCT 80	75	24 DEC 80		
AT	D	YBB	81-047	05 MAR 81	27	01 APR 81	6	01 APR 81	33	04 MAY 81	38	11 JUN 81	11	11 JUN 81	15	26 JUN 81		
AT	P	AID	77-078	05 JUL 77	51	25 AUG 77		25 AUG 77	35	29 SEP 77	35	29 SEP 77	29	29 SEP 77	13	12 OCT 77		12 OCT 77
AT	P	AKY	78-023	25 JAN 78	28	22 FEB 78	2	24 FEB 78	83	18 MAY 78	35	22 JUN 78	22	22 JUN 78	29	21 JUL 78	32	22 AUG 78
AT	P	ALN	78-104	23 AUG 78	33	25 SEP 78	2	27 SEP 78		27 SEP 78	33	30 OCT 78	30	30 OCT 78	4	03 NOV 78	40	13 DEC 78
AT	P	ALR	78-074	08 MAY 78	64	11 JUL 78	6	17 JUL 78	51	06 SEP 78	41	17 OCT 78	17	17 OCT 78	28	14 NOV 78	34	18 DEC 78
AT	P	AOF	80-061	18 MAR 80	16	03 APR 80	6	09 APR 80	23	02 MAY 80	27	29 MAY 80	02	02 JUN 80	9	11 JUN 80	30	11 JUL 80
AT	P	AOJ	80-062	17 MAR 80	17	03 APR 80	6	09 APR 80	20	29 APR 80	30	29 MAY 80	30	30 MAY 80	3	02 JUN 80	10	12 JUN 80
AT	P	APA	81-004	29 SEP 80	21	20 OCT 80	15	04 NOV 80	22	26 NOV 80	34	30 DEC 80	30	30 DEC 80	161	10 JUN 81	42	22 JUL 81
AT	P	APR	81-046	05 MAR 81	27	01 APR 81		01 APR 81	37	08 MAY 81	74	21 JUL 81	21	21 JUL 81	70	29 SEP 81		
AT	P	BBJ	80-078	24 MAR 80	80	12 JUN 80		12 JUN 80	43	23 JUL 80	495	01 DEC 81	01	01 DEC 81		01 DEC 81	7	08 DEC 81
AT	P	BBK	80-078	24 MAR 80	80	12 JUN 80		12 JUN 80	41	23 JUL 80	495	01 DEC 81	01	01 DEC 81		01 DEC 81	4	05 DEC 81
AT	P	BCL	80-078	24 MAR 80	80	12 JUN 80		12 JUN 80	41	23 JUL 80	495	01 DEC 81	01	01 DEC 81		01 DEC 81	4	05 DEC 81
AT	P	GHE	80-078	24 MAR 80	80	12 JUN 80		12 JUN 80	41	23 JUL 80	495	01 DEC 81	01	01 DEC 81		01 DEC 81	4	05 DEC 81
AT	P	GHE	80-078	24 MAR 80	80	12 JUN 80		12 JUN 80	41	23 JUL 80	495	01 DEC 81	01	01 DEC 81		01 DEC 81	4	05 DEC 81
AT	P	GNF	80-078	24 MAR 80	80	12 JUN 80		12 JUN 80	41	23 JUL 80	495	01 DEC 81	01	01 DEC 81		01 DEC 81	4	05 DEC 81
AT	P	LMN	81-033	04 FEB 81	47	23 MAR 81		23 MAR 81	29	21 APR 81	125	24 AUG 81	24	24 AUG 81		01 DEC 81	4	05 DEC 81
AT	P	LMU	80-078	24 MAR 80	80	12 JUN 80		12 JUN 80	41	23 JUL 80	495	01 DEC 81	01	01 DEC 81	36	30 OCT 81	17	16 NOV 81
AT	P	LMZ	81-033	04 FEB 81	47	23 MAR 81		23 MAR 81	29	21 APR 81	156	24 SEP 81	24	24 SEP 81		30 OCT 81		
AT	P	LMZ	81-033	04 FEB 81	47	23 MAR 81		23 MAR 81	29	21 APR 81	874	12 SEP 83	12	12 SEP 83	44	26 OCT 83		
AT	P	RAS	78-006	05 OCT 77	30	04 NOV 77	4	08 NOV 77	24	02 DEC 77	238	08 APR 77	08	08 APR 77	108	25 JUL 77	17	11 AUG 77
AT	P	RDA	80-078	24 MAR 80	71	03 JUN 80		03 JUN 80	50	23 JUL 80	671	26 MAY 82	2	28 MAY 82	31	28 JUN 82	60	27 AUG 82
AT	P	RDA	80-078	24 MAR 80	71	03 JUN 80		03 JUN 80	50	23 JUL 80	671	26 MAY 82	2	28 MAY 82	31	28 JUN 82	60	27 AUG 82
AT	P	RDB	80-078	24 MAR 80	71	03 JUN 80		03 JUN 80	50	23 JUL 80	671	26 MAY 82	2	28 MAY 82	31	28 JUN 82	60	27 AUG 82
AT	P	RDC	80-078	24 MAR 80	71	03 JUN 80		03 JUN 80	50	23 JUL 80	671	26 MAY 82	2	28 MAY 82	31	28 JUN 82	60	27 AUG 82
AT	P	SAB	75-015	02 MAY 75	25	27 MAY 75		27 MAY 75	1	28 MAY 75	197	12 NOV 74	25	25 OCT 76	7	01 NOV 76	1	31 OCT 76
AT	P	SAB	71-033	01 SEP 76	3	01 SEP 76		01 SEP 76	54	25 OCT 76	54	25 OCT 76	25	25 OCT 76	7	01 NOV 76	1	31 OCT 76
AT	P	SAS	76-019	11 NOV 75	3	14 NOV 75		14 NOV 75	4	18 NOV 75	15	03 NOV 75	03	03 NOV 75	109	19 FEB 76		19 FEB 76
AT	P	SAT	77-076	27 JUN 77	59	25 AUG 77		25 AUG 77	36	30 SEP 77	36	30 SEP 77	30	30 SEP 77	46	15 NOV 77		15 NOV 77
AT	P	SBE	80-078	24 MAR 80	71	03 JUN 80	9	12 JUN 80	41	23 JUL 80	495	01 DEC 81	01	01 DEC 81		01 DEC 81	4	05 DEC 81
AT	P	SBJ	80-047	29 FEB 80		29 FEB 80		29 FEB 80	20	21 MAR 80	24	14 APR 80	7	21 APR 80		21 APR 80	1171	07 JUL 83
AT	P	SBT	81-035	04 FEB 81	48	24 MAR 81		24 MAR 81	48	11 MAY 81								

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TABLE 1501-9. FMS Congressional Section 36(b), AECA Case Dates.

1501-13



TABLE 1501-10. FMS Case Level Summary.

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COUNTRY: CANADA

SEQUENCE: CC

UNCLASSIFIED  
DSAA - FOREIGN MILITARY SALES  
FMS CASE LEVEL SUMMARY

IMPLEMENTING AGENCY: DMA  
AREA:

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CC	I A	CASE NO	FY	S T	M D	CASE VALUE	TOTAL PURCHASES	UNDEFINED PURCHASES	TOTAL DELIVERIES	UNDELIVERED BALANCE
CM	U	SBA00	78	X	N	1,586	1,586			1,586
CM	U	SB300	78	C	N	151,485	151,485		151,485	
CM	U	SB300	78	C	N	191,177	191,177		191,177	
CM	U	SB000	79	C	N	207,766	207,766		207,766	
CM	U	SB000	80	C	N	248,626	248,626		248,626	
CM	U	SB000	81	C	N	35,909	35,909		35,909	
CM	U	UAA00	68	C	N	6,354	6,354		6,354	
CM	U	UAB00	68	C	N	70,979	70,979		70,979	
CM	U	UAF00	64	C	N	57,610	57,610		57,610	
CM	U	UAM00	69	C	N	40,061	40,061		40,061	
CM	U	UAJ00	69	C	N	7,853	7,853		7,853	
CM	U	UAK00	69	C	N	104,571	104,571		104,571	
CM	U	UAL00	70	C	N	136,902	136,902		136,902	
CM	U	UAM00	70	C	N	27,435	27,435		27,435	
CM	U	UAM00	70	C	N	7,194	7,194		7,194	
CM	U	UAM00	70	C	N	129,682	129,682		129,682	
CM	U	UAP00	71	C	N	14,082	14,082		14,082	
CM	U	UAP00	71	C	N	5,402	5,402		5,402	
CM	U	UAS00	71	C	N	138,571	138,571		138,571	
CM	U	UAT00	72	C	N	7,133	7,133		7,133	
CM	U	UAU00	72	C	N	153,647	153,647		153,647	
CM	U	UAW00	74	C	N	158,412	158,412		158,412	
CM	U	UAX00	73	C	N	141,842	141,842		141,842	
CM	U	UAY00	76	C	N	110,620	110,620		110,620	
CM	U	UAZ00	77	C	N	106,385	106,385		106,385	
CM	U	UNX00	64	C	N	51,172	51,172		51,172	
CM	U	UNY00	64	C	N	5,046	5,046		5,046	
CM	U	UNZ00	64	C	N	51,727	51,727		51,727	
CM	U	UVF00	65	C	N	73,110	73,110		73,110	
CM	U	UVG00	65	C	N	6,109	6,109		6,109	
CM	U	UVG00	65	C	N	38,775	38,775		38,775	
COUNTRY TOTAL						2,487,221	2,487,222		2,485,636	1,586

TABLE 1501-10  
FMS CASE LEVEL SUMMARY

RCS-1200-CASESUM(L)-LA  
CNUSBA00

UNDEFINED PURCHASES FROM +3 TO -3 NOT DISPLAYED

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TABLE 1501-11  
SAMPLE REQUEST FORM

Report Name Item Delivery Status - Report E

Number of Copies 1 Sort Sequence Country (Alphabetic)

Select Options (Indicate applicable code(s) for each - if no entry is made all codes for that data element will be included in the report requested)

Implementing Agency B (Army)

Country/Activity \_\_\_\_\_

Area 2 (NESA)

Unified Command \_\_\_\_\_

Status S, A, I, D, C

Beginning Year + Qtr 741

Ending Year + Qtr 821

Generic Code \_\_\_\_\_

Unit of Issue \_\_\_\_\_

Classification \_\_\_\_\_

Other List major defense equipment, large dollar value cases, etc.

The above example would produce an Item Delivery Status - Report E for all countries in Near East South Asia using all records which have an IA code of B (Army); are either in the signed, accepted, implemented, supply complete, or closed status; and are within the range of years requested (in this case 1st Qtr 74 through 1st Qtr 82). If only unclassified data are desired, the select option "classification" should be filled in accordingly. Not all options are listed above; requirements for those that are not listed that are applicable to the report being requested should be listed under the "other" line.

---

TABLE 1501-11. Sample Request Form.

TABLE 1501-12

## ABBREVIATED TITLES USED IN THE DSAA 1200 SYSTEM OUTPUT REPORTS

<u>Abbreviation</u>	<u>Meaning</u>
ACCPT DATE	Acceptance Date
A C	Action Code
AM	Case Amendment Number
ADVANCE NOTI/CONGR	Advance Notification to Congress Date
CASE ESTAB DATE	Case Establishment Date
CASE NO	Case Number
CC	Country/Activity Code
C D	Card Code
CL or C L	Classification
C L	Completed Line Item Code (item detail reports only)
CLOSURE DATE	Closure Date
C O	Change Originator
CTRY	Country/Activity
CSE	Case Number
CSEID	Case Identifier
CUM	Cumulative
DELIVERY DATE	Delivery Date

---

TABLE 1501-12. Abbreviated Titles Used in the DSAA 1200 System Output Reports.

AbbreviationMeaningDEL  
COM

Delivery Commitment

DEL  
FOR

Delivery Forecast

EQPT

Equipment

ESTAB

Establishment

FORMAL  
NOTI/CONGR

Statutory Notification to Congress Date

FY

Fiscal Year

FYQ

Fiscal Year and Quarter

GEN  
CDE

Generic Code

IA or I  
A

Implementing Agency

IA LOA  
COMP DATEImplementing Agency Letter of Acceptance  
Complete DateIA RECTC  
DATEImplementing Agency Receipt Date  
(Complete)IMPLT  
DATE

Implementation Date

LOA

Letter of Acceptance

LOR

Letter of Request

M  
D

Major Defense

MDE

Major Defense Equipment

MTH

Month

NO

Number

NSN

National Stock Number

OFFER  
DATEOffer Date - also referred to as Counter-  
Signature Date

TABLE 1501-12. (Continued)

<u>Abbreviation</u>	<u>Meaning</u>
OED	Offer Expiration Date
PROG DIR DATE	Program Directive Date
Q	Quarter
QTR	Quarter
QTY	Quantity
RCS	Report Control Symbol
RSN	Record Serial Number
S P	Spare Parts Code
S T	Status Code
S	System Code
TRANS NO	Transmittal Number
TO STATE DATE	Date 36(b) case sent to State Department
UI	Unit of Issue
VALUE	Cost expressed in Dollars
YR	Year
36B STATE APPROVAL	Date of State Department Approval of 36(b) case.

---

 TABLE 1501-12. (Continued)

TABLE 1501-13

**SORT AND SELECT OPTIONS FOR ITEM DETAIL LEVEL AND  
ITEM DETAIL SUMMARIZED TO CATEGORY REPORTS**

Options for each report are indicated by "X" if available for that particular report.

<u>SORT OPTIONS</u>	<u>REPORT E</u>	<u>REPORT D,G,H</u>	<u>REPORT I</u>
Area, Country	X	X	X
Area, Country, Implementing Agency	X		X
Sub-Area/Country	X	X	X
Country (Alphabetic)	X	X	X
Country, Implementing Agency	X		X
Country, Fiscal Year	X		X
Implementing Agency, Country	X	X	X
Generic/NSN, Country			X

NOTE: Within these major sorts, reports are sequenced by case identifier and RSN where appropriate.

PAGE BREAK OPTIONS

First Sort Position	X	X	X
First and Second Sort Position	X	X	X
First, Second, Third Sort Position	X	X	X

SELECTION OPTIONS

Area	X	X	X
Unified Command	X	X	X
Ceiling Country	X	X	X
Country	X	X	X
Implementing Agency	X	X	X
Case Identifier	X		
Case Amendment Indicator	X		
Status	X	X	X
Beginning and Ending Date-FY & Quarter	X	X	X
Classification	X	X	X
Major Defense Equipment	X		X
Unit of Issue	X	X	X
Commitment Forecast	X		X
Overdelivered	X		X
Completed Line	X		X
Generic	X		X
Selected Item Sequence Number		X	
Worldwide total only		X	
Bypass worldwide recap		X	

---

TABLE 1501-13. Sort and Select Options for Item Detail Level and Item Detail  
Summarized to Category Reports.

TABLE 1501-14

## SORT AND SELECT OPTIONS FOR CASE AND SUMMARY MANAGEMENT REPORTS

Options for each report are indicated by "X" or by the report indicator if available for that particular report.

<u>SORT OPTIONS</u>	REPORT B	REPORT C	REPORT J.K	REPORT L
Area, Country (CC)	X	X		X
Area, Country, IA		X		X
Sub-Area/Country	X	X		X
Country (Alphabetic)	X	X	X	X
Country, Implementing Agency		X	X	X
Country, FY		X	X	X
Implementing Agency, Country	X	X		X
IA, Country, FY			X	
IA, FY			X	
A, Congressional Transmittal FY			K	

NOTE: Within these major sorts, reports are sequenced by case identifier.

PAGE BREAK OPTIONS

First Sort Position	X	X	X	X
First and Second Sort Position	X	X	X	X
First, Second and Third Sort Position	X	X		X

SELECT OPTIONS

Area	X	X		X
Unified Command	X	X		X
Ceiling Country	X	X		X
Country/Activity	X	X		X
Implementing Agency	X	X	X	X
Case Identifier		X		X
Case Amendment Identifier		X		X
Status	X	X	X	X
Beginning and Ending Date-FY and Quarter	X	X	J,K Qtr	X
Classification	X	X		X
Million Dollar Cases	X	X		X
Major Defense Equipment	X	X		X
Value Relations				X
Low Undelivered				X
High Undelivered				X
Worldwide total only	X	X		X
Bypass Worldwide Recap				X

TABLE 1501-14. Sort and Select Options for Case and Summary Management Reports.

<b>SECTION 1502 - DSAA 1000 MATERIEL AND TRAINING SYSTEM OVERVIEW, DATA SUBMISSION INSTRUCTIONS, AND REPORTS</b>
--

**150201 PURPOSE.** This section provides a brief overview of the DSAA 1000 Management Information System which supports MAP and IMET. Also included in this Section are instructions for the preparation and submission of data into the 1000 System and descriptions and examples of reports available from the System.

**150202 SYSTEM DESCRIPTION.**

A. **General.** The DSAA 1000 System contains MAP and IMET data which are updated on a weekly basis. The results of these updates are provided to the training management activities within DSAA and the MILDEPs in the form of hardcopy reports and data transmissions.

B. **Data Description.** The System contains detailed Materiel (i.e., MAP, Excess Defense Articles, Redistribution of Defense Articles, and MASF) and training (i.e., MAP, MASF, and IMET) information for 1963 and subsequent years.

**150203 DSAA 1000 SYSTEM REPORTS.**

A. **Report Descriptions.**

1. **MILDEP MAP and IMET Orders.** These documents are produced by MILDEP and reflect a detailed record of all funding actions accomplished during an update cycle. Sample reports are available at Table 1502-1 and 1502-2. In addition to the detailed funding section, four tabs are included in these reports which provide the following summarized information:

- a. TAB A - A recap by Country of all funding actions occurring within an update cycle.
- b. TAB B - A recap by Budget Project of all funding actions occurring within an update cycle.
- c. TAB C - A recap by Program Year of all funding actions occurring within an update cycle.
- d. TAB D - A cumulative recap by Program Year of all funding actions which have occurred to date.

2. **DSAA Detail Listing - Materiel.** This document reflects detailed, materiel program information (i.e., MAP, Excess Defense Articles, Redistribution of Defense Articles, and MASF). A sample report is available at Table 1502-3. This report can only be produced for materiel information. Requests for detailed IMETP or FMS Training information must be submitted to the MILDEPs. In response to these requests, the MILDEPs will produce an STL. Each MILDEP is currently providing this document to the field (e.g., SAOs) on a monthly basis.

3. **Summarized Training Reports.** Requests for summarized FMS Training information should be submitted to the MILDEPs. Requests for summarized IMET information will be satisfied using one of the following pre-programmed reports:



a. **Training Summary.** This document reflects the number of IMET students and dollars by year, Country, MILDEP, and Generic Code. A sample report is available at Table 1502-4.

b. **Student Count.** This document reflects the number of IMET students for an eight-year period by Country, CONUS/Overseas Training, Program Originator, and Student Type. A sample report is available at Table 1502-5.

#### **150204 DATA PREPARATION AND SUBMISSION.**

A. **Submission of Data.** MAP and IMET program and MASL data are created by the MILDEPs and submitted to DSAA for updating the 1000 System. This data is submitted in a punched card format via the AUTODIN network.

#### **B. Preparation of Data.**

1. Formats and instructions for the preparation of IMET data for updating the 1000 System are provided in Chapter 10.

2. Formats and instructions for the preparation of Materiel data for updating the 1000 System follow.

a. **Program Additions (Card 3).** Materiel add transactions for processing in the DSAA 1000 System should be prepared as follows:

Card Column	Data Element	Instruction
1	Card Code-----	Enter "3."
2-5	Record Control Number-----	Enter RCN. See Appendix D.
6	Method of Funding Code-----	Leave blank.
7	Action Code-----	Leave blank.
8-20	National Stock Number-----	Enter the group, class, National Codification Bureau Code and NIINs as they appear in the MASL.
21	Generic Code-----	Enter, first position only, the generic code exactly as it appears in the MASL.
22	Commitment Code-----	Enter appropriate Commitment Code See Appendix D, Table D-2.
23-24	Reason Code-----	Enter appropriate Reason for Change Code See Appendix D, Table D-11.
25-29	Quantity-----	Dollar lines leave blank. Excess defense articles Actual Value Card leave quantity field blank. Major Item - Enter total quantity. Right justify (units position in Column 28, ten position in Column 28, etc.)
30	Program Originator Code-----	Enter Program Originator Code. See Appendix D.
31-32	Country/Activity Code-----	Enter Country/Activity Code. See Appendix D, Tables D-5 through D-7.

Card Column	Data Element	Instruction
33	Customer Code-----	Dollar Lines - leave blank. Major Items- Enter Customer Within Country Code required for entry in Column 33 of MILSTRIP requisitions. Refer to Appendix D for explanation and MILDEP directive containing the codes.
34	Special Supply----- Procedure	Enter appropriate code. See Appendix D.
35	Type of Assistance Code-----	Enter Type of Assistance code. See Appendix D, Table D-11.
36-43	Unit Price-----	Obtain from the MILDEP. Must reflect Repair & Rehabilitation codes (as applicable) for EDA. Enter actual value of excess defense articles in EDA Actual Value Card.
44	Cost Code-----	Enter Cost Code. See App. D, Table D-4.
45-46	Program Year-----	Enter last two digits of fiscal year in which the item is programmed or to be programmed.
47-50	MAP Element Code-----	Enter MAP Element Code. See Appendix D, Table D-1.
51	Lead Time-----	Major Items - Obtain Lead Time Code from the MILDEP. Dollar Value Line Items Leave blank.
52	Spare Parts-----	Enter "N" for CSP. Enter "A" for initial Aerospace Ground Equipment (AGE). Enter "E" for Concurrent Equipment attachments in Federal Stock Class 3810 and 3830 (item identification number 383ZATCHMNT).
53	Condition Code/------ Commerical Item Code	Enter Condition Code for EDA. Appendix D, Table D-3. Enter numeric "1" for Commercial Items.
54	Communications/------ Ancillary Code	Enter Communications/Ancillary Code See Appendix D.
55	Implementing Agency Code-----	Leave blank. IA Code to be assigned by DSAA
56	Blank-----	Leave blank.
57	Status-----	Leave blank. Status Code to be entered by DSAA only.
58-59	Funding Priority-----	Enter funding priority code on all articles and services program lines in budget year program. See Appendix D.
60-61	Issue Priority-----	Enter Issue Priority. Issue Priority Codes are those prescribed in MILSTRIP regulations.
62-64	Required Delivery-----	Enter RDD, as appropriate. See Issue Priority/RDD Code in Appendix D.

Card Column	Data Element	Instruction
<b>NOTE:</b> Columns 60-64 may also be used to identify MILDEP MIMEX offer number or DPDS listing/flyer number for EDA. See Excess Offer Number Code in Appendix D.		
65	Source of Supply-----	Obtain applicable Source of Supply Code in Appendix D, Table D-9 from the MILDEP. Do not leave blank.
66-68	MILSTRIP Routing----- Identifier (MRI) Code	Enter from MASL, except as follows: A change from the MASL entry may be necessary when a change in Source of Supply Code, as in the case of codes B, E, F, J, N, O, R, S, or T, is effected. Enter appropriate MRI Code in all cases as determined from the MASL or Appendix D. MASL Footnote Code K (See Footnote Code in Appendix D, Table D-6) requires a determination of the appropriate MRI code from Appendix D.
69	Change Originator Code-----	Enter appropriate Program Change Originator Code. See Appendix D. Note that this code ("Program Originator" code) may be different from the Program Originator Code in Column 30.
70	System Identifier Code-----	Enter System Identifier Code, if appropriate. See Appendix D.
71	Fiscal Code-----	Leave blank. Data will be entered by DSAA.
72	CRA-----	Enter appropriate CRA code. See Appen. D.
73-80	Total Cost-----	Enter Total Cost (including cost for Source Codes B, F, J, S, and T) to the nearest dollar. Must include repair and rehabilitation costs, as appropriate, for Source of Supply E or R items. Where the unit price is zero, as for selected Source of Supply Code E and R items, leave blank. Do not enter acquisition unit price or actual value in these columns for Code E and R items. Enter actual value total in Source of Supply E (EDA) value card. Right justify. Enter dollar position in Column 80.

b. **Confirmation, Materiel and Services.** Following program submission, confirmation of approval will be sent to program originators by AUTODIN.

c. **Delivery/Expenditure Materiel and Services (Card 8).**

(1) Delivery and forecast cards will be transmitted to DSAA by the MILDEPs by Card 8 as portrayed below on a monthly basis. Cards will be transmitted not later than 15 days after the last calendar day of the previous month. Delivery cards will be submitted

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.

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

(2) Enter the following data in the card columns indicated:

Card Column	Data Element	Instruction
1	Card Code-----	Enter "P".
23-24	Reason Code-----	Enter appropriate Reason for Change Code. See Appendix D, Table D-11.
69	Change Originator----- Code	Enter appropriate Change Originator Code See Appendix D.

e. Enter only the changed data elements (complete field in the remaining columns of Card P). Leave unchanged data elements blank.

(1) When any of the MASL data elements change; i.e., NSN (Columns 8-20), group (Columns 8-9), class (Columns 10-11), NCB Code (Columns 12-13), item identifier (Columns 19-20), or generic code (1st position only, Column 21) the complete field (Columns 8-21) must be filled in. Enter changed and unchanged data in Columns 8-21. Leave Columns 8-21 blank if there is no change in MASL data elements.

(2) Changes in quantity (Columns 25-29) and/or total cost (Columns 73-80) will be the revised quantity and/or the revised total cost and not the amount of the change.

(3) Change in unit price (Columns 36-43) will be the revised price and not the amount of change. Enter an asterisk in the units position (Column 43) if the unit price is to be deleted,

(4) To blank out a data element, enter an asterisk in the units position. For example, enter an asterisk (\*) in Column 59 to blank out a funding priority.

(5) Right justify in the quantity (Columns 25-29), unit price (Columns 36-43) and total cost (Columns 73-80) fields.

f. Program Deletions (Card R). Program deletions will be submitted by Card R entered as follows:

Card Column	Data Element	Instruction
1	Card Code-----	Enter "R".
2-5	Record Control Number-----	Enter the RCN exactly as it appears in the Card 3 or 4 received from DSAA.
6-22	Blank	Leave blank.
23-24	Reason Code-----	Enter appropriate Reason for Change Code See Appendix D, Table D-11.
25-30	Blank-----	Leave blank.
31-32	Country/Activity Code-----	Enter code exactly as it appears in the Card 3 or 4 received from DSAA.
33-44	Blank-----	Leave blank.

Card Column	Data Element	Instruction
45-46	Program Year-----	Enter program year exactly as it appears in Card 3 or 4 received from DSAA.
47-68	Blank-----	Leave blank.
69	Change Originator Code-----	Enter appropriate Change Originator Code. See Appendix D.
70-80	Blank-----	Leave blank.

TABLE 1502-1  
MILITARY DEPARTMENT MAP ORDER

U N C L A S S I F I E D

Country Name: \_\_\_\_\_ (MATERIEL)

IMPLEMENTING AGENCY - ARMY

PROG DIR/MAP ORDER NO. 86A/CD/27

MA	RCN	FC	GRCL	ITEM-ID	GC	-----DESCRIPTION-----	C	P	CPT	UNIT	C	MAP	LSCCI	S	S	CSFC	MO-AJ								
							UIM	RE---	QTR	O	CC	UCA	PRICE	SPY	ELEM	TPLAA	T	FP	IPRODS	MRI	OYCR----	COST	YR	NO	
	12345	67	8901234567890	1			2	2222222	3	33	33333334444	444	4445	5555555	55	6666666	666	677777777778							
							2	3456789	0	12	34567890123	456	7890	1234567	89	012345	678	901234567890							
AA06	4W	131000000B470	G1K	CTG	40MM	HE M384 LNK	EAO	P3	5000	B	**	C	10	186	3AA0	B	F	42	L	B33	A	10	50000-86	21	
AA06	4W	131000000B470	G1K	CTG	40MM	HE M384 LNK	EAO	P315000	B	**	C	10	186	3AA0	B	F	42	L	B33	A	10	150000			
COUNTRY TOTAL					.001			.002		.003		.004	100000		MAP DOLLAR COST							100000			
					B			J		S		T			ASSETS APPLIED										
															FOREIGN CURRENCY										
															SERVICE FUNDING										
															GRAND TOTAL							100000			

TABLE 1502-1. Military Department MAP Order.

1502-8

TABLE 1502-2  
MILITARY DEPARTMENT IMET ORDER

## U N C L A S S I F I E D

Country Name: _____		(TRAINING)		IMPLEMENTING AGENCY - NAVY										IMET ORDER NO. 85N/SU/59																
M A						S		P		T		UNIT				S D		CRFR		IO-AJ										
RCN	F C	ITEM	ID	GC	-----	COURSE	TITLE-----	UI	RE	C	QTY	O	CC	DUR	A	PRICE	PY	---	TLA	T	W	---	WCN	EXA	OQCP	---	COST	YR	NO	
111111	2--							--	2	22	2	2222	3	33	33	333334444	4	44	4445	555555	5	55666666	666	677777777777	777	777	777	777	--	--
2345	6	7	4567890	1					2	34	5	6789	0	12	34	567890123	4	56	7890	123456	7	89012345	678	901234567890						
EB00	1	W	P171001	NIG	NAVAL COMMAND COLLEGE		EA	D4	O	1	P	**	51	1		9772	85		12298	F	0006	PCN	N45A	22070-86	50					
EB00	1	W	P171001	NIG	NAVAL COMMAND COLLEGE		EA	D4	O	1	P	**	51	1		9772	85		13243	F	0006	PCN	N45A	23015						
EA83	1	W	P141306	NID	AD-A1-SCH		EA	D4	E	1	P	**	13	1		733	85		975	F	0096B	PCT	N45C	1708-86	50					
EA83	1	W	P141306	NID	AD-A1-SCH		EA	D4	E	1	P	**	09	1		733	85		975	F	0096B	PCT	N55C	1708						
EA86	1	W	P141273	NID	KC-130 SYS TRNG		EA	D4	E	1	P	**	10	1		925	85		517	F	0096D	PCT	N45C	1442-86	50					
EA86	1	W	P141273	NID	KC-130 SYS TRNG		EA	D4	E	1	P	**	10	1		925	85		545	F	0096D	PCT	N45C	1470						
EA85	1	W	P141416	NID	HAMILTON STD 54H60 PROP IM		EA	D4	E	1	P	**	01	1		155	85		75	F	0096E	PCT	N45C	230-86	50					
EA85	1	W	P141416	NID	HAMILTON STD 54H60 PROP IM		EA	D4	E	1	P	**	01	1		155	85		89	F	0096E	PCT	N45C	244						
EA88	1	W	P141306	NID	AD-A1-SCH		EA	D4	E	1	P	**	13	1		733	85		975	F	0097B	PCT	N45B	1708-86	50					
EA88	1	W	P141306	NID	AD-A1-SCH		EA	D4	E	1	P	**	06	1		733	85		975	F	0097B	PCT	N55B	1708						
COUNTRY TOTAL						.001	987				.002					.003			.004											
						B					J					S			T											
																MAP DOLLAR COST										987				
																ASSETS APPLIED														
																FOREIGN CURRENCY														
																SERVICE FUNDING														
																GRAND TOTAL										987				

TABLE 1502-2. Military Department IMET Order.

1502-9



DSAA - GRANT AID  
DETAIL LISTING

(PROGRAM SORT UC,CC,GC,FSN)

**COMMAND NAME**

COUNTRY NAME

NA							C	P	CPT	UNIT C	MAR LSCCI S	S	CSFC	
RGN FC GRCL ITEM ID GC	-----DESCRIPTION-----						UIM RE	QTY O CC UOA	PRICE SPY	ELEM TPLNA .T FP	I PROD S MRI IYC R	COST AJ		
								-- 22 22222	3 33 333	33334444	444 4445 5555555	55 6666666	666 6777	77777778 --
12345 67 8901234567890 1							2 34 56789	0 12 345	67890123	456 7890	1234567 89 012345	678 9012	34567890	
NET# 2A 1510000000F5P AIF AIRCRAFT FIGHTER F-5E							EA9 P3	1 D ** B I	5261000	180 2AFD	D F 12	K FAO	00	5261000 61
MINOR.(AID)		(STATE)	(OSD)	(A.F.)		5261000	(NAVY)	(ARMY)	(TOTAL)	5261000 )				
NL92 2A 1410010072507 BIJ TOV GM SURFATTACK BGW71A-1							EA9 P3	1000 B ** F 2	5086	180 3AD0	B F 16	K B33	00	5086000 05
NN93 2A 142000TCWCMP BIJ TOV COMP							XX0	B ** F 1		080 3AJ0	B F 22	K BY7	00	22636 11
MINOR.(AID)		(STATE)	(OSD)	(A.F.)		(NAVY)	(ARMY)	5108636	(TOTAL)	5108636 )				
NN35 2A 2350010414590 02F HOW SP FT BIN M110A2							EA0 P3	16 B ++ A 1	613840	180 3AJ0	B F 22	K B33	00	9821440 11
MINOR.(AID)		(STATE)	(OSD)	(A.F.)		(NAVY)	(ARMY)	9821440	(TOTAL)	9821440 )				
NN38 2A 9J6Z00SUPTQP J6Z OTHER SUPPORT EQUIPMENT							XX0	D ++ B 1		080 3LP0	D F 06	K FAO	00	95395 58
MINOR.(AID)		(STATE)	(OSD)	(A.F.)		95395	(NAVY)	(ARMY)	(TOTAL)	95395 )				
NN44 2A 9K6Z000THRPOL K6Z OTM PETROL,OIL AND LUBRCTS							XX0	O ++ B 1		080 3LP0	D F 10	K FAO	00	36652 60
MINOR.(AID)		(STATE)	(OSD)	(A.F.)		36652	(NAVY)	(ARMY)	(TOTAL)	36652 )				
NN31 2A 020600000CIP MIC CIP JB5-21 ENGINES							XX0	O ++ B 1		080 2AF0	D F 16	K FAO	00	750000 05
MINOR.(AID INTER.		(STATE)	(OSD)	(A.F.)		750000 6143047	(NAVY)	(ARMY)	(TOTAL) 14930076	750000 ) 21073123				

\*\* Country Code will appear on the actual report.

**TABLE 1502-3. Grant Aid Detail Listing - Materiel**

1502-10

TABLE 1502-4  
TRAINING SUMMARY BY IMPLEMENTING AGENCY AND GENERIC CODE

UNCLASSIFIED

DSAA - MAP / IMET P

APPROVED IMET

A CC \_\_\_\_\_

COUNTRY NAME \_\_\_\_\_

TRAINING SUMMARY BY IMPLEMENTING AGENCY AND GENERIC CODE

PY 82

AREA NAME \_\_\_\_\_

GEN)(---DESCRIPTION---)	SPACES/MEMBERS/ TECHNICIANS				STUDENTS/TEAMS				COST				
	ARMY	NAVY	AF	TOTAL	ARMY	NAVY	AF	TOTAL	ARMY	NAVY	AF	OTHER	TOTAL
STUDENT TRAINING													
M1B OPERATIONS TNG	29	5	5	39	25	4	3	32	74801	9289	12060		96150
M1C COMM/ELECT TNG	10	18	17	45	10	7	17	34	26342	26760	80660		133762
M1D MAINTENANCE TNG	44	6	14	64	31	4	9	44	77357	7973	28028		113358
M1E LOGISTICS TNG	31	15	4	50	18	6	2	26	57542	21109	10260		88911
M1F ADMIN TNG	14	26	13	53	14	22	6	42	31054	71599	23830		126483
M1G PROF/SPEC TNG	99	17	21	137	65	13	15	93	343553	126712	103260		573525
SUB-TOTAL US	227	87	74	388	163	56	52	271	610649	263442	258098		1132189
M1T ADMIN TNG	1			1	1			1	790				790
SUB-TOTAL OS	1			1	1			1	790				790
TOTAL STUDENT TRAINING	228	87	74	389	164	56	52	272	611439	263442	258098		1132979
OTHER TNG SUPPORT													
N7E SERVICES									2485	3150	1400		7035
N7F OTHER										6357			6357
N7G SHIPMNT INST MATL									12662		9490		22152
TOTAL OTHER TNG SUPPORT									15147	9507	10890		35544
TOTAL COUNTRY									626586	272949	268988		1168523

TABLE 1502-4. Training Summary by Implementing Agency and Generic Code.

TABLE 1502-5  
STUDENT COUNT BY TYPE AND PROGRAM YEAR

UNCLASSIFIED

DSAA - MAP/IMETP

STUDENT COUNT BY TYPE AND PROGRAM YEAR

COMMAND NAME

COUNTRY NAME

CONUS

OVERSEAS

STUDENT GROUP BY PO

SENIOR OFFICER

OFFICER

ENLISTED

CIVILIAN

STUDENT TOTAL-ARMY

SENIOR OFFICER

OFFICER

ENLISTED

CIVILIAN

STUDENT TOTAL-AIR FORCE

SENIOR OFFICER

OFFICER

ENLISTED

STUDENT TOTAL-MARINE CORPS

SENIOR OFFICER

OFFICER

ENLISTED

CIVILIAN

STUDENT TOTAL-NAVY

SENIOR OFFICER

OFFICER

ENLISTED

CIVILIAN

STUDENT TOTAL-ALL PO

TABLE 1502-5. Student Count by Type and Program Year.

TABLE 1502-6

# SORT AND SELECT OPTIONS (DSAA 1000 SYSTEM)

## A. SORT OPTIONS. The following sort options are available when ordering detail listings:

Unified Command, Country, Generic  
 Unified Command, Country, Record Control Number  
 Unified Command, Country, Program Originator, Generic Code  
 Area, Country, Generic Code  
 Generic Code, National Stock Number/Item Identification  
 Implementing Agency, Generic Code, NSN/Item Identification  
 MILSTRIP Routing Identifier, Generic Code, NSN

## B. SELECT OPTIONS. The following select options are available when ordering item detail listings. Selects must be indicated for those options marked with an asterisk. When an option is not indicated in a field, the DSAA will include all records relevant to that data field. For example, if generic is not specified, records pertaining to all generic codes will be included in the report.

Area Code	Program Originator Code
Commitment Code	*Program Year
Continuing Resolution Authority Code	Selected Item Description Number
*Country Code	Selected Item Sequence Number Code
*Generic Code (1-3 positions)	Source of Supply Code
Implementing Agency Code	Spare Parts Code
MAP Element Code	Status Code
Method of Funding Code	Type of Assistance Code
MILSTRIP Routing Identifier Code	Unified Command Code

---

TABLE 1502-6. Sort and Select Options (DSAA 1000 System).

TABLE 1502-7

## ABBREVIATED TITLES USED IN THE DSAA 1000 SYSTEM OUTPUT PRODUCTS

A. ABBREVIATED TITLES. The following abbreviated titles are used in output products prepared from the DSAA 1000 system data base:

<u>Abbreviation</u>	<u>Meaning</u>
A	Area Code
A C	Action Code
ACT	Activity
ACQ	Acquisition
ADMIN	Administration
ART	Articles
AUTH	Authority
C A	Communications/Ancillary Code
CC	Country/Activity Code
C C	Card Code
C E	Ceiling Code
CG	Congressional Group
CAT	Congressional Category
C L	Condition/Commercial Consumables Code
CL	Federal Supply Class
C or CL L	Classification Code
C M	Commitment Code

TABLE 1502-7. Abbreviated Titles Used in the DSAA 1000 System Output Products.

<u>Abbreviation</u>	<u>Meaning</u>
C N	Communications/Ancillary Code
C or CO O	Change Originator Code
COST	IMET Total Cost in dollars
COURSE TITLE	Title of Training Course
CR or CRA	Continuing Resolution Authority Code
C S	Cost Code
CTL CODE	Control Code
C U	Customer within Country Code
CUM	Cumulative
CY	Current Year
DEF	Defense
DESCRIPTION	Description of the materiel item
DISTR	Distribution
DUR	Duration of training course
D W	DSAA Waiver
EXA	Execution Agency Code
F or FC C	Fiscal Code
FOR CURR	Foreign Currency
FP	Funding Priority Code
FT or FTNT NT	Footnote Code

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 TABLE 1502-7. (Continued)

<u>Abbreviation</u>	<u>Meaning</u>
GEN or GC CODE	Generic Code
GP	Federal Supply Group
I or IA A	Implementing Agency Code
IMET	International Military Education and Training
INTER	Intermediate
INV	Investment
IO-AJ YR NO	IMET Order Year and Adjustment Number
IP	Issue Priority
ITEM ID	Item Identification Number
L T	Lead Time
MAP or ME ELEM	MAP Element Code
MDE	Major Defense Equipment Indicator Code
M F	Method of Funding Code
MO AJ	MAP Order Adjustment Number
MO-AJ YR NO	MAP Order Year and Adjustment Number
MRI	MILSTRIP Routing Identifier Code
MT-SV	Materiel and Services
MUP	Materiel
NCB	National Codification Bureau Code
NSN	National Stock Number

---

 TABLE 1502-7. (Continued)

<u>Abbreviation</u>	<u>Meaning</u>
OPR	Operating Cost
OSP	Offshore Procurement
PC	Special Supply Procedure Code
P or PO O	Program Originator Code
PROG DIR	Program Directive
P or PY Y	Program Year
QTR	Quarter
QTY	Quantity
RCN	Record Control Number
RCS	Reports Control Symbol
RDD	Required Delivery Date
R or RE E	Reason for Change Code
R or RP P	Requirements Priority Code
R or RQ Q	Availability Reporting Quarter
RSC	Reports Sequence Control
RSVN	Reservation
S or SC C	Student Code
SERVICE-ID NUMBER	Military Service Course Identification Number
SIC	Selected Item Code
Q SISC	Selected Item Sequence Code and Quantity Control Code
SIDN	Selected Item Description Number

---

 TABLE 1502-7. (Continued)



<u>Abbreviation</u>	<u>Meaning</u>
S P	Spare Parts Code
S T	Status Code
SUP or SUP OPS OPS	Supply Operations
SVC	Service
T A	Type of Assistance Code
TLA	Travel and Living Allowance
TNG	Training
UC	Unified Command
UI	Unit of Issue
UNDEL	Undelivered
UNIT PRICE	Training Course Cost
WEST HEM	Western Hemisphere
WCN	Worksheet Control Number

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 TABLE 1502-7. (Continued)

<b>SECTION 1503 - MILITARY ARTICLES AND SERVICES LIST OVERVIEW, GUIDANCE, DATA SUBMISSION INSTRUCTIONS AND SYSTEM OUTPUT PRODUCTS</b>
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**150301 PURPOSE.** This section provides guidance and instructions on the development, maintenance and utilization of the MASL which is used in MAP, IMET, FMS, and FMCS programs.

**150302 GENERAL.**

A. **Purpose of the MASL.** The MASL, which is maintained by the DSAA as part of the Agency's automated data base, is oriented toward the needs of the program originators. It contains information submitted to the DSAA by the supplying agencies on identification and availability of defense articles and defense services. In addition to being a key tool in the development of plans and programs in the areas listed above, the MASL provides a uniform level of line item detail in the automated SA programs of all agencies.

B. **Types of MASL Data Maintained.** The MASL master file is subdivided by type of data, as indicated below:

1. **Materiel MASL.** This portion of the MASL contains information on identification and availability of defense articles and defense services and is used by the UCOMs, SAOs, and MILDEPs in the development of plans and programs for the MAP, FMS, and FMCS. The materiel MASL is segregated in the data base as follows:

a. **Active (Current) Materiel MASL.** The records in the active materiel MASL can be identified by the assignment of MASL control code "K" and are comprised of items of defense articles and defense services which may be included in prior, current, or future MAP, FMS, or FMCS Programs, subject to special conditions explained by the footnote codes. (See Appendix D.)

b. **Inactive Materiel MASL.** The inactive MASL contains records which were once used in the FMS or FMCS Programs, but are no longer available for programming. These records are assigned a footnote code of "YY", (See Paragraph 150303.A.5.c.)

2. **Training MASL.** The training portion of the MASL master file contains identification, availability, cost, and duration information on all formal and informal training courses (including correspondence courses; technical, education or information publications; training aids; orientation; and training exercises) conducted by or under the jurisdiction of the USG. It can be used by the UCOMs, SAOs and MILDEPs in the development of plans and programs for IMET and FMS training. The training portion of the MASL master file is segregated into the following types of data:

a. **Current Year Training MASL.** This MASL contains line item data for training which is currently available for programming and is used during each update of the master program file to provide supplemental information for all additions to the file.

b. **Budget Year Training MASL.** The budget year training MASL contains line item data for training that is planned to be available for programming in the budget and later years. This MASL is used to add supplemental information and to verify the course cost and course duration of each record being added to the file, when processing budget year program data to the master program file.

c. **Prior Year Training MASL.** The prior year training MASL contains line item data for training programmed prior to the current year training program. This IMET MASL is retained for historical purposes only, as the IMET program data for each FY is rolled up (summarized) to seven dollar lines (N10 thru N90) per country/per implementing agency approximately six months after it becomes a prior year. The FMS training MASLs for prior years are retained for use in the updating of any prior year data in the FMS training program file.

3. **Further Definition of Training MASL Data.** Separate data are maintained for each of the above listed MASLs as follows:

- a. **IMET** - used for all countries eligible to receive training under IMET.
- b. **FMS-NATO** - used for all FMS customers having concluded a Standardization Agreement with the U.S. Government.
- c. **FMS/IMET** - used for all FMS customers who are concurrent IMET recipients enabling them to request FMS training at incremental prices.
- d. **FMS** - used for all FMS customers not eligible for FMS-NATO and FMS/IMET prices.

4. **Summary MASL.** The summary MASL is comprised of generically described items. This MASL is used to assign supplemental information to each FMS detail and MAP master program record which is used in the preparation of Congressional reports and other summarized data. Records in this file are established and maintained by DSAA and are assigned a footnote code of "PP" and a MASL control code of "L".

**150303 MASL CONTENT.** The MASL is arranged in budget activity sequence. (See generic code information in Appendix D.) Budget activity codes A thru K have been assigned to defense articles, codes L, M, P, Q, R, T and U have been assigned to defense services, and code N has been assigned to training. The following paragraphs provide definitization policy, information on the structure of individual MASL lines and instructions on submission of data to the DSAA for inclusion in the master MASL file.

#### A. **Materiel (Defense Articles and Defense Services).**

1. **Federal Supply Classification.** All records in the materiel MASL are oriented toward the FSC. The FSC is a commodity classification developed and adopted by DOD for use in classifying items of supply, identified under the Federal Cataloging Program. The FSC uses a four digit coding structure, with the first two digits identifying the federal supply group (FSG) and the last two digits identifying the federal supply class within each group. The orientation of this system permits the program originator, with few exceptions, to identify an item in the federal supply catalog and then relate the item to the MASL structure. Where the FSC is known, the selection of an appropriate MASL line can be made with ease by using the definitization guide in Appendix D, Table D-9. In questionable cases, Cataloging Handbooks (H2-1, H2-2, and H-3 published by the Commander, DLSC Attn: DLSC-APP, Federal Center, Battle Creek, Michigan 49016) provide valuable supplementary information. The combination of generic code and FSC provide identification for each item that is contained in the MASL master file.

2. **Major Items Versus Dollar Value Lines.** The materiel MASL contains two types of lines for use in programming requirements; namely, major items and dollar value lines. Major items are specific individual items identified in the MASL with a unit of issue other than "XX" (dollar lines); e.g., aircraft. Dollar value lines are homogeneous groupings of related items, such as automotive supplies, which generally represent a high density of specific individual items

or spare parts with relatively low unit prices. The following guidance is provided for use in making the determination of major item versus dollar value line selection:

a. **Major Items.**

(1) Control over programming of specific items is desired by DSAA; e.g., aircraft, missiles, ships, combat vehicles, tactical, and support vehicles.

(2) The MILDEP responsible for supply must have advance information on requirements for supply planning purposes.

b. **Dollar Value Lines.**

(1) All items for defense articles which do not meet the major item selection criteria will be included in the MASL as dollar value lines.

(2) Unless otherwise indicated in the definitization guide, all defense service lines will be included as dollar value lines. Defense services will include all services, repairs, and assistance used for the purpose of furnishing non-military type assistance.

3. **Definitization Guide.** The definitization guide, as shown in Table D-9 of Appendix D, provides guidance for making the determination as to whether a requirement should be placed in the MASL and programmed as a major item or included in a dollar value line, as follows:

a. An "X" in the column headed "Major Item" indicates that all requirements under that Generic Code must be included in the MASL and programmed as defined lines.

b. An "X" in the column headed "Dollar Line" indicates that all applicable requirements must be programmed under the appropriate dollar value lines which have been previously established in the MASL.

c. An "X" in the column headed "Major Item" and also in the column headed "Dollar Line" indicates that specific major items must be programmed as major items with secondary items and components programmed as dollar value lines.

4. **Structure of Materiel MASL Records.** Each item listed is assigned a generic code and along with the NSN provides an identification for each record.

a. **Generic Code Structure.** The generic codes assigned to the defense articles and defense services are contained in Appendix D, Table D-9. Following is an example of a generic code assignment:

A1A	-----	<u>Attack Aircraft</u>
A	-----	First position of generic (Budget Activity) = Aircraft
A1	-----	First and second position of generic (Budget project) = a Combat Aircraft
A1A	-----	First, second, and third position defined as generic code = type of Combat Aircraft, which in this case is Attack Aircraft

b. **National Stock Number.** The NSN for an item consists of the applicable four digit FSC, two digit NCB Code, and a seven digit NIIN.

(1) **Major Items Assigned Specific NSNs.** All major items of materiel (except ammunition) listed in the MASL are identified by a specific NSN where one has been assigned by the DLSC. Following is a sample of a DLSC-assigned NSN for a Truck Utility 1/4 Ton, M825.

<b><u>NSN</u></b>	<b><u>2320 00 1779257</u></b>
23 -----	FSG 23 (Ground Effect Vehicles, Motor Vehicles, Trailers + Cycles)
20 -----	Class 20 (Trucks and Truck Tractors, Wheeled)
00 -----	NCB Code
1779257 -----	NIIN assigned by DLSC for Truck, Utility, 1/4 Ton, M825

(2) **Major Items Not assigned Specific NSN (Other than Ammo).** Where an NSN has not been assigned by DLSC, as in the case of ships and aircraft, major items are assigned the proper FSC and a pseudo NIIN by the responsible MILDEP. The following is an example of a pseudo NSN identifying a UH-34D Helicopter:

<b><u>NSN</u></b>	<b><u>1520 00 00UH34D</u></b>
15 -----	FSG 15 (Aircraft and Airframe Structural Components)
20 -----	Class 20 (Aircraft, Rotary Wing)
00 -----	NCB Code
00UH34D -----	Pseudo-NIIN

(3) **Materiel Dollar Line NSN Structure.** Each item that does not meet the major item criteria will be included in a dollar value line and can usually be identified by FSG and FSC and can be correlated to the pre-established dollar lines in the materiel MASL. NSN 2310 00 2325750 Tractor, Full Track, LS, Heavy would be programmed under the following dollar line:

<b><u>NSN</u></b>	<b><u>2310 00 TRACTFT (Tractors, Full Track in FSC 2310</u></b>
23 -----	FSG 23 (Tractors)
10 -----	Class 10 (Tractors, Full Track, Low Speed)
00 -----	NCB code
TRACTFT -----	Pseudo-NIIN established by DSAA for Tractors, Full Track in FSC 2310

(4) **Defense Services Dollar Line NSN Structure.** The defense services lines may utilize FSG codes of 01, 02 and 06 through 09. These FSGs along with non-significant class and distinctive pseudo NIINs are assigned for various types of defense services to provide positive identification. Following is an example of a services dollar line:

<b><u>NSN</u></b>	<b><u>0228 00 00RRMSL (R+R Missiles)</u></b>
02 -----	FSG 02 - from reserved numbers
28 -----	Class 28 non-significant number assigned by DSAA
00 -----	NCB code
OORRMSL -----	Pseudo-NIIN assigned by DSAA for Repair and Rehabilitation of Missiles

## 5. Footnote Code Assignment.

a. General. MILDEPs are responsible for the assignment of footnote codes, where applicable, to all lines under their cognizance. (See Appendix D for a list of applicable codes and their meaning.)

b. Footnote Code "NN". This code, as defined in Appendix D, is assigned to items which are not available from supply, under normal circumstances, to meet requirements. If a replacement item is known, the new MASL data should be submitted to DSAA by the appropriate MILDEP. Dollar lines will not be assigned this footnote code.

c. Footnote Code "YY". When a MILDEP desires to remove an item from the MASL which is no longer available, and that item has been previously used in an FMS or FMCS case, DSAA will place the item in the inactive portion of the MASL and will add a "YY" footnote code to the record, indicating that it is now inactive.

6. Maintenance of Materiel MASL Data. The appropriate MILDEP should submit additions, changes, and deletions to DSAA as they develop, using the following instructions:

a. Materiel Major Item Submission. All additions of new items, or changes and deletions to existing lines, should be submitted by the appropriate MILDEP having single-service wholesale inventory management responsibility. Guidelines for submitting MASL materiel cards are contained in Paragraph H of this section. When a change is being submitted to transfer the wholesale inventory management responsibility to another MILDEP, such changes will be initiated by the MILDEP acquiring the responsibility and will be coordinated with the MILDEP relinquishing responsibility prior to submission to DSAA.

b. Materiel Dollar Line Submission. All additions of new items, or changes and deletions to existing dollar value lines will be initiated by DSAA unless otherwise directed. Recommendations concerning dollar line additions and changes may be made by the MILDEPs when deemed appropriate.

c. Responsibility for Data Submission for DLA Items. Responsibility for submission of MASL data (adds/changes/deletions) for items supplied by the Defense Logistics Agency will be the responsibility of the Department of the Army.

7. Review of Materiel MASL Data. DSAA will review all materiel MASL input received from the MILDEPs to insure compliance with the definitization standards.

## 8. Materiel MASL Input and Output Processing.

a. Updates. All materiel MASL input received by the DSAA will normally be processed along with program data into the next weekly update.

b. Output. Feedback from each update is provided to the MILDEPs via AUTODIN. This feedback includes all transactions (additions, changes, or deletions) which passed the update edits and were successfully posted to the master MASL file. Errors (input not passing edits) are provided to the applicable MILDEP as printed output and/or by AUTODIN.

## B. Training.

1. Definitization Policy. All individual formal or informal training courses conducted in the U.S. or overseas, which are available for programming in the IMET or FMS

training programs, will be defined. The training portion of the MASL is arranged in MASL control code, generic code, and item identification sequence.

2. **MASL Control Code.** Each separate portion of the training MASL can be identified by a distinctive single digit alpha MASL control code which is assigned by DSAA at the time a new budget year MASL is created. This code remains with the data to which it is assigned throughout the budget year, current year, and prior year cycle.

3. **Structure of Generic Code.** All records in the training portion of the MASL are assigned generic codes from the list contained in Appendix D, Table D-9. The following is an example of a generic code assignment:

<b><u>N1A</u></b>	<b><u>Flying Training, CONUS</u></b>
N	----- First position generic (budget activity code) = Training
N1	----- First and second position generic (budget project) = Student Training
N1A	----- First, second, and third position generic is the code for Flying Training, CONUS

4. **Structure of Item Identification Numbers on MASL Training Lines.** The lines in the training MASL contain an item identification number which identifies each line item of training that can be used for programming or planning purposes. Specific training item identification is obtained by the assignment of a seven digit identification number as follows:

a. **MILDEP Responsible for Specific Training Line.** The first digit identifies the MILDEP responsible for the training and uses the program originator code (B, D, P).

b. **Categories of Training.** The second, third, and fourth positions of the seven digit number are prescribed by DSAA and are listed in Appendix D, Table D-9.

c. **Identification Number (Item ID) of Specific Course.** The last three positions of the seven digit number are assigned by the MILDEP to identify a specific course of instruction. Following is an example of a completed training line which is ready for entry into the training MASL master file:

<b><u>Item ID</u></b>	<b><u>B152224 (Medical Supply Specialist)</u></b>
B	----- First position of number - responsible service (Army)
152	----- Second, third, and fourth position of number - category assigned by DSAA (Supply/Warehousing)
224	----- Fifth, sixth, and seventh positions of number - course identity assigned by the MILDEP Medical Supply Specialist

5. **Maintenance of Training MASL.** All additions of new lines, or changes and deletions to existing lines (major items and dollar lines) will be submitted to DSAA by the MILDEP offering the training course, and should conform to the instructions on MASL data submission contained in paragraph 150308.

a. **Current Year Training MASL.** The current year MASL should be continuously updated throughout the applicable FY to add new courses which become available for programming during that FY and to incorporate significant changes such as course costs or duration of training.

b. **Budget Year Training MASL.** During the second quarter of each new FY the budget year MASL data are developed by the MILDEPs and submitted to DSAA based on

guidance furnished by DSAA. Once the budget year MASL is established, this data will be continuously updated. On 1 October of each year the budget year MASL becomes the new current year MASL.

6. Review of Training MASL Data. It is the sole responsibility of the appropriate MILDEP to review MASL training lines for accuracy and item content.

7. Training MASL Input and Output Processing.

a. Updates. The training MASL is updated weekly along with the master program file.

b. Output. Feedback from each update is provided to the applicable MILDEP as requested either as printed output or via AUTODIN. Errors (input not passing the update edits) are furnished to the appropriate MILDEP as printed output.

**150304 MASL RELATIONSHIPS TO DSAA PROGRAM DATA**

A. MAP and IMET Programs. All program data (Card Formats 3 and 4) which constitute the addition of items to the program master file, regardless of the program year, and those program change cards (Card Format P and Q) which contain data punches in card columns 8 through 21 are matched against the appropriate MASL during the master file update process. This MASL match accomplishes the following:

1. Verification of Data. The match determines that the program requirement being added is a valid line in the MASL.

2. Description/Unit of Issue Information. Provides a description and U/I for items being added to the program file, and verifies the MRI and Execution Agency (EXA) codes and assigns IA codes consistent with the MRI and EXA codes.

3. Data Error Feedback. Provides the program originator a list of all input (3/4/P/Q cards) which fail to match the MASL.

4. Implementing Service. Assures the issuance of MAP and IMET Orders to the correct IA or EXA.

5. Course Cost and Duration. The match posts the most up-to-date IMET course and duration information to each unfunded record of the program master file.

B. FMS, FMCS, and FMS Training.

1. FMS and FMCS 1200 System. The materiel MASL is used by DSAA in the 1200 system updating process as follows:

a. Verification of Data. The defined generic code and NSN entered on the DD Form 1513, LOA, must be reflected in the MASL before the LOA is countersigned. Once offers are tendered, the MASL is used to screen incoming detail records from SAAC to ensure that the correct NSN and generic code have been used in each record. All item detail transactions which do not match the MASL are rejected in the 1200 system updating process and SAAC is notified of each rejection.



b. Description/Unit of Issue Information. The MASL match provides a description of each item entered into the 1200 system and also provides information on the U/I in each record.

2. EMS Training 1000 System. All input data cards which constitute an addition of training (Card format 4) to the FMS training program are matched against the appropriate FY MASL for that category of training and the following is accomplished:

a. Verification of Data. The MASL match determines that the program requirement is a valid line in the MASL.

b. Description/Unit of Issue Information. The MASL match provides a description and U/I of each course being added to the program master file for FMS training.

c. Course Cost and Duration. The match ensures that the most up-to-date course cost and duration information is used in each record being added.

C. Summary MASL. The Summary MASL is used along with the regular MASL data to assign supplemental information to each record in the master program file to facilitate subsequent preparation of reports.

### 150305 MASL DISTRIBUTION.

A. Schedule. The Training MASLs are printed and distributed to all MILDEPs, UCOMs, SAOs, and numerous other activities, including schools and component commands, on a semi-annual basis. Materiel MASLs are no longer provided by DSAA and each MILDEP is required to maintain a Materiel MASL database with transaction data provided by DSAA and is responsible for distributing copies to their user activities.

B. Requests for MASL Information. MASL data may be obtained by submitting a request to the Data Management Division, Office of the Comptroller, Defense Security Assistance Agency, Washington, D.C. 20301-2800. All requests should specify the particular MASL(s) desired and the format; i.e., punched card, magnetic tape, microfiche, or in printed form. (Sample MASL reports are shown in Tables 1503-1 through 1503-5 and abbreviated titles in Table 1503-1 of this section.)

### 150306 INQUIRIES ON MASL CONTENT.

#### A. MATERIEL INQUIRIES.

1. Clarification of Data. All requests pertaining to the source of supply and availability of items should be directed to the MILDEP indicated by the MRI Code of the item as having inventory management responsibility.

2. New Major Items. Requests for addition of major items to the MASL should be forwarded to the MILDEP to which single-service wholesale inventory management responsibility has been assigned. When the assignment is not known, requests should be directed to the MILDEP indicated in the MASL as having responsibility for a similar type item.

3. Other Requests. All requests pertaining to the materiel MASL, except those listed above, should be directed to the DSAA, Data Management Division, Office of the Comptroller, Washington, D. C. 20301-2800.

B. Training Inquiries on MASL Content. All inquiries regarding training MASL data content should be directed to the appropriate IA indicated by the first position of the EXA Code.

### 150307 MASL DATA SUBMISSION.

A. Additions to the MASL Master File. MILDEPs will submit transactions (additions and changes) to, and deletions from, the MASL on one of the appropriate card formats illustrated in Table 1503-6.

B. Method of Submission. MASL data in Card 1 (materiel) and Card 2 (training) format may be transmitted to DSAA using AUTODIN-call DSAA for Routing Identifier. (Preferred Method)

### 150308 DATA SUBMISSION INSTRUCTIONS AND FORMATS.

A. Additions to the MASL Master File. For new items recommended for addition to the MASL, complete all appropriate card columns in accordance with the following instructions:

#### 1. Card 1 - Materiel (Defense Articles and Defense Services (all Generic Codes except for Generic Code N).

Card Column	Data	Instruction
1	Card Code	The card code is used to signify the type of card being processed. A "1" in this column signifies that the card is a MASL card for materiel and services other than training. Code "G" through O in this column identify "trailer cards" used to amplify the description of a dollar line. (Trailer cards contain only Control Code, NSN, Generic Code, and a continuation of the description.)
2-3	Footnote Code	The footnote code is used in the MASL to provide significant information on availability of military articles and services. See Appendix D, Table D-8 for explanation and list of footnote codes.
4-6	MILSTRIP Routing	MILSTRIP routing identifier code is the abbreviation Identifier Code for military standard requisitioning and issue procedures routing identifier, commonly referred to as the "MRI". The MRI identifies the headquarters within the MILDEPs which has provided the MASL data. A complete listing of MRIs (except FAO which is used for U.S. Air Force MASL lines and identifies Headquarters, USAF) is contained in the MILDEP implementation of DOD MILSTRIP Procedures as follows:

Army -- Army Regulation AR 725-50  
 Navy -- NAVSANDA Publication 437  
 Air Force -- AFM 67-1, Vol. 1

For most dollar value lines, the MRI entry is blank and the MASL line has a "K" in the footnote code column. See Appendix D for an explanation of how to determine the correct MRI.

7	Action Code	Enter "D" for deletions, "s" for changes and leave blank for additions.										
8-20	National Stock Number	GP CL NCB ITEM-ID is the abbreviation for FSG, FSC, FSC, NCB Code, and NIIN. Where cards are submitted, ensure that O's are punched as numeric zeroes and 1's are punched as numeric ones. In generic code G, where the DOD ammunition code is used in lieu of NIIN, right justify and punch zeros in unused columns.										
21-23	Generic Code	A description of each generic code is contained in Appendix D, Table D-9.										
24	Classification Code	The code appearing in this column indicates the security classification of the item for guidance in complying with NDP-1 and MILDEP security regulations. <table><tr><td><u>Code</u></td><td><u>Classification</u></td></tr><tr><td>T</td><td>Top Secret</td></tr><tr><td>S</td><td>Secret</td></tr><tr><td>C</td><td>Confidential</td></tr><tr><td>U</td><td>Unclassified</td></tr></table>	<u>Code</u>	<u>Classification</u>	T	Top Secret	S	Secret	C	Confidential	U	Unclassified
<u>Code</u>	<u>Classification</u>											
T	Top Secret											
S	Secret											
C	Confidential											
U	Unclassified											
25-26	Unit of Issue	The abbreviation in this column represents the standard U/I to be used for programming the related MASL item. Appendix D, Table D-15 contains the abbreviations appearing in the unit of issue column of the MASL.										
27-52	Description	The entry in this column is the description of the item. It is necessary, for mechanical reasons, that the description be 26 characters or less. For this reason, numerous abbreviations and mnemonic words have been used. Where an item in the MASL is described by a NSN, reference to the appropriate catalog will provide a more detailed description. Where more than 26 characters are re-quired for dollar lines, trailer cards may be submitted (see card code, Card Column 1).										
53	Control Code	Enter "K". Must be filled.										
54-55	Blank	Leave blank.										

56-58	Selected Item Sequence Number	Leave blank. DSAA will assign.
59	Quantity Control Code	Leave blank. The code in this column will be entered by the DSAA to determine quantity count for summarizing data. See Appendix D for explanation of codes.
60	Major Defense Equipment Indi cator Code	The MDE indicator code must be filled in for all major items. A code of "Y" should be used to indicate that an item is MDE and a code of "N" to indicate that a line is non-MDE.
61	Blank	Leave blank.
62-64	Selected Item Description	Leave blank. The Selected Item Description Number (SIDN) will be entered by DSAA to provide a means for identification and rollup of detail records into standard groups or categories for the preparation of summary documents and Congressional data. (See Appendix D.)
65-80	Blank	Leave blank.

## 2. Card 2 - Training (Generic Code "N" only)

<u>Card Column</u>	<u>Data</u>	<u>Instruction</u>
1	Card Code	The Card Code is used to signify the type of card being processed. A "2" in this column signifies that the card is a MASL card (training).
2-3	Duration	Enter duration of course, expressed in number of weeks. Leave blank for all categories of training except individual courses. Precede significant digits with a zero; e.g., 09. For courses in excess of 99 weeks, see Appendix D. Where duration is variable because the training line has a non-specific variable duration which should be determined separately, enter the code VA.
4-6	Execution Agency Code	Enter the execution agency code as described in Chapter 10.
7	Action Code	Enter "D" for deletions, "S" for changes and leave blank for additions.
8-13	ECL/SET Requirement	Enter the required English Comprehension Level/ Specialized English Training requirement (e.g. 8OSA).

14-20	Item Identification Number	A seven-digit number used to identify each specific training item. The first four digits are prescribed by DSAA and are listed in Appendix D, Table D-9. These four digits will be used as a "root" by the MILDEP which adds the last three digits to complete the seven digit identification number.
21-23	Generic Code	Enter the appropriate generic code prescribed in Appendix D, Table D-9.
24	Classification Code	Enter the appropriate classification code prescribed in Appendix D. Classified training requires the execution of disclosure authority prior to implementation.
25-26	Unit of Issue	Enter "EA" (each) for student training (formal training, mobile training teams-detachments and field training services). Enter "XX" (dollars) for training support, personnel training, and extraordinary expenses.
27-52	Course Title	Enter the abbreviated course title (26 spaces or less). Insure that course titles are as uniform as possible.
53	Control Code	Must be entered -- the control code is used to designate the program year to which the MASL entry applies. DSAA will specify this code annually.
54-60	Prerequisite Course Number	Enter the MASL item identification number of any required prerequisite training. Assigned by the MILDEP.
61-72	Service Course Identification Number	Enter the appropriate service course identification number. The Air Force and Navy also enter their course location code in columns 70-72.
73-80	Unit Price	An amount entered in this field represents the unit or contract cost for an individual course to be charged by the MILDEP. "N/C" entered in this column signifies that no charge is made by the MILDEP. "EST" entered in this field signifies that unit price must be estimated. The basis for estimating the U/P is contained in MILDEP publications.

B. **Changes.** To submit changes to existing MASL lines, the following fields must be completed:

<u>Columns</u>	<u>Field Definition</u>
1	Card Code
7	Action Code - Always use "S"
8-20	National Stock Number (Materiel only)
14-20	Item Identification Number (Training only)
53	Control Code

Entries in fields other than the above are required only where a change is intended; e.g., U/P duration, etc. When a change is required, enter the new data for that field. When changing a MASL line you may desire to blank certain fields. The fields listed below may be blanked by entering an asterisk (\*) in the right-most column of the field to be blanked:

<u>Columns</u>	<u>Field Definition</u>
2-3	Footnote Code (Materiel only)
2-3	Duration (Training only)
4-6	MRI (Materiel only)
54-60	Prerequisite course number (Training only)
61-72	Service Course Identification Number (Training only)
73-80	Unit Price (Training only)

C. Deletions. To delete an existing line from the MASL the following fields must be completed. All other columns should be left blank.

<u>Columns</u>	<u>Field Definition</u>
1	Card Code
7	Action Code - Always use "D"
8-20	National Stock Number (Materiel only)
14-20	Item Identification Number (Training only)
21-23	Generic Code
53	Control Code

DSAA MILITARY ARTICLES AND SERVICES LIST  
MILITARY ASSISTANCE/FOREIGN MILITARY SALES - MATERIEL

C	FT	A	GP	CL	NCB	ITEM-ID	GEN	C	UI	DESCRIPTION	CTL	Q	SISC	MDE	SIDN	C
C	NT	MRI	C				CODE	L			CODE					E
1	YY	B33		15	20	00	5747951	A4L	U	EA	HELICOPTER OH-13G	K	1	N	262	1
1	YY	B33		15	20	00	5747952	A4L	U	EA	HELICOPTER OH-13H	K	1	N	262	1
1	NN	B33		15	20	00	9181523	A4L	U	EA	HELICOPTER OH-6A	K	1	N	345	1
1	YY	B33		15	20	00	9731227	A4L	U	EA	HELICOPTER OH-13S	K	1	N	262	1
1	NN	N21		15	20	00	00SH34J	A4S	U	EA	HELICOPTER SH-34J	K	1	N	292	1
1	A	N21		15	20	00	00SH60B	A4S	U	EA	HELICOPTER SH-60B	K	1	Y	370	1
1		N21		15	20	00	000SH04	A4S	U	EA	HELICOPTER SH-34	K	1	N	292	1
1	NN	N21		15	20	00	000SH3A	A4S	U	EA	HELICOPTER SH-3A	K	1	Y	263	1
1	J	N21		15	20	00	000SH3D	A4S	C	EA	HELICOPTER SH-3D	K	1	Y	263	1
1	NN	N21		15	20	00	00H47J2	A4T	U	EA	HELICOPTER TH-13N	K	1	N	264	1
1	NN	N21		15	20	00	00TH13L	A4T	U	EA	HELICOPTER TH-13L	K	1	N	264	1
1	XX	N21		15	20	00	000TH13	A4T	U	EA	HELICOPTER TH-13	K	1	N	264	1
1	YY	B33		15	20	00	7603333	A4T	U	EA	HELICOPTER TH-13T	K	1	N	264	1
1	NN	FA0		15	20	00	00UH19A	A4U	U	EA	HELICOPTER UH-19A	K	1	N	258	1
1	NN	FA0		15	20	00	00UH19B	A4U	U	EA	HELICOPTER UH-19B	K	1	N	253	1
1	J	N21		15	20	00	00UH34D	A4U	U	EA	HELICOPTER UH-34D	K	1	N	266	1
1	BD	N21		15	20	00	00UH34G	A4U	U	EA	HELICOPTER UH-34G	K	1	N	266	1
1	XX	B33		15	20	00	000A205	A4U	U	EA	HELICOPTER BELL UTIL 205A1	K	1	N	275	1
1		FA0		15	20	00	000HH43	A4U	U	EA	HELICOPTER HH-43	K	1	N	259	1
1		B33		15	20	00	000UH1H	A4U	U	EA	HELICOPTER UH-1H COMM	K	1	Y	265	1
1	NN	N21		15	20	00	000UH1M	A4U	U	EA	HELICOPTER UH-1M	K	1	Y	265	1
1		FA0		15	20	00	002145T	A4U	U	EA	HELICOPTER BELL 2145T	K	1	N	275	1
1	D	B33		15	20	00	0377637	A4U	U	EA	HELICOPTER UH-1H	K	1	Y	265	1
1	NN	N21		15	20	00	1339286	A4U	U	EA	HELICOPTER UH-1M	K	1	Y	265	1
1	NN	B33		15	20	00	7139912	A4U	U	EA	HELICOPTER UH-1B	K	1	N	265	1
1	NN	B33		15	20	00	3092631	A4U	U	EA	HELICOPTER UH-1M W/AVNCS	K	1	N	265	1
1	NN	B33		15	20	00	8592670	A4U	U	EA	HELICOPTER UH-1D	K	1	N	265	1
1		B33		15	20	01	0350266	A4U	U	EA	HELICOPTER UH-60A	K	1	Y	395	1
1	YY	N21		15	00	00	0000E2C	A5E	U	EA	AIRCRAFT ELECTRONIC E-2C	K	1	Y	366	1
1	XX	FA0		15	00	00	0000E3A	A5E	U	EA	AIRCRAFT ELECTRONIC E-3A	K	1	Y	374	1
1	XX	N21		15	10	00	0000E2C	A5E	U	EA	AIRCRAFT AEW E-2C	K	1	Y	366	1
1		FA0		15	10	00	ACFTREC	A5L	U	EA	AIRCRAFT ATLANTIQUE	K	1	N	275	1
1		B33		15	10	00	000L19A	A5L	U	EA	AIRCRAFT OBSERVATION L19A	K	1	N	275	1
1	NN	FA0		15	10	00	000001A	A5L	U	EA	AIRCRAFT OBSERVATION O-1A	K	1	N	235	1
1	NN	FA0		15	10	00	01F0000	A5L	U	EA	AIRCRAFT OBSERVATION O-1F	K	1	N	235	1
1		FA0		15	10	00	02A0000	A5L	U	EA	AIRCRAFT OBSERVATION O-2A	K	1	N	263	1
1	NN	FA0		15	10	00	02B0000	A5L	U	EA	AIRCRAFT OBSERVATION O-2B	K	1	N	263	1
1	YY	B33		15	10	00	5910565	A5L	U	EA	AIRCRAFT OBSERVATION O-1E	K	1	N	235	1
1	XX	N21		15	10	00	000PB1W	A5P	U	EA	AIRCRAFT PATROL PB-1W	K	1	N	275	1
1	NN	N21		15	10	00	000SP2E	A5P	U	EA	AIRCRAFT SP-2E	K	1	N	270	1
1		N21		15	10	00	000SP2H	A5P	U	EA	AIRCRAFT PATROL SP-2H	K	1	N	270	1
1	NN	N21		15	10	00	000CP3M	A5P	U	EA	AIRCRAFT PATROL P3M	K	1	N	275	1

SEQUENCE: GENERIC CODE, NATIONAL STOCK NUMBER

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TABLE 1503-1. Materiel MAST.

1503-14

TABLE 1503-1  
MATERIEL MAST

DOD 5105.38-M

OSAA MILITARY ARTICLES AND SERVICES LIST  
INTERNATIONAL MILITARY EDUCATION AND TRAINING (IMET)

C	OUR	EXA	A	ITEM-ID	GEN	C	UI	DESCRIPTION	CTL	PRE-REQ	SERVICE - ID	UNIT	PRICE
C			C		CODE	L			CODE	COURSE	-- NUMBER --		
2	10	BCA		8112010	N1A	U	EA	FIX-WING MULTI-ENG QUAL	F	ECL80SA	2B-15A		18005
2	26	9CA		8113002	N1A	U	EA	RW INSTRUMENT - NON-US	F	ECL90SA	2C-F2X		5063
2	13	BCA		8113013	N1A	U	EA	OFF/WO RW AVIATOR PH I	F	ECL80SR	2C-15A-I		8163
2	24	BCA		8113014	N1A	U	EA	OFF/WO RW AVIATOR PH II	F	ECL-80	2C-15A-II		52819
2	12	BCA		8113024	N1A	U	EA	RW QUAL	F	ECL80SA	2C-AS110		20335
2	24	BCA		8113027	N1A	U	EA	OH-58 IP QUAL	F	ECL80SA	2C-F23		5146
2	06	BCA		8113031	N1A	U	EA	AH-1S AV QUAL	F	ECL80SA	2C-AS11M		37451
2	04	BCA		8113037	N1A	U	EA	UH-60 AVIATOR QUAL	F	ECL80SA	2C-AS11M		15468
2	02	BCA		8114005	N1A	U	EA	AV MISHAP PREVENTION	F	ECL70SA	7K-F14		72
2	38	BCA		8114006	N1A	U	EA	AVIATION SAFETY OFFICER	F	ECL80SA	7K-F12		282
2	27	BCA		8114044	N1A	U	EA	FLT OPERATIONS COORDINATOR	F	ECL70SA	51-71P10		344
2	13	9CA		8114045	N1A	U	EA	ATC TOWER OPERATOR	F	ECL80SA	222-93H10		607
2	15	9CA		8114046	N1A	U	EA	ATC RADAR CONTROLLER	F	ECL80SA	222-93J10		690
2	02	BCA		8114047	N1A	U	EA	AVN PRE-COMMAND	F	ECL-70	2C-F43		118
2	04	BCA		8114048	N1A	U	EA	AVIATOR REFRESHER TRAINING	F	ECL-80	2C-F31		7031
2	07	BCA		8114049	N1A	U	EA	OFF/WO AIR TRAFFIC CONTROL	F	ECL70SA	2G-F35		307
2	24	BCA		9115003	N1A	U	EA	UH-1 INSTR PILOT PH I	F	ECL80SA	2C-F3-I		9920
2	22	BCA		9115004	N1A	U	EA	UH-1 INSTR PILOT PH II	F	ECL80SA	2C-F3-II		21076
2	26	BCA		9115015	N1A	U	EA	AH-1S INSTRUCTOR PILOT	F	ECL80SA	2C-F35		35098
2	26	9CA		8115017	N1A	U	EA	RW INST FLIGHT EXAMINER	F	ECL80SA	2C-F27		13109
2	26	BCA		8115018	N1A	U	EA	CH-47 INSTRUCTOR PILOT	F	ECL80SA	2C-F10		66609
2	26	BCA		9115019	N1A	U	EA	OV-1 INSTRUCTOR PILOT	F	ECL80SA	2B-F5		40314
2	27	BCA		8115020	N1A	U	EA	CH-47 AVIATOR QUAL	F	ECL80SA	2C-100C-B		36122
2	27	BCA		8117006	N1A	U	EA	OV-1 AVIATOR QUAL	F	ECL80SA	2BAS12X-13CR		44091
2	26	BCA		9118132	N1A	U	EA	U-21 INSTRUCTOR PILOT	F	ECL80SA	2B-F11		21923
2	VA	BZZ		9119900	N1A	U	EA	CONTRACT AVN YNG - CONUS	F	ECL-80		EST	
2	VA	BZZ		9119901	N1A	U	EA	OUT FLYING TRAINING-CONUS	F	ECL80SA		EST	
2	VA	BZZ		8119902	N1A	U	EA	OBS FLYING TRAINING-CONUS	F	ECL80SA		EST	
2	15	BCF		8121065	N1B	U	EA	ENGINEER OFFICER BASIC	F	ECL-70	4-5-C20-21A		815
2	18	BCF		8121130	N1B	U	EA	FIELD ARTY OFFICER BASIC	F	ECL70SA	2-6-C20		7795
2	09	BCF		8121142	N1B	U	EA	FA TARGET ACQ + SURVEY OFF	F	ECL70SA	2E-130		677
2	09	BCF		8121148	N1B	U	EA	FLD ARTY NET CREWMAN	F	ECL70SA	421-93F10		428
2	12	BCF		8121150	N1B	U	EA	ARTY SURVEY SPECIALIST	F	ECL70SA	412-92C10		432
2	07	BCF		8121152	N1B	U	EA	FA RADAR CREW MEMBER	F	ECL70SA	221-17910		333
2	27	BCF		8121161	N1B	U	EA	FA TARGET ACQ SPEC	F	ECL70SA	412-17C10		390
2	12	BCF		8121165	N1B	C	EA	AIR DEFENSE OFFICER BASIC	F	ECL70SA	2-44-C20		515
2	07	BCF		8121166	N1B	U	EA	FA FIRE SUPPORT SPEC	F	ECL70SA	250-13F10		5804
2	13	BCF		8121167	N1B	U	EA	METEOROLOGICAL EQUIP RPR	F	ECL70SA	421-AS1H1		543
2	16	BCG		8121175	N1B	U	EA	INF OFFICER BASIC (MECH)	F	ECL-70	2-7-C20(M)		1629
2	16	BCG		8121177	N1B	U	EA	INF OFFICER BASIC (LIGHT)	F	ECL-70	2-7-C20(L)		1777
2	03	BCG		8121180	N1B	U	EA	PATHFINDER	F	ECL80SA	2E-F3/501Y		297
2	09	BCG		8121181	N1B	U	EA	RANGER	F	ECL80SA	2E-F2/211-F2		1765
2	03	BCG		8121182	N1B	U	EA	AIRBORNE	F	ECL-80	2E-F1/111-F1		283
2	16	BCG		8121183	N1B	U	EA	INFANTRY MORTAR PLATOON	F	ECL-70	2E-AS132/F1		1179
2	17	BCX		8121200	N1B	U	EA	CHEMICAL OFFICER BASIC	F	ECL-70	4-3-C20-74A		2201
2	21	BCX		8121204	N1B	C	EA	CRD OFF BASIC-MSL MAT MGT	F	ECL-70	4-9-C20-73A		1100
2	21	BCX		8121206	N1B	U	EA	CRD OFF BASIC-MUN MAT MGT	F	ECL-70	4-9-C20-75A		1121
2	29	BCX		8121207	N1B	U	EA	CRD OFFICER BASIC (CORE)	F	ECL-70	4-9-C20		500

SEQUENCE: EXECUTION AGENCY (1ST POS), GENERIC, NON

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TABLE 1503-2  
TRAINING MASL (IMET)

DOD 5105.38-M

TABLE 1503-2. Training MASL (IMET).

1503-15



DSAA MILITARY ARTICLES AND SERVICES LIST  
FOREIGN MILITARY SALES - NATO TRAINING (FMS-NATO)

C	DUR	EXA	A	GEN	C	UI	DESCRIPTION	CTL	PRE-REQ	SERVICE - ID	UNIT	PRICE
C	DUR	EXA	C	ITEM-ID	CODE	L	UI	CODE	COURSE	-- NUMBER --		
2	32	BCX		E195005	N1J	C	EA	6	ECL70SA	121-27B10		20810
2	43	BCX		E199274	N1J	C	EA	6	ECL70SA	104-23N10		38283
2	36	BCX		E195275	N1J	S	EA	6	ECL70SA	104-23U10		23400
2	33	BCX		E199276	N1J	C	EA	6	ECL70SA	121-22L10		22728
2	32	BCX		E199278	N1J	C	EA	6	ECL70SA	121-22N10		20072
2	37	BCR		E159672	N1J	C	EA	6	ECL70SA	104-24P10		25360
2	08	BCR		E199676	N1J	U	EA	6	ECL70SA	221-16J10		4701
2	02	BCR		E199702	N1J	C	EA	6	ECL70SA	250-F4		1881
2	24	BCX		E199705	N1J	C	EA	6	ECL70SA	121-27G10		14632
2	14	BCR		E199706	N1J	U	EA	6	ECL70SA	121-24M10		10207
2	15	BCX		E199707	N1J	C	EA	6	ECL70SA	121-27H10		9553
2	12	BCR		E199709	N1J	C	EA	6	ECL70SA	121-24N10		7830
2	04	BCR		E199710	N1J	C	EA	6	ECL70SA	43-16PAG-T		1344
2	08	BCR		E199711	N1J	C	EA	6	ECL70SA	43-16R10		4701
2	06	BCR		E199712	N1J	C	EA	6	ECL-70	121-ASIX-7		5747
2	18	BCX		E199713	N1J	C	EA	6	ECL-70	121-27E10X		13624
2	19	BCR		E199716	N1J	S	EA	6	ECL-70	4F-224B		13242
2	05	BCR		E199717	N1J	C	EA	6	ECL-70	2E-149		4920
2	23	BCX		E199719	N1J	C	EA	6	ECL70SA	121-27F10		13236
2	07	BCR		E199721	N1J	C	EA	6	ECL-70	043-16P10		2688
2	16	BCX		E199724	N1J	C	EA	6	ECL-70	121-27E10X		8276
2	12	BCX		E199725	N1J	C	EA	6	ECL-70	121-27E10X		6944
2	VA	BZZ		E199900	N1J	U	EA	6	ECL-70	UNNUMBERED	EST	
2	VA	BZZ		E199901	N1J	U	EA	6	ECL-70	UNNUMBERED	EST	
2	VA	BZZ		E199902	N1J	U	EA	6	ECL-70	UNNUMBERED	EST	
2	VA	BZZ		E219901	N1N	U	EA	6	N/A	UNNUMBERED	EST	
2	02	BMM		E227061	N1P	S	EA	6	ECL-70	NBC-54		382
2	VA	BZZ		E229902	N1P	U	EA	6	N/A	UNNUMBERED	EST	
2	05	BMM		E232485	N1Q	S	EA	6	ECL-70	E-SIG-29-E		926
2	01	BMM		E232487	N1Q	U	EA	6	ECL-70	E-SIG-24-E		1382
2	01	BMM		E232494	N1Q	U	EA	6	ECL-70	E-SIG-25-E		1382
2	03	BMM		E232498	N1Q	S	EA	6	ECL-70	E-SIG-7-E		826
2	VA	BZZ		E239502	N1Q	U	EA	6	N/A	UNNUMBERED	EST	
2	02	BMM		E242335	N1R	U	EA	6	ECL-70	E-SAM-31-EC		507
2	04	BMM		E242336	N1R	U	EA	6	ECL70SA	TVM-13		871
2	02	BMM		E242339	N1R	U	EA	6	ECL70SA	TVM-14B		1599
2	04	BMM		E242350	N1R	U	EA	6	ECL70SA	TRT-213		14073
2	02	BMM		E243328	N1R	U	EA	6	ECL-70	WTT-25-EC		1219
2	02	BMM		E244348	N1R	U	EA	6	ECL-70	LOG-213		403
2	04	BMM		E252813	N1S	U	EA	6	ECL-70	E-LOG-73-CEC		539
2	01	BMM		E252817	N1S	U	EA	6	ECL-70	LOG-214		254
2	02	BMM		E271769	N1U	U	EA	6	ECL-70	E-MP-30-OEC		479
2	04	BMM		E273591	N1U	U	EA	6	ECL-80	MP-94		1282
2	05	BMM		E273600	N1U	U	EA	6	ECL-80	1-250-C3E1		595
2	05	BMM		E273601	N1U	U	EA	6	ECL-80	1-250-C3E2		595
2	05	BMM		E273602	N1U	U	EA	6	ECL-80	1-250-C3E3		595
2	VA	BZZ		E304400	N2D	U	EA	6	N/A	UNNUMBERED	EST	
2	VA	BZZ		E304600	N2D	U	EA	6	N/A	UNNUMBERED	EST	

SEQUENCE: EXECUTION AGENCY (1ST POS), GENERIC, NSN

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TABLE 1503-3. Training MASL (FMS-NATO).

1503-16

TABLE 1503-3  
TRAINING MASL (FMS-NATO)

DOD 5105.38-M

OSAA MILITARY ARTICLES AND SERVICES LIST

FCREIGN MILITARY SALES/INTERNATIONAL MILITARY EDUCATION + TRAINING (FMS/IMET)

C	DUR	EXA	A	ITEM-ID	GEN CODE	C	UI	DESCRIPTION	CTL CODE	PRE-REQ COURSE	SERVICE - ID NUMBER	UNIT PRICE
C			C			L						
2	VA	PCT		P179025	NIG	U	EA	PGS SELF-STUDY 1 CREDIT HR	I	ECL 80	P00-2001 PGS	EST
2	AA	PCT		P179026	NIG	U	EA	PGS AIR-OCEAN SCIENCE	I	ECL 80	P00-2001 PGS	24218
2	14	PCG		P179027	NIG	U	EA	MARINE SCIENCE TECH CL A	I	ECL 70	CGR	2358
2	F6	PCT		P179030	NIG	U	EA	PGS OPNS RESEARCH PHD	I	ECL 80	P00-2001 PGS	36328
2	VA	PSO		P179040	NIG	U	EA	MISC US ARMY TRAINING	I	ECL 70	FORMAT	EST
2	22	PCT		P179049	NIG	C	EA	SWOS DEPT HEAD CRSE INTL	I	ECL 80	A26-0029 SVS	4656
2	VA	PCG		P179060	NIG	U	EA	MISC COAST GUARD TRAINING	I		FORMAT	EST
2	13	PCT		P179101	NIG	U	EA	DIVER SECOND CLASS	I	ECL 80	A4330022 DIV	2800
2	13	PCG		P179104	NIG	U	EA	HAZAROCUS CHEMICAL TRNG	I	ECL 70	CGR	443
2	78	PCT		P179105	NIG	U	EA	PGS MANPOWER/PERS TRA ANAL	I	ECL 80	P00-2001 PGS	18164
2	78	PCT		P179106	NIG	U	EA	PGS ORGANIZATIONAL DEVLPMT	I	ECL 80	P00-2001 PGS	18164
2	00	PCT		P179108	NIG	U	EA	PGS MECHANICAL ENG PHD	I	ECL 80	P00-2001 PGS	30273
2	AA	PCT		P179109	NIG	U	EA	PGS ELECTRICAL ENG DOCT	I	ECL 80	P00-2001 PGS	24218
2	23	PCT		P179111	NIG	U	EA	MU-SCH INT	I	ECL 70	A4500012 MUS	1577
2	87	PCT		P179112	NIG	U	EA	PGS ELECTRICAL ENGRG MS	I	ECL 80	P00-2001 PGS	27246
2	VA	PCT		P179113	NIG	U	EA	PGS SELF-STUDY 1.5 CR HR	I	ECL 80	P00-2001 PGS	EST
2	VA	PCT		P179114	NIG	U	EA	PGS SELF-STUDY 2.0 CR HR	I	ECL 80	P00-2001 PGS	EST
2	AA	PCT		P179115	NIG	U	EA	PGS APPLIED MATHEMATICS MS	I	ECL 80	P00-2001 PGS	24218
2	AA	PCT		P179116	NIG	U	EA	PGS MANAGEMENT MS	I	ECL 80	P00-2001 PGS	24218
2	22	PCT		P179117	NIG	U	EA	SWOS BASIC INTL	I	ECL 80	A26-0036 COR	5861
2	AA	PCT		P179119	NIG	S	EA	PGS ANTISUBMARINE WARFARE	I	ECL 80	P00-2001 PGS	24218
2	AA	PCT		P179120	NIG	U	EA	PGS AIR-OCEAN TACT ENVIRON	I	ECL 80	P00-2001 PGS	24218
2	11	PCG		P179121	NIG	U	EA	PS-SCH (PGRT SEC)	I	ECL 70	CGR	1773
2	97	PCT		P179122	NIG	U	EA	PGS WPNS SYS ENGINEERING	I	ECL 80	P00-2001 PGS	27246
2	87	PCT		P179123	NIG	U	EA	PGS WPNS SYS SCIENCE	I	ECL 80	P00-2001 PGS	27246
2	15	PCT		P179125	NIG	U	EA	SCUBA DIVER COURSE	I	ECL 80	A4330023 DIV	1986
2	AA	PCT		P179126	NIG	U	EA	PGS AERO ENG AVIONICS	I	ECL 80	P00-2001 PGS	24218
2	78	PCT		P179127	NIG	U	EA	PGS FINANCIAL MANAGEMENT	I	ECL 80	P00-2001 PGS	18164
2	78	PCT		P179128	NIG	U	EA	PGS MATERIAL LOGISTICS	I	ECL 80	P00-2001 PGS	18164
2	VA	PCT		P179202	NIG	U	EA	USMC TRAINING--GENERAL	I	ECL 70	DD 2160/2361	EST
2	VA	PCG		P179203	NIG	U	EA	USCG TRAINING - GENERAL	I	ECL 70	DD 2160/2361	EST
2	VA	PCG		P179204	NIG	U	EA	OJT COAST GUARD	I		FORMAT	EST
2	VA	PCT		P179401	NIG	U	EA	OJT MARINE CORPS CONUS	I		FORMAT	EST
2	VA	PCT		P179801	NIG	U	EA	MISC MARINE CORPS TRAINING	I		FORMAT	EST
2	VA	PCT		P181000	NIM	U	EA	ORIENTATION VISIT O/V	I		FORMAT	EST
2	VA	PCT		P181001	NIM	U	EA	ORIENTATION VISIT NON-O/V	I		FORMAT	EST
2	VA	PCT		P182000	NIM	U	EA	ORIENTATION TRAINING TOUR	I		FORMAT	EST
2	VA	PCT		P182001	NIM	U	EA	LATAM WAR COLLEGE TOUR	I		FORMAT	EST
2	VA	PCT		P189085	NIM	U	EA	OBSERVERSHIP NAV TRNG CMD	I	ECL 70	FORMAT	EST
2	VA	PCT		P189087	NIM	U	EA	OJT-NAVAL TRAINING COMMAND	I	ECL 70	FORMAT	EST
2	VA	PCT		P189101	NIM	U	EA	OJT NAVSEA	I		VAR	EST
2	VA	PCT		P189102	NIM	U	EA	OJT NAVAIR	I		VAR	EST
2	2	PCT		P195983	NII	C	EA	ASROC MISSILE INT MT	I	ECL 70	A1210146 ORL	289
2	22	PCT		P199013	NII	S	EA	MISSILE FLT ANALYSIS SM-1	I	ECL 80	FAC	EST
2	22	PCT		P199014	NII	S	EA	MISSILE FLT ANAL SEASPARROW	I	ECL 80	FAC	EST
2	11	PCT		P194001	NIG	U	EA	SURFACE MISSILE SYS FUND	I	ECL70SA	A2F-0011 GMS	347
2	14	PCT		P194002	NIG	S	EA	TARTAR OFFICER ADV	I	ECL70SA	A2F-0037 GMS	1588
2	2	PCT		P194009	NIG	S	EA	COMBAT SYS TM OP TRNG PH I	I	ECL 70	J1130160 TCL	991

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TABLE 1503-4. Training MASL (FMS/IMET).

1503-17

TABLE 1503-4  
TRAINING MASL (FMS/IMET)

DOD 5105.38-M

CSA MILITARY ARTICLES AND SERVICES LIST

FOREIGN MILITARY SALES TRAINING (FMS)

C	QUR	EXA	C	GEN	C	CTL	PRE-REG	SERVICE - ID	UNIT PRICE			
C	QUR	EXA	C	ITEM-IC	CODE	L	UI	----- DESCRIPTION -----	CODE	COURSE	--- NUMBER ---	UNIT PRICE
2	12	DJJ		D153025	NIE	U	EA	PGTOP VEH OPERATIONS MGT	H	J3A2R	SHE61370-000	1200
2	VA	DJJ		D156003	NIE	U	EA	BUDGET/ *	H	410/WK	VAR	EST
2	1P	DJJ		D156006	NIE	U	EA	BUDGET OFF	H	J30BR	SHE 6731-000	7170
2	10	DJJ		D156007	NIE	U	EA	ACCOUNTING & FINANCE OFF	H	J30BR	SHE 6721-001	8260
2	VA	DJJ		D156009	NIE	U	EA	DATA SERVICES/ *	H	410/WK	VAR	EST
2	VA	DJJ		D156010	NIE	U	EA	ACCOUNTING + FINANCE/ *	H	410/WK	VAR	EST
2	15	DJJ		D156011	NIE	U	EA	COMPUTER OPERATOR	H	E3ABR	KEE51130-002	2880
2	VA	DJJ		D156012	NIE	U	EA	ELECT DATA PROCESSING/ *	H	410/WK	VAR	EST
2	12	DJJ		D156013	NIE	U	EA	FINANCIAL MANAGEMENT SPECL	H	J3ABR	SHE67231-001	6340
2	11	DJJ		D156016	NIE	U	EA	PROGRAMMING SPECL	H	E3ABR	KEE51131-002	6340
2	17	DJJ		D156029	NIE	U	EA	COMPTROLLER STAFF OFF	H	J30AR	SHE 6751-000	5230
2	07	DJJ		D156030	NIE	U	EA	COMPUTER SYSTEMS OPN OFF	H	E30BR	KEE 5151-002	5930
2	06	DJJ		D156032	NIE	U	EA	COMPUTER SYSTEMS ANALYST	H	E30ZR	KEE51356-002	4050
2	13	DJJ		D156033	NIE	U	EA	COMPUTER SYS DEV OFF/APPL	H	E30ZR	KEE51318-000	7270
2	07	DJJ		D156035	NIE	U	EA	SUPPLY SYSTEM SUPV	H	G3AAR	LOW64572-000	6250
2	06	DJJ		D156040	NIE	U	EA	COMPUTER SYS STAFF OFF	H	E30AR	KEE 5111-001	3140
2	13	DJJ		D156045	NIE	U	EA	COMPUTER SYS DEV OFF	H	E30BR	KEE51318-000	10100
2	06	DJJ		D161002	NIF	U	EA	PERSONNEL PROGRAM OFFICER	H	E30BR	KEE 7321-000	4210
2	VA	DJJ		D161003	NIF	U	EA	PERSONNEL/ *	H	410/WK	VAR	EST
2	06	DJJ		D161005	NIF	U	EA	ADMIN MGT SPECL	H	E3ABR	KEE 70230A-C	3460
2	08	DJJ		D161006	NIF	U	EA	PERSONNEL SPECL	H	E3ABR	KEE73230-000	4500
2	VA	DJJ		D161007	NIF	U	EA	RESEARCH + TESTING/ *	H	410/WK	VAR	EST
2	05	DJJ		D161010	NIF	U	EA	ADMINISTRATION OFFICER	H	E30BR	KEE 7000-000	3740
2	VA	DJJ		D161011	NIF	U	EA	ADMINISTRATION/ *	H	410/WK	VAR	EST
2	08	DJJ		D161013	NIF	U	EA	ADMIN SPECL/STF SPT ADMIN/	H	E3ABR	KEE 70230B-0	3350
2	03	DJJ		D161016	NIF	U	EA	CBPO CHIEF MANAGEMENT	H	E30ZR	KEE 7311-000	1680
2	09	DJJ		D162002	NIF	U	EA	MANAGEMENT ANALYSIS OFF	H	J30BR	SHE 6921-000	8160
2	VA	DJJ		D162003	NIF	U	EA	DATA SERV + MANAGEMENT/ *	H	410/WK	VAR	EST
2	VA	DJJ		D162006	NIF	U	EA	MAINTENANCE SCHEDULING/ *	H	410/WK	VAR	EST
2	10	DJJ		D162007	NIF	U	EA	MANPOWER MGT SPECL	H	E3ALR	KEE73331-001	11530
2	VA	DJJ		D162008	NIF	U	EA	MANPOWER MANAGEMENT/ *	H	410/WK	VAR	EST
2	VA	DJJ		D162009	NIF	U	EA	TNG ANALYSIS + DEVELOP/ *	H	410/WK	VAR	EST
2	VA	DJJ		D162010	NIF	U	EA	T.O.PUBLICATIONS/**	H	430/WK	VAR FTD/SPEC	EST
2	08	DJJ		D162011	NIF	U	EA	MAINT MGT SPECL	H	E3ALR	CHA39230-000	6100
2	10	DJJ		D162013	NIF	U	EA	MANAGEMENT ANALYSIS SPECL	H	J3ABR	SHE69130-000	5650
2	10	DJJ		D162014	NIF	U	EA	MANPOWER MANAGEMENT OFF	H	E30BR	KEE 7421-001	7770
2	01	DJJ		D162015	NIF	U	EA	DEV & MGT OF INSTRUC SYS	H	J30ZR	SHE 7500-003	750
2	04	DJJ		D162022	NIF	U	EA	BASE COMDR S MGT CRS	H		MAXLMDC 810	6110
2	VA	DJJ		D166005	NIF	U	EA	TRAINING SUPERVISOR/ *	H	410/WK	VAR	EST
2	03	DJJ		D166007	NIF	U	EA	ATC INSTRUCTOR/NAVIGATOR	H		MAT SP/BV7DA	1960
2	01	DJJ		D166009	NIF	U	EA	INSTRUCTIONAL SYS DEV	H		VARSPEC751XX	870
2	01	DJJ		D166010	NIF	U	EA	TESTS + MEASUREMENT	H		VAR 75120X	870
2	04	DJJ		D166011	NIF	U	EA	TRAINING SUPERVISOR	H		VAR 7514CX	3590
2	01	DJJ		D166012	NIF	U	EA	ACADEMIC COUNSELING	H		VAR 75110X	1870
2	03	DJJ		D166014	NIF	U	EA	AUDIOVISUAL METHODS	H	J3A2R	SHE75000-006	2220
2	VA	DJJ		D166020	NIF	U	EA	AIRCREW LIFE SUPT SUPV	H	396/WK	VAR	EST
2	01	DJJ		D166021	NIF	U	EA	COMDR/STF/SR NCO DJT BRF**	H	430/WK	VARFTD7500-8	EST
2	04	DJJ		D166023	NIF	U	EA	INSTRUCTIONAL SYS DESIGNER	H	J3A2R	SHE75133-000	3400

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TABLE 1503-5. Training MASL (FMS).

1503-18

TABLE 1503-5  
TRAINING MASL (FMS)

DOD 5105.38-M



TABLE 1503-7

ABBREVIATED TITLES USED IN THE MILITARY ARTICLES  
AND SERVICES LIST (MASL) OUTPUT REPORTS

ABBREVIATED TITLES. The following abbreviated titles are used in output products prepared from the MASL master file:

<u>Abbreviation</u>	<u>Meaning</u>
C C	Card Code
C E	Ceiling Code
CL	Federal Supply Class
C L	Classification Code
CTL CODE	Control Code
COURSE TITLE	Title of Training Course
DESCRIPTION	Description of the materiel item
DUR	Duration of training course
ECL/SET REQ	English Comprehension Level/Specialized English Training Requirement
EXA	Execution Agency Code
FT NT	Footnote Code
GEN CODE	Generic Code
GP	Federal Supply Group
ITEM-ID	Item Identification Number
MDE	Major Defense Equipment Indicator Code
MRI	MILSTRIP Routing Identifier Code
NCB	National Codification Bureau Code

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TABLE 1503-7. Abbreviated Titles Used in the MASL Output Reports.

AbbreviationMeaningPRE-REQ  
COURSEItem Identification Number of prerequisite  
training courseSERVICE-ID  
NUMBER

Military service course identification number

SIDN

Selected Item Description Number

Q  
SISCSelected Item Sequence Number and Quantity  
Control Code

UNIT PRICE

training course cost

UI

Unit of Issue

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TABLE 1503-7. (Continued)

## APPENDIX A

### ABBREVIATIONS AND ACRONYMS

#### A

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

\*

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

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

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



COMSEC	Communications Security Equipment
COMUSFORCARIB	Commander, U.S. Forces Caribbean
CONUS	Continental United States
COOPLOG	Cooperative Logistics
COSAL	Consolidated Shipboard Allowance List (U.S. Navy)
COSMAL	Coordinated Shore-based Material Allowance List (U.S. Navy)
CPAF	Cost Plus Award Fee
CPD	Congressional Presentation Document
CPFF	Cost Plus Fixed Fee
CPIF	Cost Plus Incentive Fee
CPM	Country Program Manager
CRA	Continuing Resolution Authority
CSP	Concurrent (initial) Spare Parts

D
---

DAAS	Defense Automatic Addressing System	
DAASO	Defense Automatic Addressing System Office	
DAC	Defense Acquisition Circular	
DAR	Defense Acquisition Regulation	
DASD(ISA)	Deputy Assistant Secretary of Defense (International Security Affairs)	
DAO	Defense Attache Office	
DATT	Defense Attache	
DCA	Defense Cooperation in Armaments or Defense Communications Agency (in context)	
DCAA	Defense Contract Audit Agency	
DCASR	Defense Contract Administration Services Region	
DCM	Deputy Chief of Mission (U.S. Embassy)	
DCS	Deputy Chief of Staff	
DD Form 1513	United States Department of Defense Offer and Acceptance	*
DD Form 1513-1	United States Department of Defense Amendment to Offer and Acceptance	*
DD Form 1513-2	United States Department of Defense Notice of Modification of Offer and Acceptance	*
DDN	Defense Data Network	
DEA	Data Exchange Agreement	
DESCOM	Depot Systems Command (U.S. Army)	
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	
DIL	Director of International Logistics	
DIS	Defense Investigative Services	
DISAM	Defense Institute of Security Assistance Management	
DLA	Defense Logistics Agency	
DLIELC	Defense Language Institute English Language Center	
DLSC	Defense Logistics Services Center	
DLSSO	Defense Logistics Standards Systems Office	
DMA	Defense Mapping Agency	
DMAAC	Defense Mapping Agency Aerospace Center	
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	
DODIP	Department of Defense Informational Program	
DODISS	Department of Defense Index of Specifications and Standards	
DODSSP	Department of Defense Single Supply Point	

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

## E

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

## F

FAA	Foreign Assistance Act of 1961, as amended or Federal Aviation Administration, (in context)
FAAS	Foreign Affairs Administrative Support
FABS	FMS Accounting and Billing System
FAD	Force Activity Designator
FAMIS	Foreign Affairs Management Information System
FAMJT	Familiarization Job Training
FAO	Foreign Area Officer (U.S. Army) or Finance and Accounting Officer
FAPSS	Foreign Affairs Planning and Scheduling System
FAR	Federal Acquisition Regulation
FAS	Free Alongside Ship
FAW	Financial Analysis Worksheet (SDAF)
FEC	Federal Express Corporation
FICS	FMS Integrated Control System
FFB	Federal Financing Bank
FFP	Firm Fixed Price
FIAP	Foreign Intelligence Assistance Program

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

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

H
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HNS	Host Nation Support	
HO28	Foreign Military Grant Aid and Sales Program System (U.S. Air Force)	
HO58	Integrated Appropriation Accounting and Program Status System (U.S. Air Force)	
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
ILC	International Logistics Center (U.S. Air Force)
ILCO	International Logistics Control Office
ILCS	International Logistics Communication System
ILP	International Logistics Program
ILS	Integrated Logistics Support or Instrument Landing System (in context)
ILSP	Integrated Logistics Support Plan
IM	Item/Inventory Manager
IMET	International Military Education and Training
IMS	International Military Student
IMSO	International Military Student Office(r)/Noncommissioned Officer
IMT	International Military Trainee or International Military Training
IP	Informational Program or Intellectual Property (in context)
IPD	Issue Priority Designator
ISM	Industrial Security Manual
ISR	Industrial Security Regulation
ISSL	Initial Spares Support List (See CSP)
ITAR	International Traffic in Arms Regulations
ITMO	International Training Management Officer (USAF)
ITO	Invitational Travel Order

## J

JCS	Joint Chiefs of Staff
JFM	Joint Forces Memorandum
JLC	Joint Logistics Commanders
JMP	Joint Manpower Program
JO41	Acquisition and Due-in Subsystem (U.S. Air Force)
JSAM	Joint Security Assistance Memorandum
JSAT	Joint Security Assistance Training
JSPD	Joint Strategic Planning Document
JSPDSA	Joint Strategic Planning Document Supporting Analysis (portion of the JSPD which will be submitted by the field)
JSPS	Joint Strategic Planning System
JTD	Joint Table of Distribution
JTR	Joint Travel Regulation

## K

[None at this time.]

## L

LABCOM	Laboratory Command (U.S. Army)
LANTCOM	U.S. Atlantic Command
LCC	Life Cycle Cost
LOA	Letter of Offer and Acceptance (synonymous with DD Form 1513)
LOI	Letter of Intent

LOR	Letter of Request
LSC	Logistics Support Charge
LTD	Language Training Detachment

M
---

MAAG	Military Assistance Advisory Group
MAC	Military Airlift Command (U.S. Air Force)
MACOM	Major Army Command
MAG	Military Assistance Group
MAJCOM	Major Command (U.S. Air Force)
MANPADS	Man-Portable Air Defense System
MAP	Military Assistance Program
MAPAC	Military Assistance Program Address Code
MAPAD	Military Assistance Program Address Directory
MAPEX	MAP Excesses
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
MTBF	Mean Time Between Failure
MCL	Munitions Control List
MDA(A)	Mutual Defense Assistance Agreements
MDE	Major Defense Equipment
MFP	Major Force Program
MFO	Multinational Force and Observers
MICAP	Mission Capability
MICOM	Missile Command (U.S. Army)
MILDEPS	U.S. 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
MIMEX	Major Item Material Excess
MIPR	Military Interdepartmental Purchase Request
MIRR	Material Inspection and Receiving Report (DD Form 250)
MISIL	Management Information System International Logistics (U.S. Navy)
MISTR	Management of Items Subject to Repair (U.S. Air Force)
MLRS	Multiple Launch Rocket System
MMC	Material Management Code
MOA	Memorandum of Agreement
MOD	Ministry of Defense (International equivalent of U.S. DOD)
MOU	Memorandum of Understanding
MPS	Military Postal Service
MRI	MILSTRIP Routing Identifier
MSC	Military Sealift Command (U.S. Navy)
MTMC	Military Traffic Management Command (U.S. Army)
MTT	Mobile Training Team
MTTR	Mean Time to Repair or Return
MWO	Modification Work Order

N
---

NADEP	Naval Aviation Depot
NAD(S)	National Armaments Director(s) or Naval Aviation Depot (in context)

NAMSA	NATO Maintenance and Supply Agency
NAMSO	NATO Maintenance and Supply Organization
NAPR	NATO Armaments Planning Review
NATO	North Atlantic Treaty Organization
NAVAIR	Naval Air Systems Command
NAVCOCS	Navy Case Obligation Control System
NAVFAC	Naval Facilities Engineering Command
NAVILCO	Navy International Logistics Control Office (Philadelphia, Pennsylvania)
NAVOTTSA	Navy Office of Technology Transfer and Security Assistance
NAVPRO	Naval Plant Representative Office
NAVSEA	Naval Sea Systems Command
NAVSUP	Naval Supply Systems Command
NC	Nonrecurring Cost
NCAD	New Cumberland Army Depot (Pennsylvania)
NCB	National Codification Bureau
NDP-1	National Disclosure Policy
NDPC	National Disclosure Policy Committee
NETSAFA	Naval Education and Training Security Assistance Field Activity
NICP	National Inventory Control Point (U.S. Army)
NIIN	National Item Identification Number
NMDL	Navy Management Data List
NPFC	Naval Publications and Forms Center
NRC	Nonrecurring Cost
NRFI	Not Ready For Issue
NSA	National Security Agency
NSC	Naval Supply Center, or National Security Council (in context)
NSD	Naval Supply Depot
NSIA	National Security Industrial Association
NSN	National Stock Number (replaces FSN)
NSY	Naval Shipyard
NTSC	Naval Training Systems Center

## O

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

## P

PA	Program Authorization
PACAMS	Panama Canal Area Military Schools
PACOM	U.S. Pacific Command
P&A (P&R)	Price and Availability Data

PAPS	Phased Armaments Programming System
PARS	Procurement Accounting and Reporting System
PAT	Port Assistance Team
PA&E	Program Analysis & Evaluation
PC&H/PCH&T	Packaging, Crating, & Handling, PC&H and Transportation *
PCO	Procurement Contracting Officer
PCS	Permanent Change of Station
PD	Presidential Determination
PDM	Programmed Depot Maintenance, or Program Decision Memoranda (in context)
PDO	Property Disposal Officer
PEP	Personnel Exchange Program
PIP	Product Improvement Program
PKO	Peacekeeping Operations
P.L.	Public Law
PLT	Procurement Lead Time
PM	Bureau of Politico-Military Affairs (Department of State) or Program/Project Manager
PME	Professional Military Education
P/N	Part Number
POC	Point of Contact
POD	Port of Debarkation
POE	Port of Embarkation
POM	Program Objective Memorandum
POMCUS	Prepositioned Material Configured to Unit Sets
PPBS	Planning, Programming, and Budgeting System
PRC	Peoples Republic of China
PSP	Program and Support Plan
PWD	Program Work Directive

## Q

QA	Quality Assurance
QAT	Quality Assurance Team
QTY	Quantity
QRR	Quarterly Requisition Report

## R

RAD	Required Availability Date
R&D	Research & Development
RCN	Record Control Number
RCO	Requisition Control Office (ILCO)
RCS	Report Control Symbol
RDD	Required Delivery Date
RDO	Redistribution Order
RDT&E	Research, Development, Test and Evaluation (Engineering)
RFP	Request for Proposals
RIK	Replacement in Kind
RMS	Resource Management Systems
ROD	Report of Discrepancy
RSI	Rationalization, Standardization, Interoperability
RSN	Record Serial Number

## S

SA	Security Assistance
SAAC	Security Assistance Accounting Center
SA-ALC	San Antonio Air Logistics Center (U.S. Air Force - AFLC)

SAMAS	Security Assistance Manpower Accounting System
SAMIS	Security Assistance Management Information System
SAMM	Security Assistance Management Manual (DOD 5105.38-M)
SAO	Security Assistance Organization/Office
SAPCO	Security Assistance Policy Coordinating Office [under ADCSLOG(SA) in U.S. Army]
SAPRWG	Security Assistance Program Review Working Group
SAR	Selected Acquisition Report
SATFA	Security Assistance Training Field Activity (U.S. Army)
SATMO	Security Assistance Training Management Office (U.S. Army)
SATP	Security Assistance Training Program
SBA	Small Business Administration
SCIATTS	Small Craft Instruction and Technical Training School
SDAF	Special Defense Acquisition Fund
SECDEF	Secretary of Defense
SECNAV	Secretary of the Navy
SET	Specialized English Training
SII	Special Instructions Indicator
SIPRI	Stockholm International Peace Research Institute
SM	System Manager
SM-ALC	Sacramento Air Logistics Center (U.S. Air Force - AFLC)
SME	Significant Military Equipment
SNSP	Saudi Naval Support Program
SOFA	Status of Forces Agreement
SOUTHCOM	U.S. Southern Command
SPAWAR	Space, Warfare Systems Command (U.S. Navy)
SPC	Strategy and Planning Committee
SPCC	Ships Parts Control Center (U.S. Navy)
SPD	System Program Director (U.S. Air Force)
SPO	System Program Office (U.S. Air Force)
SPT	System Planning Team (U.S. Air Force)
SSA	Security Supporting Assistance
SST	Site Survey Team
STANAG	Standardization Agreement
STL	Standardized Training Listing
SUPO	Supply Officer (U.S. Navy)
SVI	Single Vendor Integrity

T
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TAC	Type of Address Code
TACOM	Tank Automotive Command (U.S. Army)
TAFT	Technical Assistance Field Team
TAPR	Training Activity Program/Report
TAT	Technical Assistance Team
TBC	Transportation Bill Code
TCN	Transportation Control Number
TDP	Technical Data Package
TDY	Temporary Duty
TECOM	Test and Evaluation Command (U.S. Army)
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
TPC	Total Program Concept
TRACS	Training Control System
TRADOC	Training and Doctrine Command (U.S. Army)



TROSCOM  
TSASSTroop Support Command (U.S. Army)  
TRADOC Security Assistance Supporting System

## U

UCOM	Unified Command	
U/I	Unit of Issue	
UMMIPS	Uniform Materiel Movement and Issue Priority System	
UN	United Nations	*
UND	Urgency of Need Designator	
U/P	Unit Price	
USA	U.S. Army	
USAF	U.S. Air Force	
USAFAC	U.S. Army Finance and Accounting Center	
USAF AFC	U.S. Air Force Accounting and Finance Center	
USAFE	U.S. Air Forces, Europe	
USAFSO	U.S. Air Force, Southern Air Division	
USAMC	U.S. Army Materiel Command	
USARSA	U.S. Army School of the Americas	
USASAALA	U.S. Army Security Assistance Agency - Latin America	
USASAC	U.S. Army Security Affairs Command	
USC	U.S. Code (as in law)	
USCENTCOM	U.S. Central Command	
USD(A)	Under Secretary of Defense for Acquisition	
USD(P)	U.S. Disclosure Policy, Under Secretary of Defense for Policy	*
USEUCOM	U.S. European Command	
USFORCARIB	U.S. Forces Caribbean	
USG	U.S. Government	
USICA	U.S. International Communications Agency	
USMC	U.S. Marine Corps	
USML	U.S. Munitions List	*
USN	U.S. Navy	
USPACOM	U.S. Pacific Command	
USSOCOM	U.S. Special Operations Command	
USSOUTHCOM	U.S. Southern Command	
USTRANSCOM	U.S. Transportation Command	

## V

VMR                      Volume Movement Reports

## W

WCN	Worksheet Control Number
WIMMS	Weapons Integrated Material Management System
WPOD	Water Port of Discharge
WRA	Weapons Replacement Assembly
WR-ALC	Warner-Robins Air Logistics Center (U.S. Air Force - AFLC)
WSD	Weapon System Designator
WSLO	Weapon System Logistics Office
WSP	Weapon System Package

## X Y Z

[None at this time.]

## APPENDIX B GLOSSARY OF SELECTED TERMS

### A

**Acceptance Date** - The date which appears on the acceptance portion of DD Form 1513 and indicates the calendar date on which a foreign buyer agrees to accept the items and conditions contained in the FMS offer portion.

**Acceptance, Letter of Offer** - U.S. Department of Defense (DD) Form 1513 Offer and Acceptance by which the U.S. Government offers to sell to a foreign government or international organization defense articles and defense services pursuant to the Arms Export Control Act, as amended. The DD Form 1513 lists the items and/or services, estimated costs, the terms and conditions of sale, and provides for the foreign government's signature to indicate acceptance.

**Accepted Case** - An FMS offer and acceptance for definitized requirements signed by the designated representative of the eligible recipient.

**Accessorial Cost** - The value of expenses incidental to issues, sales, and transfers of materiel which are not included in the standard price or contract cost of materiel; also any expenses incidental to the performance of services, training, etc. May be commonly referred to by the higher level generic code "LOO" for all types of accessorial costs.

**Accrued Costs** - The financial value of delivered articles and services and incurred costs reported to SAAC via DD Forms 1517. Incurred costs represent disbursements for which no physical deliveries have yet occurred. Examples are: progress payments to contractors, GFM/GFE provided to contractors, and NC. \*\*

**Adjustment Reply Code (ARC)** - Code which identifies the type of action being taken in reply to the FMS customer Report of Discrepancy (ROD). Codes are transmitted to SAAC by the Implementing Agency in FMS Delivery/Performance Reports. Items with valid ARCs are matched to the ROD file to create "FKG" reply transactions.

**Administrative Agency** - The Military Department charged with the responsibility for the provision of logistical and administrative support to a DOD element in a foreign country or international organization.

**Administrative Cost** - The value of costs associated with the administration of FMS. The prescribed administrative percentage for a case appears in the DD Form 1513. This percentage is applied against the case. Expenses charged directly to the FMS case (as prescribed by the DD Form 1513) are not included. May be commonly referred to by the generic code "L6A" for administrative costs.

**Annual Integrated Assessment of Security Assistance (AIASA)** - Report submitted annually by the U.S. Diplomatic Mission which, in addition to an assessment of the host country's capabilities, contains recommended and projected levels of security assistance, for preparation of the *Congressional Presentation Document*, and the annual security assistance budget request.

**Arms Export Control Board (AECB)** - An interagency board, chaired by the Under Secretary of State for Security Assistance, Science and Technology, that serves to advise the Secretary of state on matters relating to security assistance program levels and arms transfer policies.

**Arms Transfers** (See also **Conventional Arms Transfers**) - Defense articles and defense services, such as arms, ammunition, and implements of war, including components thereof, and the training, manufacturing licenses, technical assistance and technical data related thereto, provided by the U.S. government under the Foreign Assistance Act of 1961, as amended, or the Arms Export Control Act (AECA), as amended; other statutory authority; or directly by commercial firms to foreign countries, foreign private firms, or to international organizations. [Executive Order No. 10973, as amended, *Administration of Foreign Assistance and Related Functions*.]

**Arms Transfer Management Group (ATMG)** - An interagency board, chaired by the Under Secretary of State for Security Assistance, Science and Technology, which serves to advise the Secretary of State on matters relating to security assistance program funding levels and arms transfer policies. [Formerly, Arms Export Control Board (AECB)]

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**B**

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**Billing Statement** - The DD Form 645 Billing Statement represents the official claim for payment by the U.S. Government referred to in Annex A of the DD Form 1513, Letter of Offer and Acceptance. It also furnishes an accounting to the FMS purchaser for all costs incurred on his behalf under each agreement.

**Blanket Order FMS Case** - An agreement between a foreign customer and the U.S. Government for a specific category of items or services (including training) with no definitive listing of items or quantities. The case specifies a dollar ceiling against which orders may be placed throughout the ordering period, normally 12 months.

**Budget Year** - The fiscal year following the current fiscal year; the subject of new budget estimates.

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**C**

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**Cancelled Case** - An FMS case which was not accepted or funded within prescribed time limitations, or was cancelled by the requesting country or the U.S. government. In the latter case, the U.S. government or purchaser electing to cancel all (or part) of case prior to delivery of defense articles or performance of services shall be responsible for all (or associated) termination costs.

**Case** - A contractual sales agreement between the U.S. and an eligible foreign country or international organization documented by DD Form 1513. One FMS case identifier is assigned for the purpose of identification, accounting, and data processing for each offer (DD Form 1513).

**Case Amendment** - An amendment of a case document on a DD Form 1513-1 which constitutes a contracted scope change to an existing DD Form 1513.

**Case Description** - A short title specifically prepared for each FMS case by the implementing agency.

**Case Designator** - A unique designator assigned by the implementing agency to each FMS case. The designator originates with the offer of a sale, identifies the case through all subsequent transactions, and is generally a three-letter designation, comprising the last element of the Case Identifier.

**Case Identifier** - A unique identifier assigned to an FMS case for the purpose of identification, accounting, and data processing of each accepted offer (DD Form 1513). The case identifier consists of the country code, implementing agency code, and the case designator.

**Case Modification** - Modification of a case documented by a DD Form 1513-2 which constitutes an administrative or price change to an existing DD Form 1513, without revising the scope of the case.

**Cash in Advance** - U.S. dollar currency, check, or other negotiable instrument required concurrently with the acceptance of a sales offer.

**Cash Sales (DOD)** - Involves either "Cash with Acceptance," payment within a reasonable period not to exceed 120 days after delivery of the rendering of the service, or payments as funds are required to meet USG liabilities to suppliers under a "Dependable Undertaking." [Sections 21 and 22, AECA]

**Cash with Acceptance** - U.S. dollar currency, check, or other negotiable instrument submitted by the customer concurrent with acceptance of sales offer for the full amount shown as the estimated total cost on the DD Form 1513.

**Closed Case** - An FMS case on which all materiel has been delivered and/or all services have been performed, all financial transactions, including all collections, have been completed, and the customer has received a final statement of account.

**Co-Development** - A development project to which more than one government contributes efforts or resources.

**Collection** - Receipt in U.S. dollar currencies, checks, or other negotiable instruments from a customer country to pay for defense articles or services, based on accepted FMS cases.

**Commercial Sale** - Sale made by U.S. industry directly to a foreign buyer which is not administered by the DOD through FMS procedures.

**Commercial-Type Items** - Any items, including those expended or consumed in use which, in addition to military use, are used and traded in normal civilian enterprise and which are, or can be, imported/exported through normal international trade channels.

**Commitment** - Any communication between a responsible U.S. official and a representative foreign official (including officials of any international organization or supra-national authority) which reasonably could be interpreted as being a promise that the U.S. will provide a foreign government (including international organizations or supra-national authorities) with funds (including long term credit assignments), goods, services, or information.

**Commodity Group** - A grouping or range of items which possess similar characteristics, have similar applications, or are susceptible to similar supply management methods.

**Commonality** - A quality that applies to material or systems possessing like and interchangeable characteristics enabling each to be used or operated and maintained by personnel trained on the other without additional specialized training, or having interchangeable repair parts or components, and applying to consumable items interchangeably equivalent without adjustment.

**Compatibility** - The characteristics or ability of systems to coexist and function without mutual interference.

**Completed Case** - A delivered FMS case for which all collections have been completed, but for which an accounting statement has not been furnished the purchaser.

**Concurrent Spare Parts (CSP)** - Spare parts programmed as an initial stockage related to a major item and normally delivered concurrently with the delivery of the major item.

**Congressional Presentation Document (CPD)** - The document presented annually to Congress, describing the proposed Military Assistance and Foreign Military Sales programs, and related security assistance programs, for Congressional authorizations and appropriations.

**Consolidated Data Report (CDR)** - Report submitted by the U.S. Diplomatic Mission which updates the information contained in the previously submitted AIASA, for preparation of the CPD. The CDR also is known as the CPD update.

**Constructive Delivery (FMS)** - Delivery of materiel to a carrier for transportation to the consignee, or delivery to a U.S. post office for shipment to the consignee. Delivery is evidenced by completed shipping documents or listings of delivery at the U.S. post office. The delivery of materiel to the customer or the customer's designated freight forwarder at point of production, testing or storage at dockside, at staging areas, or at airports constitutes actual delivery.

**Continuing Resolution Authority (CRA)** - Authority to obligate funds against the MAP or IMET, credit financing, or other related appropriation for the new fiscal year under Continuing Resolution Authority granted by Congress in a Joint Resolution making temporary appropriations prior to passage of the regular appropriation act.

**Contract Field Services (CFS)** - Services performed by commercial or industrial companies. These services provide instruction and training on the installation, operation, and maintenance of DOD weapons, equipment, and systems.

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

**Cooperative Logistics** - The logistic support provided a foreign government/agency through its participation in the United States Department of Defense logistics system with reimbursement to the U.S. for support provided. [JCS Pub 1]

**Cooperative Logistics Sales** - Sales pursuant to arrangements wherein continuing support is provided a foreign government through its participation in U.S. Department of Defense logistics system with reimbursement to the U.S. for support performed.

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

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

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

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

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

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

**Country Team** - Senior members of U.S. Government agencies assigned to a U.S. diplomatic mission overseas, and subject to the direction and supervision of the Chief, U.S. Mission (Ambassador). Normally, such members meet regularly (i.e., weekly) to coordinate U.S. Government political, economic, and military activities and policies in the host country.

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

**Credit Arrangement** - An arrangement with a foreign government that the U.S. will advance a stipulated amount of credit for financing of a Foreign Military Sale or commercial sale to that government. [Sections 23 and 24, AECA]

**Credit Guaranty** - A guaranty to any individual corporation, partnership or other judicial entity doing business in the United States (excluding U.S. Government agencies other than the Federal Financing Bank) against political and credit risks of nonpayment arising out of their financing of credit sales of defense articles and defense services to eligible countries and international organizations. [Section 24, AECA]

**Current Fiscal Year** - The fiscal year in progress but not yet completed; e.g. between and including 1 October and 30 September.

<b>D</b>
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**Defense Articles** - Includes any weapons, weapons system, munition, aircraft, vessel, boat, or other implement of war; any property, installation, commodity, material, equipment, supply, or goods used for the purposes of furnishing military assistance or making military sales; any machinery, facility, tool, material, supply, or other item necessary for the manufacture, production, processing, repair, servicing, storage, construction, transportation, operation, or use of any other defense article or any component or part of any articles listed above, but shall not include merchant vessels, major combatant vessels (10 U.S. Code 7307), or as defined by the Atomic Energy Act of 1954, as amended (42 U.S. Code 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 U.S. diplomatic mission overseas for the purposes of overt gathering of military information, representing the U.S. Department of Defense in the conduct of military liaison activities, and performing as a member of the U.S. country team. Some DAO's 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 Industrial Cooperation** - U.S. 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 or FMS but does not include military education and training activities. [Section 644(f), FAA and Section 47(4), AECA]

**Defined Order Case** - These cases are characterized by separately identified line items on the DD Form 1513.

**Delivered Case** - [See Completed Case]

**Delivery** - Includes constructive or actual delivery; the performance of services for the customer or requisitioner; accessorial services, when they are normally recorded in the billing and collection cycle immediately following performance. \*

**Dependable Undertaking** - A firm commitment by the foreign government or international organization to pay the full amount of a contract for new production or for the performance of defense services which will assure the U.S. against any loss on such contract and to make funds available in such amounts and at such times as may be required by the contract, or for any damages and costs that may accrue from the cancellation of such contract, provided that in the judgment of

the DOD there is sufficient likelihood that the foreign government or international organization will have the economic resources to fulfill the commitment. [Section 22, AECA]

**Designated Country Representative** - A person or persons duly authorized by a foreign government to act on behalf of that government to negotiate, commit, sign contractual agreements, and/or accept delivery of materiel.

**Disclosure Authorization** - Authorization by appropriate MILDEP authority which is required prior to disclosure of classified information to foreign nationals who are cleared by their government to have access to classified information.

**Disposable MAP Property** - MAP property determined to be no longer needed for the purpose initially furnished and for which no further MAP requirement exists, and MAP property which does not meet the criteria for utilization screening and is classified as disposable property by the Security Assistance Organization when initially reported by the foreign country.

**DOD Activity Address Directory System (DODAADS)** - The DODAADS provides data elements and identification codes, and clear text addresses of organizational activities 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** - It is the joint production of a weapons system in other country/countries and the United States. The term can refer not only to independent productions lines for the entire weapon system, but also to interdependent production whereby the participants produce for one another parts or components of the system.

E
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**Economic Support Fund** - Program by which economic assistance is provided on a loan or grant basis, to selected foreign governments having unique security problems, which are of strategic concern to the U.S. The funds are used to finance imports of commodities, capital, or technical assistance in accordance with terms of a bilateral agreement; counterpart funds thereby generated may be used as budgetary support. These funds enable a recipient to devote more of its own resources to defense and security purposes than it otherwise could do without serious economic or political consequences. [JCS Pub 1]

**Eligible Recipient (FMS)** - Any friendly foreign country or international organization determined by the President to be eligible to purchase defense articles and defense services, unless otherwise ineligible due to statutory restrictions. [Section 3, AECA]

**Eligible Recipient (MAP)** - Any foreign country or international organization determined by the President to be eligible to receive military assistance, unless otherwise ineligible due to statutory restrictions. [Section 508, FAA]

**End Item** - A final combination of end products, component parts, and/or materials which is ready for its intended use, e.g., ship, tank, mobile machine shop, aircraft. [JCS Pub 1]



**Eurogroup** - A termed used for those European nations that have jointed(combined) within the North Atlantic Treaty Organization in order to make a greater and better coordinated contribution to the common defense effort and thus strengthen the alliance.

**Extended Training Service Specialists (ETSS)** - ETSS are DOD military and civilian personnel technically qualified to provide advice, instruction, and training in the installation, operation, and maintenance of weapons, equipment, and systems. ETSS are attached to the SAO rather than assigned and carried on the Joint Table of Distribution (JTD), but are not provided as an augmentation to the SAO staff. ETSS may be provided for periods up to but not exceeding one year, unless specifically approved by DSAA.

**English Comprehension Level (ECL) Examination** - A test of how proficient foreign military students are overall in English listening and reading. A minimum entry level for each course of instruction is set by the military departments (MILDEPs) on the basis of course level difficulty and hazard factors. TRADOC approves the ECL for U.S. Army courses of instruction.

**Excess Defense Articles** - Defense articles owned by the United States Government and not procured in anticipation of military assistance or sales requirements, or pursuant to a military assistance or sales order, which are in excess of the Approved Force Acquisition Objective and Approved Force Retention Stock of all Department of Defense Components at the time such articles are dropped from inventory by the supplying agency for delivery to countries or international organizations. [Sec. 644(g), FAA]

**Exclusive (Non-Exclusive) License** - A license covering a patent(s), technical or proprietary data, technical assistance, know-how, or any combination of these, granted by a U.S. firm to a foreign firm or government to produce, co-produce or sell a defense article or service within a given sales territory without competition from any other licenses or from the licensor. A non-exclusive license is a license as described above, except that competition may be permitted with other licensees and/or the licensor.

**Expendable Supplies and Material** - Supplies which are consumed in use, such as ammunition, paint, fuel, cleaning and preserving materials, surgical dressing, drugs, medicines, etc., or which lose their identity, such as spare parts, etc. Sometimes referred to as consumable supplies and material. [JCS Pub 1]

**Expenditure Authority (under FMS)** - A document or authority from SAAC to the implementing DOD component which allows expenditures against obligations previously recorded against an FMS case(s). The disbursing activity must ensure that cash is available prior to processing the disbursement.

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**Expenditures** - See Cash Disbursements.

**Extended Offer** - A new FMS offer for which a reply from the buyer has not been received within the time limit specified on the letter of offer which is still in effect pending clarification of its status.

## F

**Feasibility Study** - A feasibility study is carried out by industry or government agencies or a combination of both with the object of providing a technical appraisal of the feasibility of developing and producing an equipment with the performance required. The study identifies areas of technical risk, recommends characteristics of the system(s) and gives the optimum balance between performance, cost and development time. The study also indicates areas where

considerable advances on the existing state of knowledge are likely to prove necessary for successful development. It indicates the means by which the recommended solution will be achieved, suggests a program for project definition, development and production with a preliminary estimate of the costs for these stages.

**Federal Financing Bank Financed Sale** - Sale of defense items or services financed by credit supplied by the Federal Financing Bank. The sale may be made by DOD or by U.S. industry directly to the foreign buyer. U.S. industry sales are subject to DOD approval.

**Field Training Services (FTS)** - Refers to either engineering and technical services or contract field services.

**Financing, Type of** - The method by which the U.S. Government is authorized to sell defense articles and services under the Arms Export Control Act (e.g., cash with acceptance, dependable undertaking, credit). The type of financing is reflected through entry of the proper term(s) of sale on the DD Form 1513.

**Five-Year Defense Program (FYDP)** - The official program summarizing the Secretary of Defense's approved plans and programs for the Department of Defense.

**Foreign Affairs Administrative Support (FAAS)** - The purpose of the Foreign Affairs Administrative Support (FAAS) system is to provide, on a reimbursable basis at the Washington level, needed administrative services to U.S. government offices located overseas. The administrative support services are provided by FAAS personnel of the Department of State. Normally, such personnel perform a variety of services including: personnel, budget and fiscal, general services, communications, security and guard, and management services. The specific services required are the basis of an agreement between State and the requesting agency. Charges are based on the amount of service received, with each agency, including State paying its share. The FAAS program provides an equitable method to share the cost of providing "common type" administrative support to the SAO and other agencies at the post.

**Foreign Liaison Officer (FLO)** - An official representative, either military or civilian, of a foreign government or international organization stationed in the United States normally for the purpose of managing or monitoring security assistance programs.

**Foreign Military Sales (FMS)** - That portion of U.S. security assistance authorized by the Arms Export Control Act, as amended, and conducted on the basis of formal contracts or agreements between the United States Government and an authorized recipient government or international organization. FMS includes government-to-government sale of defense articles or defense services, from DOD stocks or through purchase under DOD-managed contracts, regardless of the source of financing.

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**Foreign Military Sales Order No. I (FMSO No. I)** - Provides for pipeline capitalization of a cooperative logistics support arrangement, which consists of stocks *on hand* and replenishment of stocks *on order* in which the participating country buys equity in the U.S. supply system for support of a specific weapons system. Even though stocks are not moved to a foreign country, delivery (equity) does in effect take place when the country pays for the case.

**Foreign Military Sales Order No. II (FMSO No. II)** - Provides for replenishment of withdrawals of consumption-type items (repair parts, primarily) from the DOD supply system to include charges for accessorial costs and a systems service charge.

**Foreign Military Sales Planning Directive (DD Form 2061)** - A working paper that provides identification of cost elements included in prices on DD Form 1513; provides a time-phased plan for execution of DD Form 1513; and, identifies procurement/ reimbursement appropriations/funds.

**Foreign Military Trainees (FMT)** - Foreign military and associated civilian defense personnel receiving training under the Foreign Military Sales or International Military Education and Training Programs.

**Foreign Training Officer (FTO)** - The U.S. military officer or federal civilian employee named to coordinate and monitor the local foreign training program. The FTO provides required administrative support for foreign students at the training installation or activity level, and plans, coordinates and implements the DOD Informational Program (IP).

**Formal Training** - Training (including special training) in an officially designated course. It is conducted or administered according to an approved program of instruction. This training generally leads to a specific skill in a certain military occupational specialty.

## G

**Generic Code (GC)** - A code which represents the type of materiel or services according to budget activity/project account classification. [See DOD 5105.38-M, *Security Assistance Management Manual (SAMM)*, Appendix D.]

**Grant Aid (Military)** - Military assistance rendered under the authority of the FAA for which the United States receives no dollar reimbursement. Such assistance currently consists of MAP and IMETP.

## H

**Harmonization** - The process and/or results of adjusting differences or inconsistencies to bring significant features into agreement.

**Host Nation Support** - Civil and military assistance provided by host nations to allied forces and organizations in peace, transition to war, and wartime.

**Human Rights** - Former Secretary of State Cyrus Vance grouped human rights into three major categories: "... the right to be free from governmental violations of the integrity of the person ... the right to the fulfillment of such vital needs as food, shelter, health care, and education ... [and] the right to enjoy civil and political liberties. ..." During the Carter Administration, human rights considerations played a major role in bilateral relations and such policy areas as arms sales, foreign aid, and contributions to international organizations. [International Relations Dictionary, Department of State Library, 1978]

## I

**IMET Order** - Document issued by DSAA to authorize and direct the delivery of defense articles or the furnishing of defense services (including training) to designated grant aid (IMET) recipients. The funding document that identifies the fund source for each program line of a country program (IMET program). [SAMM, Chapter 10.]

**Implementation Date** - The date when supply action on an FMS case is initiated or directed by the implementing agency. [See SAMM, Chapter 8, Section I, "Case Implementation and Execution."]

**Implementing Agency** - The Military Department responsible for the execution of Grant Aid and FMS Programs.

**In-Country Training** - Training offered within the geographic boundaries of a recipient/purchaser country. The DOD, other organizations, or contractors conduct this training.

**Informational Program (IP)** - The DOD Informational Program (IP) which affords a chance for foreign students to become familiar with the United States; its social, cultural, and political institutions; and its people and their ways of life. It further increases foreign students' awareness of U.S. commitment to basic principles of internationally-recognized human rights.

**Interchangeability** - A condition that exists when two or more items possess such functional and physical characteristics as to be equivalent in performance, fit and durability, and are capable of being exchanged one for the other without alteration of the items themselves or of adjoining items, except for adjustment.

**Initial Deposit** - Money transferred to the credit of the Treasurer of the United States or other authorized officer at the time of acceptance of a DD Form 1513 as full or partial payment for defense articles or services contracted for by an eligible foreign country.

**Interfund Billing System (IBS)** - Under IBS, the selling activity will credit the appropriation or fund which owns the materiel and/or finances the accessorial charges at the time of billing the ordering activity and charge the appropriations/funds of the ordering activity. IBS normally encompasses all supply system sales and purchases of materiel, including perishable subsistence, bulk petroleum, oil, lubricants and into-plane aviation fuels issues. Reimbursable sales will be billed at the time items are dropped from inventory except that billings for sales under FMS and MAP will be based on constructive delivery. [DODI 7420.12]

**International Logistics** - The negotiating, planning, and implementation of supporting logistics arrangements between nations, their forces and agencies. It includes furnishing logistic support (major end items, materiel, and/or services) to, or receiving logistic support from, one or more friendly foreign governments, international organizations, or military forces, with or without reimbursement. It also includes planning and actions related to the intermeshing of a significant element, activity, or component of the military logistics systems or procedures of the United States with those of one or more foreign governments, international organizations, or military forces on a temporary or permanent basis. It includes planning and actions related to the utilization of United States logistics, policies, systems, and/or procedures to meet requirements of one or more foreign governments, international organizations, or forces. [JCS Pub. 1]

**International Military Education and Training Program (IMETP)** - The portion of the U.S. security assistance program which provides training to selected foreign military and defense associated civilian personnel on a grant basis. Training is provided at U.S. military facilities and with U.S. Armed Forces in the U.S. and overseas, and by use of Mobile Training Teams. Training also may be provided by contract technicians, contractors (including instruction at civilian institutions), or by correspondence courses. The IMETP is authorized by the Foreign Assistance Act of 1961, as amended.

**International Traffic in Arms Regulation (ITAR)** - A document prepared by the Office of Munitions Control, Department of State, providing licensing and regulatory provisions for the export of defense articles, technical data and services. The ITAR also provides the U.S. Munitions List. (Federal Register, Vol. 45, No. 246)

**Investment Cost** - Cost of equipment, supplies and services that improve the capability of a force, including initial unit equipment, war reserves of equipment and ammunition, concurrent spare parts, and initial spare parts stockage levels. Also includes replacement costs for obsolescent and attrited equipment, rebuild and modernization costs for newly provided equipment, projects programmed as dollar value lines to facilitate administration, and training costs associated with the introduction of new equipment or an improved capability.

**Invitational Travel Orders (ITOs)** - A written authorization for foreign personnel to travel to, from, and between U.S. activities for training under an approved and funded IMET or FMS program.

## J

**Joint Security Assistance Memorandum (JSAM)** - Joint Strategic Planning System document providing U.S. military views on alternate funding levels projected for U.S. financed security assistance program elements. The JSAM is based on individual U.S. Diplomatic Mission and MAAG submissions of the AIASA and the JSPD/SA, as well as Unified Command comments on both.

**Joint Strategic Planning Document (JSPD)** - This document contains a comprehensive appraisal of the military threat to the United States, a statement of recommended military strategy to attain the objectives, and a summary of the JCS planning force levels that could execute, with reasonable assurance, the military strategy. It will incorporate an initial appraisal of the risk associated with programmed force levels and recommendations for changes in the prior consolidated guidance.

**Joint Strategic Planning Document Supporting Analysis (JSPDSA)** - That part of the JSPD which is submitted by the individual MAAG and addresses that specific country.

## L

**Language Training Detachment (LTD)** - Defense Language Institute, English Language Center (DLIELC) personnel with duty in a foreign country or in CONUS on military installations, away from the Center. They serve as consultants or instructors in English as a foreign language.

**Lease** - An agreement for temporary transfer of the right of possession and use of a non-excess defense article or articles to a foreign government or international organization, with the transferee agreeing to pay rent to the U.S. Government and/or maintain, protect, repair, or restore the article(s), subject to and under authority of Title 10 USC, Section 2667.

**Letter of Offer and Acceptance (LOA)** - U.S. Department of Defense (DD) Form 1513 Offer and Acceptance by which the U.S. Government offers to sell to a foreign government or international organization defense articles and defense services pursuant to the Arms Export Control Act, as amended. The DD Form 1513 lists the items and/or services, estimated costs, the terms and conditions of sale, and provides for the foreign government's signature to indicate acceptance.

**Letter of Request (LOR)** - Term used to identify a request from eligible FMS participants for the purchase of defense articles and services. The request may be in message or letter format.

**Licensed Production** - Licensed production involves agreements made by U.S. commercial firms with international organizations, foreign governments, or foreign commercial firms. USG involvement is limited to the case license process. [International Relations Dictionary, Department of State Library, 1978]

**Living Allowance** - An authorized allowance paid to a foreign student while in training under the IMET program.

**Loan** - An agreement for temporary transfer of the right of possession and use of a defense article or articles not acquired with military assistance funds to a foreign government or international organization, at no rental charge to the transferee, with the transferor U.S. Military Department being reimbursed from MAP funds, subject to and under authority of the Foreign Assistance Act, Section 503.

**Logistics Support Charge (LSC)**. A charge based on the AECA requirement for full cost recovery. The LSC is intended to recover the cost of support involved in providing the spares and other items required to maintain a weapon system,. It is applied by the Security Assistance Accounting Center to delivery costs for those lines in FMS cases which have been identified as support lines based on the generic code included in the DD 1513.

M
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**Major Defense Equipment** - Any item of significant military equipment on the United States Munitions List having a nonrecurring research and development cost of more than \$50 million or a total production cost of more than \$200 million. [See SAMM, Chapter 7, paragraph 7002.B.1.b.] \*

**Major Item (Line)** - A program line for which the requirement is expressed quantitatively as well as in dollars. These lines are identified in the MASL by a unit of issue other than dollars (XX).

**Major Item Material Excess (MIMEX) Offers** - Offers of major items of MAP equipment declared excess by the original recipient, made to eligible MAP materiel recipients for application against funded current year and prior year undelivered MAP program balances. [See SAMM, Chapter 8, paragraph 80201.C.2.] \*

**MAP Assets** - Materiel for which title has been transferred to MAP ownership, but not to a recipient country or organization.

**MAP Order** - Document issued by DSAA to authorize and direct the delivery of defense articles or the furnishing of defense services to designated recipients. MAP orders are issued for all approved and funded MAP and IMETP articles and services (materiel, training, construction, supply operations, administrative expenses, etc.).

**Memorandum of Understanding** - A written arrangement or understanding between governments and/or international agencies, setting forth the terms under which they will cooperate in the performance of certain work such as research, development, production or utilization. The MOU usually sets down, in broad terms, the objectives of the program, the work to be performed by each participant and its financing, the rights to technical data and patents to be acquired and other necessary elements concerned with the administration and performance of the program.

**Military Articles and Services List (MASL)** - Catalogue of materiel, services and training used in the planning and programming of Military Assistance Program (MAP), International Military Education and Training (IMET), and Foreign Military Sales (FMS). Separate MASLs are maintained for IMET and FMS training. These catalogues disseminate course availability, price, and duration of training to all concerned.

**Military Assistance Advisory Group (MAAG)** - A joint service group normally under the military command of a commander of a unified command and representing the Secretary of Defense which primarily administers the United States military assistance planning and programming in the host country (JCS Pub 1). As used herein, the term MAAG encompasses Joint U.S. Military Advisory Groups, Military Missions, Military Assistance Groups, U.S. Military Groups, and U.S. Military Representatives exercising responsibility within a U.S. Diplomatic Mission for security assistance and other related DOD matters. Defense Attaches are included only when specifically designated as having security assistance functions.

**Military Assistance Program (MAP)** - That portion of the United States security assistance authorized by the Foreign Assistance Act of 1961, as amended, which provides defense articles and services to recipients on a nonreimbursable (grant) basis. [JCS Pub 1]

**Military Assistance Program Address Directory (MAPAD)** - The MAPAD provides clear text addresses of country representatives, freight forwarders, and customer-within-country required for releasing FMS and MAP shipments processed in accordance with MILSTRIP, and addresses required for forwarding of related documentation. [DODD 4000.25]

**Military Assistance Service Funded (MASF)** - All defense articles and defense services transferred to foreign countries under the authority contained in the Department of Defense Appropriation Act.

**Military Civic Action** - The use of preponderantly indigenous military forces on projects useful to the local population at all levels in such fields as education, training, public works, agriculture, transportation, communications, health sanitation, and others contributing to economic and social development, which would also serve to improve the standing of the military forces with the population. [JCS Pub 1]

**Military Export Sales** - All sales of defense articles and defense services made from U.S. sources to foreign governments, foreign private firms and international organizations, whether made by DOD or by U.S. industry directly to a foreign buyer. Such sales fall into two major categories: Foreign Military Sales and Commercial Sales.

**Military Standard Billing System (MILSBILLS)** - This system provides data elements and codes, standard mechanized procedures and formats to be used by DOD components for billing, collecting and related accounting for sales from system stock, including direct deliveries. The mechanized procedures apply to MAP and FMS as outlined in DODI 7420.12 (regarding Interfund Billing System). [DODD 4000.25]

**Military Standard Contract Administration Procedures (MILSCAP)** - Provides uniform procedures, rules, formats, time standards and standard data elements and codes for the interchange of contract-related information between and among DOD components and contractors. [DODD 4000.25]

**Military Standard Requisitioning and Issue Procedures (MILSTRIP)** - A uniform procedure established by the Department of Defense to govern requisition and issue of materiel within standardized priorities. [JCS Pub 1]

**Military Standard Transaction Reporting and Accounting Procedures (MILSTRAP)**

MILSTRAP prescribes uniform procedures, data elements and codes, documents and time standards for the flow of inventory accounting information, pertaining to receipt issue and adjustment actions, between inventory control points, stock control/activities, storage sites, and posts or bases. [DODD 4000.25]

**Military Standard Transportation and Movement Procedures (MILSTAMP)**

Uniform and standard transportation data, documentation, and control procedures applicable to all cargo movements in the DOD transportation system. [JCS Pub 1]

**Military Supply and Transportation Evaluation Procedures (MILSTEP)**

MILSTEP provides a standard method for the preparation and collection of basic data necessary to measure supply system performance and transportation effectiveness. [DODD 4000.25]

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

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

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

**Mobile Training Team (MTT)** - Team of U.S. DOD personnel on temporary duty in a foreign country for the purpose of training foreign personnel in the operation, maintenance or support of weapon systems and support equipment, as well as training for general military operations. MTTs may be funded from either FMS or IMET Programs. [AFM 50-29]

**Munitions List** - The U.S. Munitions List is an enumeration of defense articles and defense services published in the ITAR.

N
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**National Policy and Procedures for the Disclosure of Classified Military Information to Foreign Governments and International Organizations (U) [Short Title: National Disclosure Policy (NDP-1)]** - Promulgates national policy and procedures in the form of specific disclosure criteria and limitations, definitions of terms, release arrangements, and other guidance required by U.S. departments and agencies having occasion to release classified U.S. military information to foreign governments and international organizations. In addition it establishes and provides for the management of an Interagency mechanism and procedures that are required for the effective implementation of that policy.



O

**Obligational Authority (OA)** - A document or authority passed from SAAC to the Implementing Agency which allows obligations to be incurred against a country's Trust Fund in an amount not to exceed the value of the Obligational Authority (OA). [DD Form 2060, FMS Obligational Authority]

**Obligational Authority (under FMS)** - A document or authority (DD Form 2060 format) passed from SAAC to the implementing DOD component which allows obligations to be incurred against a given FMS case in an amount not to exceed the value of the obligational authority.

**Obligations** - Amounts of orders placed, contracts awarded, services received, and similar transactions during a given period requiring future payment of money. Such amounts include adjustments for differences between obligations previously recorded and accrued expenditures of actual payments.

**Observer Training** - Special training conducted to permit foreign students to observe U.S. military techniques and procedures.

**Offer Date** - The date which appears on the offer portion of DD Form 1513 and which indicates the date on which an FMS offer is made to a foreign buyer.

**Office of Defense Cooperation (ODC)** - A Security Assistance Organization limited to three U.S. military and DOD civilian members for the performance of security assistance functions. Where necessary, the Chief of the Diplomatic Mission may request up to three additional members to perform such functions. [PL 95-92, 1977]

**On-the-Job Training (OJT)** - Training devoted to the practical application of a previously achieved skill.

**Open Sales Case** - An FMS case is designated open as long as any portion of the transaction is incomplete, i.e., delivery of materiel, performance of services, financial transactions, or rendering of the final statement of accounts.

**Open Sales Offer** - An FMS offer made to a foreign buyer which is pending acceptance.

**Operation & Maintenance Costs (O&M Costs)** - Costs associated with equipment, supplies, and services required to train, operate, and maintain forces in a recipient country, including cost of spare parts other than concurrent spares and initial stockages, ammunition and missiles used in training or replacements for such items expended in training or operations, rebuild and overhaul costs (excluding modernization) of equipment subsequent to initial issue, training and other services that do not constitute investment costs, and administrative costs associated with overall program management and administration.

**Orientation Tours** - Tours arranged for key foreign personnel for the purpose of orientation and indoctrination.

**Overseas Training** - Training provided foreign nationals at training installations outside the U.S.

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

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

**Planning and Review (P&R) Data** - Price and Availability (P&A) Data. \*\*

**Planning, Programming, and Budgeting System (PPBS)** - An integrated system for the establishment, maintenance, and revision of the Five Year Defense Plan (FYDP) and the DOD budget.

**Price and Availability (P&A) Data** - Prepared by the MILDEPs, DSAA, and other DOD components in response to a foreign government request for preliminary data for the possible purchase of a defense article or service. P&A data are not considered valid for the preparation of an LOA. Furnishing of this data does not constitute a commitment for the USG to offer for sale the articles and services for which the data are provided. \*\*

**Program Decision Memorandum (PDM)** - A document which provides Secretary of Defense decisions on the Program Objectives Memorandum (POM) and the Joint Program Assessment Memorandum (JPAM).

**Progress Payments** - Those payments made to contractors or DOD industrial fund activities as work progresses under a contract, on the basis of cost incurred or percentage of completion, or of a particular stage of completion, accomplished prior to actual delivery and acceptance of contract items.

**Project Definition** - The process of exploring more thoroughly all aspects of the proposed project and to examine the relations between required performance, development time and cost. The areas of technical uncertainty are examined and possible trade-offs, are evolved in order to achieve a satisfactory balance between performance, development time and cost. These trade-offs may lead to amending the operational requirement. From then on, performance requirements regarding the technical characteristics are established so as to meet the operation requirements under the best conditions. These requirements will form the basis for the establishment of a development program and of more detailed and realistic estimates of development time and cost.

The overall results of the studies carried out during project definition will be used for the discussion on whether to proceed with the development or not.

**Public Law (PL) 480 Funds (Sec. 104c)** - Foreign currencies derived from sale of surplus agricultural commodities under Title I, PL 480, Agricultural Trade and Development Act of 1954, as amended. Section 104(c) authorizes these foreign currencies to be used for procuring equipment, materials, facilities, and services for the common defense, including internal security.

R
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**Reappropriation** - MAP or IMETP funds which at the end of the fiscal year are not reserved or obligated and are customarily made available by the Congress for use in the subsequent fiscal year.

**Reciprocal Defense Procurement.** Procurement actions which are implemented under memoranda of understanding/memoranda of agreement (MOU/MOA) between the U.S. and various participating nations whereby the participants agree to effect complementary acquisitions of defense articles from each other's country.

**Record Serial Number** - A code which identifies a detail line item on the DD Form 1513. This code is perpetuated in the DD Form 645 billing document.

**Recoupments** - Adjustments or cancellations of outstanding MAP orders in prior year program accounts which generate additional funds for the current year operations.

**Redistributable MAP Property** - All MAP personal property which has been declared by the recipient government to the United States as no longer needed for the purposes for which furnished.

**Reimbursements** - Funds realized from the sale of MAP-owned property, such funds being deposited to MAP accounts and available for programming.

**Repair and Replace** - Programs by which eligible CLSSA customers return reparable carcasses to the U.S. and receive a serviceable item without awaiting the normal repair cycle timeframe. The concept is that the replacement involves an exchange of CLSSA customer-owned stocks in the customer's hands and the CLSSA customer-owned stocks in the USG inventory in the U.S. Countries are initially charged the estimated repair cost, with adjustment to the actual repair cost upon completion of repair of the carcass. \*

**Repair and Return** - Programs by which eligible foreign countries return unserviceable reparable items for entry into the U.S. Military Department repair cycle. Upon completion of repairs, the same item is returned to the country and the actual cost of the repair is billed to the country.

**Research Objective** - A result to be obtained by a research activity, stated in operational and scientific or technological terms.

**Research Requirement** - A research rationale to justify the decision to start the relevant research activity.

S
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**Security Assistance Organization/Office** - The generic term SAO encompasses all DOD elements, regardless of actual title, located in a foreign country with assigned responsibilities for carrying out security assistance management functions.

**Security Assistance** - Group of programs authorized by the Foreign Assistance Act of 1961, as amended, and the Arms Export Control Act, as amended, or other related statutes by which the United States provides defense articles, military training, and other defense related services, by grant, credit or cash sales, in furtherance of national policies and objectives. [JCS Pub 1]

**Security Assistance Management Manual (SAMM)** - A manual published by the Defense Security Assistance Agency under authority of DOD Directive 5105.38. It sets forth the responsibilities, policies, and procedures governing the administration of security assistance within the Department of Defense.

**Security Supporting Assistance** - A Program (now termed the Economic Support Fund) by which economic assistance is provided on a loan or grant basis to selected foreign governments having unique security problems. The funds are used to finance imports of commodities, capital, or technical assistance in accordance with terms of a bilateral agreement; counterpart funds thereby generated may be used as budgetary support. These funds enable a recipient to devote more of its own resources to defense and security purposes than it otherwise could do without serious economic or political consequences. [JCS Pub 1]

**Services** - Services include any service, test, inspection, repair, training, publication, technical or other assistance, or defense information used for the purposes of furnishing non-military assistance under the Foreign Assistance Act of 1961, as amended, or for making military sales under the U.S. Arms Export Control Act of 1976, as amended.

**Significant Military Equipment (SME)** - Those defense articles and services on the U.S. Munitions List in the International Traffic in Arms Regulation (ITAR) which are preceded by an asterisk. SME are articles which required special export controls "because of their capacity for substantial utility in the conduct of military operations." [Federal Register, Vol. 45, No. 246]

**Specialized English Terminology (SET)** - Instruction conducted at DLIELC for FMTs who have attained the required ECL to develop vocabulary skills for entry into both hazardous and highly technical courses.

**STANAG** - Standardization Agreement. The record of an agreement among several or all of the members nations to adopt like or similar military equipment, ammunition, supplies and stores; and operational, logistics, and administrative procedures. National acceptance of a NATO allied publication issued by the Military Agency for Standardization may be recorded as a Standardization agreement.

**Supply Operation Costs** - Refers to the categorization of those costs which are related to the procurement and issue of material and excess articles delivered to MAP and FMS recipients but not included in the standard prices of the material. These costs include packing, crating, handling and transportation expenses incurred in the issue and transfer of material; and logistics management expenses (exclusive of military pay and allowances in the instance of MAP transactions) incurred by activities in the areas of procurement operations, supply management, requisition control, and processing, and related services.

**Systems Acquisition Process** - The sequence of acquisition activities starting from the agency's reconciliation of its mission needs, with its capabilities, priorities and resources and extending through the introduction of a system into operational use or the otherwise successful achievement of program objectives.

T

**Teaming Arrangements** - A agreement of two or more firms to form a partnership or joint venture to act as a potential prime contractor; or an agreement by a potential prime contractor to act as a subcontractor under a specified acquisition program; or an agreement for a joint proposal resulting from a normal prime contractor-subcontractor, licensee-licensor, or leader company relationship.

**Technical Assistance Field Team (TAFT)** - Team of U.S. DOD personnel deployed on PCS status, normally for one year or longer, to a foreign country to train local defense cadre personnel to operate, maintain and employ weapons systems and support equipment, and in other non-equipment specific military skills.

**Technical Assistance Team (TAT)** - Team of U.S. DOD personnel deployed to a foreign country on TDY status to place into operation, maintain and repair equipment provided under the FMS or MAP programs.

**Technical Data** - Technical data is defined as recorded information, regardless of form or characteristic, of a scientific or technical nature. Examples of technical data packages include research and engineering drawings and associated lists, specifications, standards, process sheets, manuals, technical reports, catalog item identifications, and related information and computer software documentation. \*\*

**Technical Data Package** - The most prominent category of technical data is described as a TDP. The TDP normally includes technical design and manufacturing information sufficient to enable the construction or manufacture of a defense item component modification, or to enable the performance of certain maintenance or production processes. It may include blueprints, drawings, plans, or instructions that can be used or adapted for use in the design, production, manufacture, or maintenance of the defense items or technology. \*\*

**Test Control Officer (TCO)** - U.S. military or civilian personnel designated to administer, supervise, and control ECL testing and test materials. Must be U.S. citizen, not a foreign national "local hire" civilian or foreign military officer or NCO.

**Third World** - Refers to those countries with under-developed but growing economies, often with colonial pasts, and low per capita incomes. Third World is often used interchangeably with or as a synonym for "LDC's" (less developed countries), "the South," "the Group of 77," "developing countries," or "underdeveloped countries." [International Relations Dictionary, Department of State Library, 1978]

**Total Package Approach (TPA)** - A means of ensuring that FMS customers are aware of and are given the chance to plan for and obtain needed support items, training, and services required to introduce and sustain the operation of major items of equipment or systems.

**Training** - Formal or informal instruction of foreign students in the United States or overseas by officers or employees of the United States, contract technicians, contractors (including instruction at civilian institutions), or by correspondence courses, technical, educational or information publications and media of all kinds, training aid, orientation, training exercise, and military advice to foreign military units and forces. [Sec. 47(5), AECA]

**Travel and Living Allowance (TLA)** - Those costs associated with transportation, excess baggage, and living allowance (per diem) of students which are authorized for payment under IMET.

**Trust Fund (FMS)** - A fund credited with receipts which are earmarked by law and held in trust, or a fiduciary capacity by the government for use in carrying out specific purposes and programs in accordance with an agreement.

U

**Unaccepted Case** - An FMS letter of offer which was not accepted or funded within prescribed time shown.

## V

**Value -**

Under Section 644(m), FAA:

- (1) With respect to an excess defense article, the actual value of the article plus the gross cost incurred by the United States Government in repairing, rehabilitating, or modifying the article, except that for purposes of Section 632(d) such actual value shall not be taken into account:
  - (a) For major items the pricing guidance contained in DOD Instruction 2140.1 may be used to determine the value of EDA.
  - (b) For secondary items the inventory standard stock price is to be used.
- (2) With respect to a non-excess defense article delivered from inventory to foreign countries or international organizations under this Act, the acquisition cost to the United States Government, adjusted as appropriate for condition and market value.
- (3) With respect to a non-excess defense article delivered from new procurement to foreign countries or international organizations under this Act, the contract or production costs of such article, and;
- (4) With respect to a defense service, the cost to the United States Government of such service.

Under Section 47(2), AECA:

"Value" means, in the case of an excess defense article, not less than the greater of: (1) the gross cost incurred by the USG in repairing, rehabilitating, or modifying such articles, plus the scrap value; or (2) the market value, if ascertainable.

## W

**Weapon System Life Cycle Cost** - The period divided into phases, ranging from the first consideration of the need for a weapon system through the development and in-service stages down to phase-out and disposal.

## APPENDIX C

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## 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 U.S. 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 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*

DOD Directive 2140.2 - *Recoupment of Nonrecurring Costs on Sales of USG Products and Technology*

DOD Directive 2140.5 - *Defense Institute of Security Assistance Management*

DOD Directive 4000.25-8-M - *Military Assistance Program Address Directory*

DOD Directive 4100.37 - *Retention and Transfer of Materiel Assets*

DOD Directive 4140.17-M - *Military Standard Requisitioning and Issue Procedures (MILSTRIP)*

DOD Instruction 4140.42 - *Determination of Initial Requirements for Secondary Item Spare and Repair Parts*

DOD Instruction 4155.19 - *NATO Quality Assurance*

DOD Directive 4160.21 - *DOD Personal Property Utilization Disposal Program*

DOD Directive 4165.6 - *Real Property Acquisition, Management, and Disposal*

DOD Directive 4175.1 - *Sale of Government-Furnished Equipment or Materiel and Services to U.S. 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*

DOD Directive 5105.36 - *Defense Contract Audit Agency*

DOD Directive 5105.38 - *Defense Security Assistance Agency*

DOD Directive 5105.40 - *Defense Mapping Agency (DMA)*

DOD Directive 5123.3 - *DOD Policy and Responsibilities Related to International Security Assistance (ISA)*

DOD Directive 5128.1 - *Assistant Secretary of Defense (Production and Logistics)*



DOD Directive 5132.2 - *Assistant Secretary of Defense (International Security Affairs)*

DOD Directive 5132.3 - *Department of Defense Policies and Responsibilities Relating to Security Assistance*

DOD Directive 5132.11 - *Security Assistance Accounting Center*

DOD Directive 5160.41 - *Defense Language Program*

DOD Directive 5200.12 - *Conduct of Classified Meetings*

DOD Industrial Security Manual 5220.22-M - *Industrial Security Manual for Safeguarding Classified Information*

DOD Directive 5230.11 - *Disclosure of Classified Military Information to Foreign Governments and International Organizations*

DOD Instruction 5230.17 - *Procedures for Disclosure of Classified Military Information to Foreign Governments and International Organizations*

DOD Instruction 5230.20 - *Control of Foreign Representatives*

DOD Directive 5410.17 - *Informational Program for Foreign Military Trainees in the United States*

DOD Directive 5500.7 - *Standards of Conduct*

DOD Directive 5530.3 - *International Agreements*

DOD Instruction 7230.7 - *User Charges*

DOD 7290.3-M - *Foreign Military Sales Financial Management Manual*

DOD Directive 7460.2 - *Regulations Governing the Use of Management Funds*

## APPENDIX D

### DSAA INFORMATION SYSTEMS DATA ELEMENT DICTIONARY

A. PURPOSE. The purpose of this appendix is to provide the users of the DSAA 1000, DSAA 1200, and othr DSAA directed computer systems with information about the data elements used in those systems.

B. DESCRIPTION. All codes listed in this appendix are used in either of the two systems as processing tools or as a means of segregating and recording essential data pertaining to the program involved, thereby according a means of retrieving data to satisfy management level officials. \*

### C. ALPHABETIC LIST OF CODES WITH DEFINITIONS.

1. Acceptance Date - 1200 System. The date a country representative signs the formal United States Department of Defense Letter of Offer and Acceptance (LOA), DD Form 1513. It indicates the calendar date on which a foreign buyer agrees to accept the terms and conditions contained in the offer portion of the LOA. This date is expressed in a year, month, and day (YYMMDD) format.

2. Acceptance Fiscal Year/Quarter - 1200 System. A three digit numeric code contained in the data base and generated from the Acceptance Date of the case (e.g., 794 is generated for the fourth quarter of fiscal year 1979).

3. Action Code - 1000 System. A single digit alpha code used in conjunction with the updating of the master program file. MILDEPs are furnished advice on program changes originating within their respective agency based on this code. It advises the program originator of exactly what action was taken by DSAA on the input submitted to update the master program file. The action code is used in the ADP feedback and is reflected in column 7 of cards, card images, and printed detail listings. The feedback procedure provides input error, program feedback listings, and cards or card images reflecting errors in input and the action taken by DSAA on the program change data. Approved data appears on the MAP and IMET orders and in all MAP/IMET order cards or card images. The following action code advice is furnished to the MILDEPs following each update, as applicable. Rejects: Action Code D, G, H, I, M, Q, V, and Y. Disapprovals: Action Code X only. (For a list of all action codes and their meaning, see Table D-1.)

4. Advance Notification to Congress Date - 1200 System. A six position numeric code expressed in a YYMMDD format, which reflects the calendar date on which an advance notification of a potential major foreign military sale or foreign military construction sale is furnished to Congress.

5. Area Code - All Systems. The area code is a single digit numeric code assigned as supplemental data in the DSAA data bases for used in selecting and sorting data by geographical area. Country/Activity codes for each area are shown in Table D-7 of this appendix. Applicable codes are as follows:

<u>Code</u>	<u>Meaning</u>
1	East Asia and Pacific (EAP)
2	Near East and South Asia (NESA)
3	Europe and Canada (EUR)
4	Africa (AFR)
5	American Republics (Latin America ) (AR)
7	Non-Regional (NR)

\*

6. Availability Reporting Quarter - 1000 System. A single digit numeric code used in training programs to indicate the quarter in which the student availability reporting date occurs. Applicable codes are 1 through 4 representing the four quarters of a fiscal year, plus code 5 which represents the period of 1 October through 30 December of the next fiscal year, thus providing a "fifth quarter" in which to implement training (under IMET) in a given fiscal year.

7. Cancellation Date - 1200 System. A six position numeric code expressed in a YYMMDD format, which reflects the calendar date the LOA (or request for LOA) was actually cancelled.

8. Card Code/Transaction Type.

a. 1000 System. A single digit alpha or numeric code which identifies each card or card image that can be used in the updating of data in the 1000 system. See Table D-15 for complete card formats.

<u>Code</u>	<u>Meaning</u>
3	MAP Program addition/amendment transaction (Defense Articles and Services)
4	Training Program addition/amendment (IMET and FMS)
8	MAP Delivery transaction (Defense Articles and Services)
P	MAP change transaction (Defense Articles and Services)
Q	Training change transaction (IMET and FMS)
R	MAP Training program deletion (Defense Articles and Services, IMET, FMS)

b. Transaction Type -1200 System. A two position code assigned to each card or card image used in the 1200 System data base. The first digit is a constant "S" (system code) and is used to distinguish data in the 1200 System from other card or tape data used by DSAA in other security assistance operations. The second digit is numeric and identifies the type of data being processed.

<u>Code</u>	<u>Meaning</u>
S1	Letter of Request Format -- this transaction is used for additions, changes, and deletions to the data base.
S2	Congressional Transaction Format -- this transaction is used for processing status changes and/or deletions to the Congressional cycle of the data base.
S3	DD Form 1513 Format -- this transaction is used for recording LOAs when countersigned and for processing changes and/or deletions at the offer, acceptance, implementation, and closure stage of the LOA cycle.
S4	Implementing Agency Format -- this transaction is used to record pertinent implementation actions to an accepted case record.
S5	Redesignating Key Format -- this transaction is used to change (convert) a control field in a previously established record.
S6	Under DOD Preparation Format -- this transaction is used to add/change data in the system relative to the Congressional cycle portion of the data base.
S7	Under DOD Preparation Format -- this transaction is used to change data relative to the Congressional cycle portion of the data base.

c. Military Articles and Services List (MASL) - 1000/1200 System. The following cards or card images are approved for use when processing data to the MASL data base:

<u>Code</u>	<u>Meaning</u>
1	Use to add, change and/or delete a record in the Materiel MASL.
2	Use to add, change and/or delete a record in the training MASLs.
G-0	Trailer cards used in the Materiel MASL to add supplemental data and/or a brief description to a record

9. Case Amendment Number - 1200 System. A two position numeric code assigned by the Implementing Agency (IA) to identify and distinguish between the basic FMS or Foreign Military Construction (FMCS) case and subsequent amendments thereto. All amendment numbers must fall in the range of 01 through 99.

10. Case Description - 1200 System. A short title specifically prepared for each case and containing from 15 to 40 characters. In the case of ships, combat vehicles, aircraft, and other designated major defense equipment (MDE), the description will contain the quantity of the MDE item in parenthesis. Data entered in this field should be as descriptive as possible. Any special characters used are restricted to the character set used in the 1200 system.

11. Case Designator - 1200 System. A unique designation within a single country and implementing agency, assigned by the IA to each FMS or FMCS case, consisting of a three digit code to identify a specific offer to a country customer. This designator, assigned upon receipt of the Letter of Request (LOR), permanently identifies the sale or offer unless deleted jointly by the DSAA and the IA. The first digit is always alpha and the second and third digits may be alpha or numeric.

12. Case Establishment Date - 1200 System. A six position numeric code expressed in a YYMMDD format, which reflects the actual date a country customer is notified that FMS or FMCS case is implemented on its behalf.

13. Case Identified - 1200 System. The case identifier is a means of identifying a case throughout its existence. It consists of the country code, implementing agency code, case designator, and the amendment number if any.

14. Change Originator Code.

a. 1000 System. The change originator code identifies the organization originating a change (add, change, or delete card) to the DSAA master program file. Changes originated by an overseas Security Assistance Organization (SAO) are required to be submitted through a military department. The Military Department enters change originator codes A, N, or F, as appropriate, prior to forwarding the card to DSAA. Approved codes are as follows:

<u>Code</u>	<u>Explanation</u>
A	Department of the Army
C	Coast Guard
F	Department of the Air Force
J	Department of the Air Force (Headquarters and Foreign Military Training Affairs Group - IMET)
K	Marine Corps
N	Department of the Navy
S	Defense Security Assistance Agency (DSAA)
U	Unified Command

b. 1200 System. Change originator codes identify the organization originating a change (add, change or delete) in the 1200 system.

<u>Code</u>	<u>Meaning</u>
A	Department of the Army
C	Department of the Navy (CNO)
F	Department of the Air Force
J	Department of the Air Force (Hdqtrs)
K	Defense Communications Agency
M	Department of the Navy (Naval Materiel)
N	Naval International Logistics Control Office (NAVILCO)
R	Defense Logistics Agency (DLA)
S	Defense Security Assistance Agency (DSAA)
U	Defense Mapping Agency (DMA)
V	Defense Contract Audit Agency (DCAA)
W	Defense Advanced Research Projects Agency (DARPA)
Z	Defense Nuclear Agency (DNA)

\*

15. Classification Code. An alphabetic code assigned by the cognizant MILDEP or Agency which designates the Security classification of that particular line item.

<u>Code</u>	<u>Classification</u>
C	Confidential
D	Confidential - classified for national defense purposes
U	Unclassified

16. Closure Date - 1200 System. A six position numeric code, reported by SAAC, expressed in a YYMMDD format, which reflects the calendar date a case was officially closed by SAAC.

17. Commercial Item - 1000 System. The use of a numeric "1" in column 53 of the Materiel Card 3 indicates DSAA prior approval of a commercial type item. (See Chapter 11 for detailed instructions on the programming of commercial type items.)

18. Commitment Code - 1000 System. A single position numeric code used to describe the U.S. commitment, by type (see definition), for each defense article and defense service programmed. (For a list of commitment codes with an explanation of each, see Table D-2 of the appendix.)

19. Communications/Ancillary Item/Concurrent Spare Parts Code -- 1000 System. A single position alpha code used in column 54 of the Program Materiel Card 3 to alert supply agencies that specific items of communications or other ancillary equipment are not to be shipped directly to the recipient country/activity, but are to be mounted on or installed in a major piece of equipment also programmed for the recipient. In addition the code identifies the major items of equipment which are to have separately programmed CSP and/or communications or ancillary equipment installed prior to delivery.

<u>Code</u>	<u>Explanation</u>
A	Communications or other ancillary equipment to be mounted on or installed in a major piece of equipment prior to shipment of the latter.
M	This piece of equipment should have separately programmed communications or other ancillary equipment installed prior to shipment.
N	This piece of equipment should have CSP separately programmed.
P	This piece of equipment should have separately programmed CSP, and communications or other ancillary equipment installed prior to shipment.

20. Completed Line Item Code - 1200 System. An optional alpha code "C" entered in the item detail data by the implementing agency through the SAAC to indicate that all defense articles have been delivered and/or all defense services have been performed against the line.

21. Condition Code - 1000 System. An alpha code is entered in column 53 of the materiel Card 3 to assign condition codes to all items programmed under MAP and available as excess Defense Articles (EDA). Codes are used to reflect the degree of serviceability, condition, and completeness in terms of readiness for issue and use. A list of all condition codes is contained in Table D-3 of the chapter. For non-excess entries, column 53 is used to indicate commercial type items which are programmed under MAP. (See Commercial Item - 1000 System, above.)

22. Congressional Approval Date - 1200 System. A computer generated six position numeric code expressed in a YYMMDD format which reflects the final date of the statutory Congressional review period for a 36(b) case. This date is based on the statutory notification date that a 36(b) was forwarded to Congress.

23. Congressional Year of Interest - 1200 System. A two position numeric code, generated by the computer, which reflects the probable fiscal year projected for an FMS or FMCS case acceptance.

24. Congressional Notification Transmittal Number - 1200 System. A five position alpha-numeric code assigned by the DSAA and used for tracking notifications sent to the Congress. The first two characters always represent the fiscal year in which the notification was made. In advance notifications, the last three positions are alpha characters. In statutory (formal) notifications, the last three positions are numeric characters.

25. Construction Indicator - 1200 System. A single digit alpha code entered in case transactions or generated by the computer to identify a Foreign Military Construction Sale, FMCS.

26. Continuing Resolution Authority (CRA) Code - 1000 System. All initial input for materiel must contain a CRA code. The CRA codes listed below indicate that amount of "continuing resolution" funds required to preclude disruption of essential activities of a continuing nature. These codes are used in conjunction with funding priority codes to determine (a) the program lines to be funded, and (b) the percentage of each line to be funded. All training "each" lines must contain the code 0 (zero) for program years prior to 78. For IMET beginning with fiscal year 78 and for subsequent years, this field in the Card 4 is used for requirements priority. (See Requirements Priority - 1000 System of this appendix.)

<u>Code</u>	<u>Amount Required</u>
0	None
1	10%
2	20%
3	30%
4	40%
5	50%
6	60%
7	70%
8	80%
9	90%
T	Total
M	Used for prior years
O (alpha)	Used for prior years

27. Control Code - 1000/1200 System. A alphabetic code assigned to all MASL data. All material MASL records are distinguished by a Code of "K" which is entered in card column 53 of the card 1 format. All training records contain a code based on the type of training (i.e., IMET, FMS, FMS/IMET, or FMS-NATO) and the PY.

28. Cost Code - 1000 System. This data element is used in the training detail listing to provide the total cost of a training program line. An alpha code assigned to each record in the data base is used to identify program cost categories to provide a general indication as to what part of each annual program is necessary to operate and maintain the force capability and what part will increase the force capability. (For a list of applicable codes with explanation of each, see Table D-4, this appendix.

29. Country/Activity Code - All Systems. The country and activity codes shown in Tables D-5 through D-7 of this appendix are used throughout the Department of Defense systems to identify the country, international organization, or account which is the recipient of defense articles or services furnished, sold, leased, loaned, transferred, or exchanged. Inclusion of a country in these lists does not, in itself, indicate that the country is an independent country, that an organization is an independently eligible international organization, or that the country or organization or other account is now, every has been, or will be a recipient of MAP Grant Aid, IMET, FMS, FMCS, or FMS training. For ease of reference, Table D-5 is listed in alphabetic name sequence. Table D-6 is listed alphabetically by country/activity code sequence, and Table D-7 is segregated by area and countries/organizations are listed alphabetically within each area. It should be noted that certain country/activity codes contained in these listings and prescribed for use are at variance with the DOD/Federal Information Processing Standard Publication (FIPS) standard for Countries of the World (CO-XV) contained in DOD 5000.12M.

30. Course Title - 1000 System. The abbreviated course title used in the training MASL to identify the course of instruction, training team, or other training service or item provided by the Military Department.

31. Customer Within Country Code - 1000 System. A single digit alpha or numeric MILSTRIP code used in the materiel program that identifies the final recipient and port of discharge within the country. The current listing contained in the following Military Department implementations of MILSTRIP will be used to determine the code. This code is not required in program data for those program lines for which requisitions will be submitted by the recipient country/SAO. It is essential that it be entered for all other materiel line items to ensure shipment to the proper in-country designation.

<u>Department</u>	<u>Directive</u>
Army	Army Regulation No. 725-50
Navy	NAVSUP Publication 437 "MILSTRIP/MILSTRAP"
Air Force	DOD 4140.17M

32. Delivery Commitment Date - 1200 System. The delivery commitment date is that date reflected in the DD Form 1513 for complete delivery of the total value and/or quantity of the line item, and is expressed by a three digit numeric code. The first two digits represent the fiscal year and the third digit represents the quarter of the fiscal year.

34. DSAA Waiver -1000 System. A code which indicates that an IMET policy waiver applies to the line of training. The following represent the applicable codes:

B	Books and Publications (non-English language)
C	Civilian Student
G	Postgraduate/Degree Related Training
H	High Cost Training (tuition costs exceed \$25,000)
L	Training with Duration Less than 8 Weeks
M	Mobile Training Teams (MTTs) and Field Training Services (FTS)
O	Orientation Tours

R Other Waivers  
S Combined Strategic Intelligence Training Program (Air Force unique).

35. Duration Code - 1000 System. The duration code is a two position alpha/numeric code which appears in the training MASL and detail records. It indicates, where applicable, the course length in weeks for formal training and should be expressed in man weeks for teams and man months for field training services. Courses that exceed 99 weeks should be coded as follows.

<u>Code</u>	<u>Weeks</u>
A0-A9	100-109
B0-B9	110-119
C0-C9	120-129
D0-D9	130-139 etc.

When the duration in the MASL is coded as "VA" (variable), it signifies that the training line item has a nonspecific variable duration which should be determined separately.

36. End Use Code - 1000 System. The following codes identify end use of the defense articles and defense services programmed for MAP prior to FY 78. For FY 78 and subsequent years, this field was redesignated to fiscal code. (See Fiscal Code - 1000 System of this appendix.)

<u>Code</u>	<u>Meaning</u>
A	Naval Defense Forces (CINCS only)
B	Civil Action
C	Internal Security
D	Western Hemisphere Defense

37. English Comprehension Level/Specialized English Training Requirement - 1000 System. This data element is used in the training MASL to provide the required English Comprehension Level (ECL) and Specialized English Training (SET) requirement for course attendance. The ECL is entered as -- 60, 70, 80, etc.. The SET requirement is indicated as SET advised -- SA or SET required -- SR, etc.

38. Excess Offer Number Code - 1000 System. This code is used to identify transferable assets to countries which are eligible to receive Grant Aid defense articles through MIMEX, MAPEX, and MASFEX. Columns 60-64 of the Materiel Card 3 should be used to identify the MILDEP MIMEX Offer Number, Defense Property Disposal Service (DPDS) listing or flyer number, and the MAPEX or MASFEX project numbers. For card column 60, one of the following codes should be used for all items programmed from transferable assets. For card columns 61-64, enter the serial number of the offer assigned by the MILDEP, flyer/listing number as assigned by DPDS, or the MAPEX/MASFEX project number as assigned by CINCPAC. Right justify and zero fill the field. Examples: Army MIMEX Offer 194, enter A0194. DPDS listing number 71/D-11, enter L0011. On non-excess items, columns 60-64 may be used to identify Issue Priority/Required Delivery Date codes. (See Issue Priority/Required Delivery Date Code-1000 System, of this appendix.)

<u>Code</u>	<u>Meaning</u>
A	Army
D	DPDS flyer
F	Air Force
L	DPDS listing
N	Navy
X	MAPEX/MASFEX



39. Execution Agency (EXA) Code - 1000 System. A three digit code used with all training program lines to identify the MILDEP providing the training, the funding command or agency, and the school or training activity at which training is to be performed. The first digit of the EXA code corresponds to the Implementing Agency Code - 1000 System and is used to identify the MILDEP other agency responsible for providing the training. The second digit is an alpha character assigned to identify each funding command or agency, as applicable. The third digit is an alpha or numeric character that can be assigned to identify each school or training activity within the MILDEP. Not all MILDEPs identify individual schools with the EXA code. Table D-13 provides a breakdown of Execution Agency Codes by MILDEP.

40. Federal Supply Group (FSG) - All Systems. The first two positions of the Federal Supply Classification Code (FSC) identifies the specific group of commodities of supply.

41. Federal Supply Classification Code (FSC) - All Systems. A four digit code which identifies the supply classification of an item of supply identified under the Federal Cataloging Program as an item of production, and/or a homogeneous area of commodities with respect to their physical or performance characteristics. The first two digits identify the federal supply group and the last two digits identify the federal supply classification within each group.

42. Fiscal Code - 1000 System. A single digit numeric code used to identify the fund source for each program line. For example:

<u>Code</u>	<u>Meaning</u>
2	1982
3	1983
4	1984
etc.	

43. Footnote Code - 1000 System. A two digit alpha code used to provide significant supply information on defense articles and defense services. (See Table D-8 of this appendix for a complete list of codes.)

44. Formal (Statutory) Notification to Congress Date - 1200 System. A six position numeric code expressed in a YYMMDD format, which reflects the date on which the statutory notification of a 36(b) case was forwarded to Congress.

45. Funding Date/Case -1000 System. This data element is used in the IMET detail training records to indicate the date by which the individual training line must be funded. The date is entered by the appropriate Military Department in a MM/DD format. In the FMS training records, the second, third, and fourth digits of this data element are used to record the FMS case designator.

46. Funding Priority Code - 1000 System. The funding priority code identifies the order in which materiel items and services (groups of interrelated items and services) are to be funded in the event limited funds are available. All program lines other than training and supply operations must contain this code. The code consists of two alphabetic characters indicating the sequence of funding. For example:

<u>Funding Priority</u>	<u>Code</u>
1	AA
3	AC
26	AZ
27	BA

47. Generic Code - All Systems. A three digit code assigned to each item in the MASL and perpetuated throughout program data to classify defense articles, services, and training according to the budget activity/project account classification and to aggregate articles, services, and training into generic groupings for reporting and management purposes. The first digit of the generic code is an alpha character identifying one of the following budget activities. The second digit is a numeric assigned each Budget Project (BP). The BP is classified at the second level of aggregation in the generic code. The third digit is an alpha character assigned each generic grouping of defense articles, services, and training with similar characteristics. The generic grouping is classified at the third level aggregation in the generic structure. A complete list of generic codes is shown in Table D-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	Defense Communications 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.

<u>Code</u>	<u>Meaning</u>	
B	Department of the Army	
C	Defense Communications Agency	*
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	Defense Mapping Agency (DMA)	
V	Defense Contract Audit Agency (DCAA)	
W	Defense Advance Research Projects Agency (DARPA)	
X	Security Assistance Accounting Center (SAAC)	
Z	Defense Nuclear Agency (DNA)	

52. Item Detail Data Flags - 1200 System. A one position alpha code created during item detail processing indicating that an error or possible error condition exists in the data provided by SAAC. These codes, contained in a listing of data for which they apply, are furnished to the SAAC on a monthly basis after the 1200 updating cycle has been completed. The following codes may appear in these listings:

<u>Code</u>	<u>Explanation</u>
B	Purchased quantity or delivered quantity is inconsistent with the unit of issue code in MASL.
E	Completed line code is inconsistent with data reported in the purchase/delivery fields.
J	No master file case record exists for the corresponding item detail data as provided.
L	The item detail submission contains duplicates (multiple) records for the same control fields.
M	The item detail record is unmatched to the materiel MASL or generic code and NSN.
P	The item detail line contains a delivered value but no quantity delivered for a non-dollar (XX) line.
V	The delivered value for a specific line exceeds the purchase value.

53. Item Identification Number (IIN) - 1000 System. A seven digit number used to identify each specific training item available for IMET or FMS training programming. The first digit represents the Military Department supplying the training (see Implementing Agency Code - 1000 System above).

54. Issue Priority/Required Delivery Date Code - 1000 System. Provision is made in the Materiel Card 3 format for inclusion of issue priority and required delivery date (RDD) codes. The purpose is to provide all necessary data to the implementing agency for use in the preparation of requisitions for definitized items by the Military Departments upon receipt of the MAP Order Materiel Card 5. Issue priority codes used for MAP are those prescribed in the MILSTRIP regulations and are entered into the system by using columns 60-61 of the Materiel Card 3. The RDD is entered by using columns 62-64 of the Materiel Card 3. The first position indicates the last digit of the calendar year the item is required and the second and third digits indicate the month of

the calendar year. Military Departments can convert the RDD to MILSTRIP system when the requisition is prepared. Columns 60-64 are used to identify the MIMEX excess offer number on items that are available from excess stocks. (See Excess Offer Number Code - 1000 System in this appendix.)

55. Lead Time Code - 1000 System. A single digit numeric code used in the materiel portion of MAP to identify the interval between the initiation of a procurement request and receipt of an item in the supply system.

<u>Code</u>	<u>Lead Time</u>	<u>Explanation</u>
0	0 - 12 months	Delivery (articles) or expenditure of funds (services) during the same FY as programmed.
1	13-24 months	Delivery (articles) or expenditure of funds (services) during the FY following the one in which programmed.
2	25 - 36 months	Delivery (articles) or expenditure of funds (services) during the second FY following the one in which programmed.
3	37-48 months	Delivery (articles) or expenditure of funds (services) during the third FY following the one in which programmed.
4	49-60 months	Delivery (articles) or expenditure of funds (services) during the fourth FY following the one in which programmed.

56. Letter of Request (LOR) Date - 1200 System. A six position numeric code expressed in a YYMMDD format, which reflects the date shown on the LOR for defense articles and defense services as received from the country customer and as entered into the 1200 system.

57. LOR IA Receipt Date (Complete) - 1200 System. A six position numeric code expressed in a YYMMDD format, which reflects the date on which the IA received an LOR which is complete with respect to definition of the defense articles, defense services, and related elements of the LOA.

58. LOR IA Receipt Date (Incomplete) - 1200 System. A six position numeric code expressed in a YYMMDD format, which reflects the date on which the IA received an LOR which is incomplete with respect to defense articles, defense services, and/or terms desired by the potential customer.

59. Major Defense Equipment (MDE) Indicator - MASL. A single digit numeric code which indicates that the item is on the MDE List contained in Chapter 7. A "Y" indicates the item is on the list and "N" indicates that the item is not on the list.

60. MPA Element Code - 1000 System. A four digit code that defines intermediate levels of forces and activities or support requirements in descending order of detail for which requirements are programmed. The code is patterned after the major program and program element structure for the U.S. forces in the DOD Five Year Forces Structure and Financial Program. The first digit is numeric and identifies the Military Assistance major program. The second and third digits are alpha characters and further define sub-divisions of forces or activities within the major program. The fourth digit normally will be the numeral 0 (not the letter O). An alpha may be substituted for the zero in the fourth digit when it is necessary to relate programmed requirements to specific force units or when specific unit identification is of particular importance to decision-making and control over program execution. The structure of the MAP Element Code is shown in Table D-8 of this appendix.

<u>Code</u>	<u>Meaning</u>
2	Air and Missile Defense Forces
3	General Purpose Forces
4	Airlift and Sealift Forces
5	Reserve Forces
6	Research and Development
7	General Support

For Section 506(a), Presidential Determinations, the four digits of the MAP Element Code will reflect the number of the appropriate Presidential Determination as shown in Table D-8 of this appendix.

61. Method of Funding - 1000 System. A numeric code assigned only by the DSAA indicates the following:

<u>Code</u>	<u>Meaning</u>
0	No funds required
1	.001 fund appropriation
2	.002 fund appropriation
3	.003 fund appropriation
4	Contract Authority
5	Currency other than those appropriations used for MAP/IMET.

62. MILSTRIP Routing Identifier Code (MRI) - All Systems. A three digit code used in MILSTRIP, and to be found in Military Department and DLA supply publications which defines a specific supply and distribution organization and its address. In the MAP 1000 system, the first digit of the MRI code, as shown in all MASL data and in all MAP program data records, is used to identify the MILDEP or other agency that, under normal circumstances, will be the recipient of MAP Orders for the items programmed. In the FMS 1200 system, the first digit of the MRI code as shown in all MASL data, indicates the supplying agency of the item programmed. The second and third digits of the MRI are selected by the agency preparing and submitting the MASL input to the system, and may or may not correspond to pertinent MRI codes used in the MILSTRIP system.

<u>Code</u>	<u>Meaning</u>
A, B, or W	Army
M, N, or P	Navy
D or F	Air Force
S	OSD
Y	Department of State

63. National Codification Bureau Code (NCB) - All Systems. A two position code used in the Federal Cataloging Program to identify the NATO country or other foreign country which originally cataloged an item of supply. This code appears as the fifth and sixth digit of all National Stock Numbers. Following are applicable codes extracted from DOD 4100.38-M, Appendix III A, Table 9:

<u>Code</u>	<u>Country</u>
00	United States
01	United States
11	NATO
12	Germany
13	Belgium
14	France

15	Italy
17	Netherlands
21	Canada
22	Denmark
23	Greece
24	Iceland
25	Norway
26	Portugal
27	Turkey
28	Luxembourg
29	Argentina
30	Japan
31	Israel
32	Singapore
66	Australia
98	New Zealand
99	United Kingdom

64. National Item Identification Number (NIIN) - All Systems. A nine digit numeric code assigned to each approved item of supply in the Federal Cataloging Program. The NCB code described above makes up the first two positions of this number and the last seven digits represent a specific number assigned to each item of supply for unique identification.

65. National Stock Number (NSN) - All Systems. The NSN for an item of supply in the Federal Cataloging Program is comprised of the applicable four position FSC plus the applicable nine position NIIN assigned to each item of supply. All standard items in the U.S. supply system are assigned an NSN which permits precise identification of each item in an abbreviated format. The 13 position standard NSNs are used in both the 1000 and 1200 system Master Program Files along with pseudo-NSNs, assigned by the DSAA or the Military Departments, for groups of secondary items, services, some aircraft, ships and ammunition.

66. Notification to State Department Date - 1200 System. A six position numeric code expressed in a YYMMDD format, which reflects the date on which a proposed Congressional notification of a 36(b) case was forwarded to the State Department for coordination and clearance.

67. Obligation Authority Date (Implementation Date) - 1200 System. A six position numeric code expressed in a YYMMDD format, which reflects the date on which SAAC, after receipt of an accepted LOA, issues funding authority to the Implementing Agency.

68. Offer Date (Countersignature) - 1200 System. A six position numeric code expressed in a YYMMDD format, which reflects the date the authorized representative of DSAA, Comptroller, countersigns the LOA on which defense articles and defense services are formally offered to an eligible buyer.

69. Offer Expiration Date - 1200 System. A six position numeric code expressed in a YYMMDD format, which reflects the date that the formal offer on the LOA expires.

70. Prerequisite Course Number - 1000 System. This data element is used in the training MASL by the Military Departments to provide the MASL item identification number of required prerequisite training.

71. Program Directive Date - 1200 System. A six position numeric code expressed in a YYMMDD format, which reflects the date that the implementing directive is issued to the activity(ies) responsible for procurement/supply action on a specific case.

72. Program Originator Code - 1000 System. The Program Originator Code identifies the SA element corresponding to the country using service or the country service responsible for storage and distribution of articles for two or more using services. With reference to cross-service training, the Program Originator Code identifies the country using the service rather than the U.S. military service providing the training. Program Originator Codes determine the content of, and page breaks in, information copies of MAP/IMET Orders mailed to the overseas Security Assistance Organizations (SAO). Therefore, the use of program originator code "S" on country programs will be limited to lines showing distributed Supply Operations Cost (SOC) and for program lines originated by DSAA in activity accounts.

<u>Code</u>	<u>Meaning</u>
B	SA (Army)
C	SA (Coast Guard)
P	SA (Navy)
D	SA (Air Force)
K	SA (Marine Corps)
S	OSD
T	SA (Joint Service)
X	SA (Other Defense Organizations/Activities)

73. Program Year Code - 1000 System. A two digit numeric code appearing in all records in the Master Program File. It reflects the fiscal year in which the item is programmed or is to be programmed. In the IMET training program, the program year consists of five fiscal year quarters-the fifth quarter being the first quarter (Oct-Dec) of the following fiscal year.

74. Quantity - 1000 System. This data element is used in the detail training records to indicate the number of students, or in the case of a training team, the number of personnel on the team. For a training program dollar value line, no entry is made. As used in the MAP materiel listings, it indicates the quantity of equipment items.

75. Reason for Change Code - 1000 System. This code is used to identify the purpose of the change to a MAP, IMETP, or FMS training program record. The following represent the codes that should be used by the MILDEPs in transactions submitted to the DSAA:

<u>Code</u>	<u>Meaning</u>
B4	Add/Change/Delete action to a programming line currently in unfunded status.
D4	Change/Delete action to a programming line currently in funded status.
P3	Deviation action used to prevent the computer from performing standard computations (i.e., (unit price + TLA) x Qty). The line must be deleted and re-submitted in order to remove the P3 (e.g., used to reflect penalties).

The following codes will be used only by the DSAA:

M3	Change/Delete transaction generated as a result of a MASL change/delete action. These changes are generated only for unfunded status lines.
S1	Add/Change/Delete action taken for funding/management purposes.

76. Record Control Number (RCN) - 1000 System. A four position alpha/numeric code assigned each record in the 1000 system data base. The RCN, combined with Country/Activity Code and Program Year, constitutes an identification number for each record which is perpetuated on all MAP/IMET/FMST transactions, including MILSTRIP documentation. This number may be computer assigned or manually assigned by those offices inputting data into the system. The first

and second digits must be alpha characters and the third and fourth digits must be numeric. DSAA has allocated blocks of numbers as indicated below:

AA00 - AZ99	Reserved for DSAA. Use of any RCN in this block requires DSAA approval.
BA00 - DZ99	This block may be used by anyone desiring to enter an RCN in their initial submission.
EA00 - GZ99	Reserved for Navy/Chief, Naval Education and Training.
HA00 - JZ99	Reserved for the Air Force/Foreign Military Training Affairs Group.
KA00 - MZ99	Reserved for the Army/Security Assistance Training Field Activity.
NA00 - ZZ99	Reserved by the DSAA for computer assignment.

77. Record Serial Number - 1200 System. A three position alpha/numeric code assigned by the IA and used to identify individual item records within a FMS or FMCS case.

78. Requirements Priority Code - 1000 System. A code assigned by the SAO to identify the importance of an individual student's training within a country's training program. The valid codes are "A" through "E" with "A" as the highest priority and "E" as the lowest.

79. Selected Item Description Number/Selected Item Sequence Number and Quantity Control Code - All Systems. The Selected Item Description Number is a three digit numeric code assigned by DSAA to each materiel MASL line and appears in columns 62-64 of the Materiel MASL Card 1. This code does not appear in program listings or program cords, but is contained in each Master File Record to provide a means for identification and roll-up of detail records into standard groups or categories (summary level) for the preparation of summary documents and Congressional data. The Selected Item Sequence Number is a three digit alpha-numeric code assigned to each summary MASL line by DSAA and is used to arrange summary data in a sequence prescribed by DSAA. The Quantity Control Code is also assigned by the DSAA and appears in column 59 of the Materiel MASL Card 1. This code is used to determine the quantity count in reports as follows: 1 - quantity is counted and accumulated into the summary line, and 2 - quantity is dropped when item is accumulated to the summary line.

80. Service Course Identification Number - 1000 System. This number is used in the training MASL assigned by the Military Departments to provide the military service course identification number. The last three digits are used to provide a course location code (Air Force and Navy only).

81. Source of Supply - 1000 System. A single digit alpha code used to identify the source from which the supply of a defense article or defense service is anticipated. For a complete list of codes with an explanation of each, see Table D-12 of this appendix.

82. Spare Parts, Ground Support Equipment (GSE), and Equipment Attachment Codes - 1000 System. The following codes are used in the Materiel 3 Card when programming concurrent spare parts (CSP) packages, AGE packages, or equipment attachments for certain engineer equipment.

<u>Code</u>	<u>Meaning</u>
A	Ground Support Equipment (GSE)
E	Equipment Attachments
N	Concurrent (initial issue) Spare Parts (CSP)

83. Special Supply Procedures Code - 1000 System. A single digit alpha code used in column 34 of the Materiel 3 Card which signifies application of a special supply procedure and/or a different and unusual procedure.



<u>Code</u>	<u>Explanation</u>
A	A MIMEX transaction. Indicates item is on a refined shortfall list.
C	This line is included in a government-to-government commitment.
D	Items programmed with Source of Supply "T" (from MAPOM which were part of the MAPOM inventory on 30 Jun 1963.)
J	Item was located in Philippines prior to delivery.
K	Equipment transferred to the Republic of Korea under PL 91-652 at no cost to MAP.
L	Item was located in Laos prior to delivery.
P	A PAMEX transaction.
R	Item was located in Thailand prior to delivery.
A	A SIMEX transaction.
T	A MIMEX transaction. Indicates item is on the country gross shortfall but is not included on the refined shortfall list.
V	Item was located in South Vietnam prior to delivery.
X	A MAPEX transaction.

84. State Department Approval Date - 1200 System. A six position numeric code expressed in a YYMMDD format which reflects the date on which the State Department approves a 36(b) case.

85. Status Code.

a. 1000 System. A single digit alpha code used to indicate the approval, funding or deferral action of a program line.

<u>Code</u>	<u>Explanation</u>
A	Approved Requirement. Implementation is not authorized until a MAP or IMET Order is issued and financed.
D	Deferred by MILDEP.
F	Funded requirement which has been released via MAP/IMET Order for implementation.
S	Deferred by DSAA.
U	Item is posted to the master program file indicating a requirement over and above the ceiling of the program currently approved by the Secretary of Defense.

b. 1200 System. A single digit alpha code used to denote the status of a FMS or FMCS case from its inception as a letter of request to a foreign government until all deliveries and financial transactions have been completed. (For a list of all codes along with the explanation for each code, see Table D-13 of this appendix).

87. Student Code - 1000 System. A single digit alpha code designating the civilian or military category of students as follows:

<u>Code</u>	<u>Meaning</u>
S	Senior Officer
O	Officer
C	Civilian
E	Enlisted
I	Interpreter - Officer
J	Interpreter - Enlisted

- D      DOD Engineering and Technical Service Specialists (ETSS). This code is used in Field Training Services - Budget Project N3 program lines to indicate that the service will hire civilian personnel of the Department of Defense.

88. Sub-Agency Code - 1200 System. A single position field set aside for the use of the Implementing Agency for identifying the subordinate activity, which has been assigned by the IA, to implement a FMS case.

89. Summary Control Record (SCR) Serial Number - 1200 System. The serial number precedes the assignment of a case number and identifies those potential 36(b) cases which are entered into the system prior to an official letter of request, i.e., prior to case designator assignment.

90. Supply Completion Date - 1200 System. A six position numeric field expressed in a YYMMDD format, which reflects the date on which supply of defense article/services are provided complete with respect to an FMS or FMCS case. This date is reported to the system by the IA.

91. System Identifier Code - 1000 System. A single digit alpha or numeric code used in the materiel program by the SAOs for special purpose identification of a "package" of items which are in some way related to one another. Any one of the full range of alphabetic or numeric digits may be used to identify a given "package".

92. Training Analysis Code - 1000 System. Training analysis codes are used in management of the IMET program to group training program data by categories that facilitate analysis by overall IMET program objectives. They are used in preparation of two-year training plans (for submission at annual Unified Command training workshops) and in preparation of training AIASAs. See Table D-14.

93. Travel and Living Allowance (TLA) - 1000 System. This data element is used in the IMET detail training records to record the dollar amount that is programmed (budgeted) to pay the travel and living allowance expense for an individual line of training. See Chapter 10 for the cost computation procedures.

94. Travel and Living Allowance (TLA) Command - 1000 System. A single digit code used by the Army to indicate the command to receive the TLA funds.

95. Transaction Type - 1200 System. (See Card Code/Transaction Type above.)

96. Type of Assistance Code - 1000 System. The type of assistance code is used in the MILSTRIP system to distinguish between various types of U.S. military assistance transactions. In MAP and IMET, the code is used to distinguish the various types of military assistance, as well as to identify certain military assistance requirements programmed under special financing (e.g., Code "C" denotes that the item has been programmed under Section 506 of the Foreign Assistance Act). (For a complete list of codes along with an explanation of each code, see Table D-11 of this appendix.)

97. Under DOD Preparation Receipt Date (DSAA Operations) - 1200 System. A six position numeric code expressed in a YYMMDD format, which reflects the date of receipt in the DSAA, Operations Directorate of a 36(b) sale or a potential 36(b) sale.

98. Under DOD Preparation Receipt Date (DSAA Comptroller) - 1200 System. A six position numeric code expressed in a YYMMDD format, which reflects the date of receipt from the Military Department/IA of an advance Congressional notification of a potential 36(b) sale.

99. Unified Command Code - All System. Unified Command codes are not contained in cards or card images but are assigned as supplemental data in master program records for used in selecting and sorting program data by Unified Command. This code identifies the Unified Command having responsibility for each recipient, except non-regional, and is the key for segregating ADP listings and feedback card data by Unified Command.

<u>Code</u>	<u>Meaning</u>
L	Central Command
E	European Command
C	Atlantic Command
P	Pacific Command
S	Southern Command
N	Non-Regional

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\*

100. Unit of Issue - All System. See Table D-12 of this appendix for a list of approved unit of issue codes that can be used in both the 1000 and 1200 system. This code designates the unit of measurement to be used in programming defense articles, services and training and in shipping items of supply.

101. Unit Price - 1000 System. This data element is used in the detail training records to indicate the unit price per student (team member, etc.) as listed in the training MASL or as determined by the Military Department.

102. Worksheet Control Number (WCN) - 1000 System. A code which identifies an individual student or service (unique within MILDEP). The first four positions of the code represent the student or service and the last position identifies the student's sequence of training, if more than one applies. (See Chapter 10, paragraph 100012.D.3.a. for additional guidance.)

103. 36(b) Indicator - 1200 System. A single digit alpha code used to identify a 36(b) case. The code "Y" indicates the record is a 36(b) case, and the code "N" indicates the record is a non-36(b) case.

TABLE D-1  
ACTION CODE - 1000 SYSTEM

Card Code	Action Code	Meaning
<b>A. <u>CHANGES MECHANICALLY REJECTED</u></b>		
		(Change was rejected during edit.)
3-4-P-Q-R	Y	Card not properly prepared or does not match MASL.
		(Change was rejected during update.)
3-4-P-Q-R	L	Duplicate transaction in the same input group (first card accepted, all others rejected), or add with an existing RCN.
P-Q-R	M	Unmatched change or delete.
P-Q	V	Proposed change is rejected because it results in no change to the program line.
P-Q	D	Invalid action code (code for approval or disapproval) but no proposed change, add, or delete pending in the Master File. This code pertains only to input created by the DSAA.
		(Change was rejected because the system cannot process a proposed change when a previous change against same program line is still pending.)
P-Q	G	Proposed delete is rejected because an add, delete, or change is pending.
P-Q	H	Proposed change is rejected because an add, change, or delete is pending.
P-R	Q	Proposed decrease or deletion is rejected because delivery has been reported.
<b>B. <u>CHANGES PRESENTED TO PROGRAM MANAGER FOR DECISION</u></b>		
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]

Card Code	Action Code	Meaning
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(Program Manager has suspended action. Do not submit additional changes until action completed on these pending changes.)

3-4-R	B	Delete pending.
3-4-R	C	Change pending (record after change has been applied).
3-4-R	D	Change pending (record before change has been applied).
3-4	E	Addition pending.

(Program Manager has taken a different action. Look at program amendment for action taken.)

3-4-R	F	Proposed delete superseded by an approved change.
3-4-R	J	Proposed change superseded by approved delete (2 cards).
3-4-R	K	Change approved but in modified form (2 cards).
3-4	N	Add approved but in modified form.

(Proposed change reflected a reduction in excess of the dollar value of the line.)

P-Q	S	Proposed change has been modified to reflect reduction equal to the existing dollar value of the program line.
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#### C. CODES TO FACILITATE MACHINE IDENTIFICATION AND PROCESSING.

(These codes appear on MAP, IMET Order cards only, and consequently indicate an approved item.)

5-6	T	MAP/IMET Order add. Indicates this line is appearing on the Order for the first time.
5-6-R	W	MAP/IMET Order change. This code appears on both of the cards documenting a change to a MAP/IMET Order line previously issued.
R	R	MAP/IMET order delete. Indicates deletion of a MAP/IMET Order line previously issued.

TABLE D-1. (Continued) [Page 2 of 2]

TABLE D-2  
COMMITMENT CODE - 1000 SYSTEM

<u>Code</u>	<u>Commitment</u>
0	No U.S. commitment involved.
2	The U.S. commitment involves the furnishing of this specific article or service but is such that price, source, and required delivery date adjustment can be made in the normal manner should they occur.
3	The U.S. commitment involves the furnishing of this specific article or service and requires that no adjustment be made in price, source, or required delivery date.
4	No U.S. commitment involved. Specific DOD or MILDEP instructions involved the initial programming of this specific article or service at an agreed unit price other than that stated in the MASL. This unit price may be adjusted at a later date pursuant to supply execution action.
5	The U.S. commitment requires that this article or service must be furnished on or before the required date. Price and source adjustments can be made in the normal manner.
6	No U.S. commitment involved. This article or service is not to be delivered prior to the required delivery date.
9	No U.S. commitment involved. Unit price, supply source, and leadtime for this article or service is based on price and availability data received from the Implementing Agency.

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TABLE D-2. COMMITMENT CODE - 1000 SYSTEM

TABLE D-3  
CONDITION CODE - 1000 SYSTEM

<u>Code</u>	<u>Title</u>	<u>Explanation</u>
A	Serviceable (issuable without qualification)	New, used, repaired, or reconditioned material which is serviceable and issuable to all customers without limitation or restriction.
B	Serviceable (issuable with qualification)	New, used, repaired, or reconditioned materiel which is serviceable and issuable for its intended purpose but which is restricted from issue to specific units, activities, or geographical areas by reason of its limited usefulness or short service life expectancy.
C	Serviceable (test modification)	Items which are serviceable and issuable to selected customers, but which must be issued before condition A and B materiel to avoid loss as a usable asset.
D	Serviceable (test modification)	Serviceable materiel which requires test, alteration, modification, conversion or disassembly.
E	Unserviceable (limited restoration)	Materiel which involves only limited expense or effort to restore to serviceable condition and which is accomplished in the storage activity.
F	Unserviceable (reparable)	Economically reparable materiel which requires repair, reconditioning or overhaul.
G	Unserviceable (incomplete)	Materiel requiring additional parts or components to complete the end item prior to issue.
H	Unserviceable (condemned)	Materiel classified by inspection, teardown analysis or engineering decision to be uneconomically reparable and of no value to the Government, except for value of materiel content.
1		A numeric 1 will be used to identify all commercial items programmed.

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TABLE D-3. CONDITION CODE - 1000 SYSTEM.

TABLE D-4  
COST CODE - 1000 SYSTEM

<u>Code</u>	<u>Cost Category</u>
I	Investment Cost - The term "Investment Cost" (Code I) is used to identify equipment, supplies, and services that will improve the forces' capabilities and includes such items as initial unit equipment, reserves of equipment and ammunition, concurrent spares and initial stockages of spare parts, replacement of obsolescent equipment to include that lost through attrition, overhaul and rebuild of equipment prior to initial issue, construction, equipment installed in facilities, projects such as communication systems, programmed as dollar value lines to facilitate implementation, and training associated with the introduction of new equipment or an improved capability.
O	Operating Cost - The term "Operating Cost" (Code O) is used to identify equipment, supplies, and services needed to train, operate, and maintain forces in being and includes such items as spare parts other than initial stockages, ammunition and missiles used in training or to replace such items consumed in training and operations, rebuild and overhaul (excludes overhaul modernization) of equipment subsequent to initial issue, training and other services that do not constitute investment costs, and administrative costs associated with overhaul program management administration.

The following examples are provided as guidance for the selected items listed below:

<u>Requirement</u>	<u>Investment</u>	<u>Operating</u>
<u>Materiel:</u>		
Ammo components or raw materiels:		
For local manufacture tng ammo	--	X
For local manufacture W/R ammo	X	--
For ammo maintenance	--	X
Class IV mods	--	X
Class V mods	X	--
Component of an aircraft, missile, Aircraft Control and Warning System (AC&W), fire control, communication or other system investment.	X	--
Equipment attachments		
Replacement of ships	X	--
Replacement of attrition losses	X	--
UN Forces support in Korea	--	X
<u>Services:</u>		
Contract technicians and contract services:		
Associated with introduction of investment items	X	--
Construction	X	--
Ship overhauls	X	--
<u>Training:</u>		
Training (Generic Codes N-10 through N-30)	X	--
Training Support (Generic Codes N-60 through N-70)	--	X

TABLE D-4. COST CODE - 1000 SYSTEM



TABLE D-5  
COUNTRY/ACTIVITY CODE - ALPHABETIC

Country	Code	Unified Command Cognizance	Area/Congres- sional Grouping	
Afghanistan	AF	CE	NESA	
Albania	AL	EU	EUR	*
Algeria	AG	EG	NESA	
Andorra	AN	EU	EUR	
Angola	AO	EU	AFR	
Anguilla	AV	AT	AR	
Antigua and Barbuda (UK)	AC	AT	AR	
Argentina	AR	SO	AR	
Australia	AT	PA	EAP	
Austria	AU	EU	EUR	
Bahamas	BF	AT	AR	
Bahrain	BA	CE	NESA	
Bangladesh	BG	PA	NESA	
Barbados	BB	AT	AR	
Belgium	BE	EU	EUR	
Belize (UK)	BH	SO	AR	
Benin	DA	EU	AFR	
Bermuda (UK)	BD	AT	AR	
Bhutan	BT	PA	NESA	
Bolivia	BL	SO	AR	
Bolivia International Narcotics Control	D1	SO	AR	*
Botswana	BC	EU	AFR	
Brazil	BR	SO	AR	
British Indian Ocean Territory (UK)	IO	PA	NESA	*
British Virgin Islands (UK)	VI	AT	AR	
Brunei	BX	PA	EAP	
Bulgaria	BU	EU	EUR	
Burkina	UV	EU	AFR	*
Burma	BM	PA	EAP	
Burundi	BY	EU	AFR	
Cameroon	CM	EU	AFR	
Canada	CN	NR	EUR	
Cape Verde, Republic of	CV	AT	AFR	*
Cayman Islands (UK)	CJ	AT	AR	
Central African Republic	CT	EU	AFR	
Chad	CD	EU	AFR	
Chile	CI	SO	AR	
China	CH	PA	EAP	
Colombia	CO	SO	AR	
Colombia International Narcotics Control	D5	SO	AR	*
Comoros	CR	PA	AFR	

TABLE D-5. COUNTRY/ACTIVITY CODE - ALPHABETIC. [Page 1 of 7]

Country	Code	Unified Command Cognizance	Area/Congres- sional Grouping
Congo	CF	EU	AFR
Costa Rica	CS	SO	AR
Cuba	CU	AT	AR
Cyprus	CY	EU	EUR
Denmark	DE	EU	EUR
Djibouti	DJ	CE	AFR
Dominica	DO	AT	AR
Dominican Republic	DR	AT	AR
Ecuador	EC	SO	AR
Egypt	EG	CE	NESA
El Salvador	ES	SO	AR
Equatorial Guinea	EK	EU	AFR
Ethiopia	ET	CE	AFR
Falkland Islands (UK)	FA	AT	AR
Faeroe Islands	FO	EU	EUR *
Fiji	FJ	PA	EAP
Finland	FI	EU	EUR
France	FR	EU	EUR
French Guiana (FR)	FG	SO	AR
French Polynesia (FR)	FP	PA	EAP
Gabon	GB	EU	AFR
Gambia	GA	EU	AFR
Germany (Bonn)	GY	EU	AFR
Ghana	GH	EU	AFR
Gibraltar (UK)	GI	EU	EUR
Greece	GR	EU	EUR
Greenland (DEN)	GL	SO	AR
Grenada	GJ	AT	AR
Guadeloupe (FR)	GP	AT	AR
Guatemala	GT	SO	AR
Guinea	GV	EU	AFR
Guinea-Bissau	PU	EU	AFR
Guyana	GU	SO	AR
Haiti	HA	AT	AR
Honduras	HO	SO	AR
Hong Kong (UK)	HK	PA	EAP
Iceland	IL	AT	EUR *
India	IN	PA	NESA
Indochina	IC	PA	EAP
Indonesia	ID	PA	EAP
Iran	IR	CE	NESA
Iraq	IQ	CE	NESA
Ireland	EI	EU	EUR
Israel	IS	EU	NESA
Italy	IT	EU	EUR
Ivory Coast	IV	EU	AFR

TABLE D-5. (Continued) [Page 2 of 7]

Country	Code	Unified Command Cognizance	Area/Congres- sional Grouping
Jamaica	JM	AT	AR
Japan	JA	PA	EAP
Jordan	JO	CE	NESA
Kampuchea (Cambodia)	CB	PA	EAP
Kenya	KE	CE	AFR
Kiribati	KR	PA	EAP
Korea (Seoul)	KS	PA	EAP
Kuwait	KU	CE	NESA
Laos	LA	PA	EAP
Lebanon	LE	EU	NESA
Lesotho	LT	EU	AFR
Liberia	LI	Eu	AFR
Libya	LY	EU	NESA
Liechtenstein	LS	EU	EUR
Luxembourg	LX	EU	EUR
Macau (PORT)	MC	PA	EAP
Madagascar	MA	PA	AFR
Malawi	MI	EU	AFR
Malaysia	MF	PA	EAP
Maldives	MV	PA	NESA
Mali	RM	EU	AFR
Malta	MT	EU	EUR
Martinique (FR)	MB	AT	AR
Mauritania	MR	EU	AFR
Mauritius	MP	PA	AFR
Mexico	MX	SO	AR
Monaco	MN	EU	EUR
Mongolia	MG	PA	EAP
Montserrat (UK)	MH	AT	AR
Morocco	MO	EU	NESA
Mozambique	MZ	EU	AFR
Nambia	WA	EU	AFR
Nauru	NR	PA	EAP
Nepal	NP	PA	NESA
Netherlands	NE	EU	EUR
Netherlands Antilles (NE)	NA	AT	AR
New Caledonia (FR)	NC	PA	EAP
New Zealand	NZ	PA	EAP
Nicaragua	NU	SO	AR
Niger	NK	EU	AFR
Nigeria	NI	EU	AFR
Niue	NQ	PA	EAP
Norfolk Islands (AUST)	NF	PA	EAP
Norway	NO	EU	EUR

TABLE D-5. (Continued) [Page 3 of 7]

Country	Code	Unified Command Cognizance	Area/Congres- sional Grouping
Oman	MU	CE	NESA
Pakistan	PK	CE	NESA
Panama	PN	SO	AR
Papua-New Guinea	PP	PA	EAP
Paraguay	PA	SO	AR
Peru	PE	SO	AR
Peru (International Narcotics Control)	D3	SO	AR *
Philippines	PI	PA	EAP
Pitcairn (UK)	PC	PA	EAP
Portugal	PT	EU	EUR
Qatar	QA	CE	NESA
Reunion (FR)	RE	EU	AFR
Romania	RO	EU	AFR
Rwanda	RW	EU	AFR
San Marino	SM	EU	EUR
Sao Tome and Principe	TP	AT	AFR *
Saudi Arabia	SR	CE	NESA
SDAF	D2		AR *
Senegal	SK	EU	AFR
Seychelles	SE	PA	AFR
Sierra Leone	SL	EU	AFR
Singapore	SN	PA	EAP
Solomon Islands	BP	PA	EAP
Somalia	SO	CE	AFR
South Africa	UA	EU	AFR
Spain	SP	EU	EUR
Sri Lanka	CE	PA	NESA
St Kitts and Nevis	SC	AT	AR *
St Helena (UK)	SH	EU	AFR
St Lucia	ST	AT	AR
St Pierre and Miquelon (FR)	SB	SO	AR
St Vincent & Grenadines	VC	AT	AR
Sudan	SU	CE	AFR
Suriname	NS	SO	AR
Swaziland	WZ	EU	AFR
Sweden	SW	EU	EUR
Switzerland	SZ	EU	EUR
Syria	SY	EU	NESA
Taiwan	TW	PA	EAP
Tanzania	TZ	EU	AFR
Thailand	TH	PA	EAP
Togo	TO	EU	AFR
Tokelau (New Zealand)	TL	PA	EAP *
Tonga	TN	PA	EAP
Trinidad-Tobago	TD	AT	AR

TABLE D-5. (Continued) [Page 4 of 7]

Country	Code	Unified Command Cognizance	Area/Congres- sional Grouping
Tunisia	TU	EU	NESA
Turkey	TK	EU	EUR
Turks and Caicos (UK)	TS	AT	AR
Tuvalu	TV	PA	EAP
Uganda	UG	EU	AFR
Union of Soviet Socialist Republics	UR	EU	EUR
United Arab Emirates	TC	CE	NESA
United Kingdom	UK	EU	EUR
Uruguay	UY	SO	AR
Vanuatu	NH	PA	EAP
Venezuela	VE	SO	AR
Vietnam	VS	PA	EAP
Western Somoa	WS	PA	EAP
Yemen (Aden)	YS	CE	NESA
Yemen (Sanaa)	YE	CE	NESA
Yugoslavia	YU	EU	EUR
Zaire	CX	EU	AFR
Zambia	ZA	EU	AFR
Zimbabwe	ZI	EU	AFR
Africa Region	R6	EU	AFR
American Republic Region	R5	SO	AR
Central Treaty Organization (CENTO)	T3	NR	NR
Department of Defense	00	NR	NR
General Cost - MAP (GC-MAP)	22	NR	NR
East Asia/Pacific Region	R4	PA	EAP
European Participating Group F-16 Contract Administration Services (EPG F-16 CASEUR)	EP	NR	NR
European Region	R2	EU	EUR
International Civil Aviation Organization (ICAO HQ)	T7	NR	NR
International Civil Defense Organization (ICDO HQ)	T8	NR	NR
MAP ICP-U.S. Army Logistics Depot, Japan (USALDJ)	D4	PA	NR
MAP Owned Materiel (MAPOM)	M3	NR	NR
MAP Property Sales and Disposal (MAPSAD)	M2	NR	NR

TABLE D-5. (Continued) [Page 5 of 7]

Country	Code	Unified Command Cognizance	Area/Congres- sional Grouping
North Atlantic Treaty Organization (NATO)	N2	NR	NR
NATO Airborne Early Warning and Control Program Management Office (NAPMO)	N1	NR	NR
NATO Aircraft Early Warning and Control (Component Command) (NATO AEW+C (COMP))	K9	NR	NR
NATO Aircraft Early Warning and Control (Ground Environment Interface) (NATO AEW+C [GEI])	K8	NR	NR
NATO Aircraft Early Warning and Control (Operations and Support Budget) (NATO AEW+C (O+S))	K7	NR	NR
NATO Headquarters	N6	NR	NR
NATO Infrastructure	N5	NR	NR
NATO Communications and Information Systems Agency (NACISA)	K4	NR	NR
NATO Maintenance and Supply Agency- General (NAMSAG-General)	N4	NR	NR
NATO Maintenance and Supply Agency- Nike Training Center (NAMSAG-NNTC)	K6	NR	NR
NATO Maintenance and Supply Agency- F104 (NAMSAG-F104)	K2	NR	NR
NATO Maintenance and Supply Agency- HAWK and NATO HAWK Production & Logistics Office (NAMSAG-HAWK & NHPLO)	N7	NR	NR
NATO Maintenance and Supply Agency- Weapons (NAMSAG-Weapons)	M5	NR	NR
NATO Missile Fire Installation (NAMFI)	N9	NR	NR
NATO Multi-Role Combat Aircraft (MRCA) Development & Prod. Agency (NAMMA)	K3	NR	NR
NATO Mutual Weapons Development Program (MWDP)	N8	NR	NR
NATO Seasparrow	N3*	NR	NR
NATO-Weapons Production Program (NATO-WPP)	K1	NR	NR
Near East & South Asia Region (NESA)	R3	EU	NESA
Organization of American States (OAS HQ)	A1	NR	NR

\*Not authorized for purchaser identification in Foreign Military Sales Cases.

TABLE D-5. (Continued) [Page 6 of 7]

Country	Code	Unified Command Cognizance	Area/Congres- sional Grouping
Panama Canal Area Military Schools (PACAMS)	11	SO	AR
SINAI Peacekeeping Force (Sinai Peace Force)	S2	NR	NR
South East Asia Treaty Organization (SEATO)	T4	NR	NR
Supreme Allied Commander Atlantic (SACLANT)	K5	NR	NR
Supreme Headquarters, Allied Powers, Europe (SHAPE)	A2	EU	EUR
United Nations (UN)	T9	NR	NR

NOTE:

AT	Atlantic Command
CE	Central Command
EU	European Command
PA	Pacific Command
SO	Southern Command
AFR	Africa Region
AR	American Republic Region
EAP	East Asia and Pacific Region
EUR	European Region
NESA	Near East and South Asia Region
NR	Non-Regional

TABLE D-5. (Continued) [Page 7 of 7]  
TABLE D-6

TABLE D-6  
FOOTNOTE CODE - MASL

<u>Code</u>	<u>Explanation</u>
A	Availability associated with production capability.
B	No assets currently available for delivery to MAP. Available for future delivery only.
C	Under study by R&D (Research & Development).
D	Limited supply available. Replacement or preferred item, if any, is also listed in the MASL. Under normal circumstances, preferred item should be programmed.
H	Ancillary equipment must be programmed separately.
J	Spell out desired configuration in separate correspondence.
K	MILSTRIP Routing Identifier data field in the MASL has been left blank because this is a dollar value line for which the program originator is required to select the appropriate implementing agency. Program originators will enter the appropriate MRI in columns 66-68 of Card 3 as follows:

<u>Implementing Agency</u>	<u>MRI</u>
Army	BY7
Navy	NBZ
Air Force	FAO

In selecting the Implementing Agency, the objective is to identify the Military Department best positioned to provide the required articles or service. As a general rule, the Military Department which is the normal recipient of MAP orders for the related end item (as indicated by the MRI assigned to the end item in the MASL) is in the best position to provide ancillary equipment and efficient and effective follow-on support. Source of supply codes B, F, J, N, O, R, S, or T require the use of specific MRIs. Where the source code is J, always use MRI code W03. Where the source code is S, always use MRI code FAO. Program originators will determine the proper MRI from the headquarters directing the use of source codes B, F, N, O, R, or T.

L	Items supplied in a variety of voltages and configurations. If shipment is to be effected direct to country without mounting in a vehicle or aircraft within CONUS, spell out the required voltage of the item by separate correspondence.
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<u>Code</u>	<u>Explanation</u>
NN or N	No source of supply normally available to MAP. However, in special circumstances, Military Department assets are made available to meet MAP requirements. SAOs should not program articles footnote coded NN unless previously advised of specific availability and price by the supply MILDEP (Implementing Agency).
PP or P	For use by the DSAA. Indicates a summary line.
RR or R	Prior authority to program must be obtained by separate correspondence between the SAO and the DSAA.
TT	For use in processing records in the Republic of Korea (ROK) Equipment Transfer Program.
W	Special Navy requisitioning procedures apply.
XX	Items available for sales only.
YY	Items used in the FMS system not authorized for current programming.

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TABLE D-6. (Continued) [Page 2 of 2]

TABLE D-7  
GENERIC CODES - ALL SYSTEMS

Generic Code	Description	Federal Supply Classification	Program as:		Remarks
			Major Item	Dollar Line	
A	AIRCRAFT				
1	Combat Aircraft:				
A	Attack. . . . .	FSC 1510 . . . . .	X		
B	Bomber. . . . .	FSC 1510 . . . . .	X		
F	Fighter . . . . .	FSC 1510 . . . . .	X		
S	Anti-Submarine. . . . .	FSC 1510 . . . . .	X		
V	VTOL & VSTOL. . . . .	FSC 1510 . . . . .	X		
2	Airlift Aircraft:				
C	Cargo Transport . . . . .	FSC 1510 . . . . .	X		
3	Trainer Aircraft:				
T	Trainer . . . . .	FSC 1510 . . . . .	X		
4	Helicopters:				
A	Attack. . . . .	FSC 1520 . . . . .	X		
C	Cargo Transport . . . . .	FSC 1520 . . . . .	X		
H	General Purpose . . . . .	FSC 1520 . . . . .	X		
L	Observation . . . . .	FSC 1520 . . . . .	X		
S	Anti-Submarine. . . . .	FSC 1520 . . . . .	X		
T	Trainer . . . . .	FSC 1520 . . . . .	X		
U	Utility . . . . .	FSC 1520 . . . . .	X		
5	Other Aircraft:				
E	Special Electronic Installation . . . . .	FSC 1500, 1510 . . . . .	X		
G	Glider. . . . .	FSC 1540 . . . . .	X		
K	Tanker. . . . .	FSC 1510 . . . . .	X		
L	Observation . . . . .	FSC 1510 . . . . .	X		
P	Patrol. . . . .	FSC 1510 . . . . .	X		
U	Utility . . . . .	FSC 1510 . . . . .	X		
X	Research. . . . .	FSC 1510 . . . . .	X		
Z	Airship . . . . .	FSC 1552 . . . . .	X		
6	Modification of Aircraft:				
A	Class IV. . . . .			X	
B	Class V . . . . .		X		
7	Aircraft Support Equipment:				
A*	Ground Handling Equipment . . . . .	FSC 1730, 4920 . . . . .	X		*One dollar line provided for initial stockage and for follow-on.
B*	Arresting Barrier & Barricade Equipment . . . . .	FSC 1710 . . . . .	X		

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TABLE D-7. GENERIC CODES - ALL SYSTEMS. [Page 1 of 25]

Generic Code	Description	Federal Supply Classification	Program as:		Remarks
			Major Item	Dollar Line	
A 7 C*	Launching Equipment . . . . .	FSC 1720 . . . . .		X	
D*	Specialized Trucks & Trailers (Including Modifications) . . . . .	FSC 1740 . . . . .		X	
A 9	Aircraft Spares & Spare Parts:				
A	Gasoline Reciprocating Engines, Complete. . .	FSC 2810 . . . . .	X		
B	Gas Turbines & Jet Engines, Complete. . . .	FSC 2840 . . . . .	X		
C	Aircraft Components, Parts & Accessories. . .	FSG 16XX (except 1670), FSC 1270, 1280, 1290, 1377, 1560, 2620, 2810 (Components), 2840 (Components), 2915, 2925, 2935, 2945, 2950, 2995, 6340, 6605, 6610, 6615, 6620 . . . . .		X	May include other FSG when supplied for aircraft.
8	MISSILES				
1	Ground Launched Missiles:				
	Missiles, Major Components, Class V Mods. . . . .		X		
	Missile Shop Sets, Test Equipment, Trailers, Vans, Mod Kits, Other Components & Support Equipment . . . . .			X	
2	Air Launched Missiles:				
	Missiles, Major Components, Class V Mods. . . . .		X		
	Missile Shop Sets, Test Equipment, Trailers, Vans, Mod Kits, Other Components & Support Equipment . . . . .			X	
3	Sea Launched Missiles:				
	Missiles, Major Components, Class V Mods. . . . .		X		
	Missile Shop Sets, Test Equipment, Trailers, Vans, Mod Kits, Other Components & Support Equipment . . . . .			X	

The alpha codes indicated will be used by the Military Departments when submitting MASL data for ground launched missiles or associated dollar lines:

A. Nike	G. Pershing	N. Lance	X. Patriot
B. Redeye	H. Entac	P. Stinger	
C. Hawk	J. Tow	R. Chaparral	
D. Mauler	K. Dragon	S. Shillelagh	
E. Jupiter	L. Lacrosse	V. Viper	
F. Sergeant	M. Thor	W. Roland	

TABLE D-7. (Continued) [Page 2 of 25]

Generic Code	Description	Federal Supply Classification	Program as:		Remarks
			Major Item	Dollar Line	

The alpha codes indicated will be used by the Military Departments when submitting MASL data for air launched missiles or associated dollar lines:

A. Shrike	F. Aerial Target Missile	S. Bullpup	Z. AMRAAM
B. Harm	G. Maverick	T. Phoenix	
C. Standard Arm	H. Hellfire	V. Corporal	
D. Standard	N. Falcon	W. Sparrow	
E. Walleye	R. Sidewinder	Y. Matador	

The alpha codes indicated will be used by the Military Departments when submitting MASL data for sea launched missiles or associated dollar lines:

K. Polaris  
L. Trident  
M. UK Fleet Ballistic Missile  
P. Terrier  
Q. Tartar  
R. Harpoon  
W. Seasparrow

B 4 Q	Drones. . . . .	FSC 1520, 1550 . . . . .	X
6 A	Modification of Missiles. . . . .		X
8	Multipurpose Missile Equipment:		
A	Multipurpose Missile Equipment (includes FAAR)	FSC 1410, 1425, 1430, 1440, 4935	X
B	Multipurpose Missile Equipment Parts (includes FAAR).		X
9	Missile Spares & Spare Parts:		
A	Guided Missile Parts. . . . .	FSG 14XX, FSC 1190, 1195, 4935 . . .	X
B	Guided Missile Warhead. . . . .	FSC 1336, 1337, 1338 . . . . .	X
C	Free Missile Parts. . . . .	FSC 1055, 1190, 1195, 1340 . . . . .	X
C	SHIPS		
1	Warships:		
A	Destroyer (DD). . . . .	FSC 1905 . . . . .	X
B	Submarine (SS). . . . .	FSC 1905 . . . . .	X
C	Ocean Escort (DE) . . . . .	FSC 1905 . . . . .	X
D	Light Aircraft Carrier (CVL). . . . .	FSC 1905 . . . . .	X
E	Light Cruiser (CL). . . . .	FSC 1905 . . . . .	X
F	Guided Missile Frigate. . . . .	FSC 1905 . . . . .	X

TABLE D-7. (Continued) [Page 3 of 25]

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Change No. 2, 2 July 1990

DOD 5105.38-M

Generic Code	Description	Federal Supply Classification	Program as:		Remarks
			Major Item	Dollar Line	
C 2	Amphibious Ships:				
A	Tank Landing Ship . . . . .	FSC 1905 . . . . .	X		
B	Medium Landing Ship (LSM/LSSL) . . . . .	FSC 1905 . . . . .	X		
C	Medium Landing Ship, Rocket (LSMR) . . . . .	FSC 1905 . . . . .	X		
D	Utility Landing Craft (LCU) . . . . .	FSC 1905 . . . . .	X		
E	Transport (AKA/AP/APA/APC/APD) . . . . .	FSC 1910 . . . . .	X		
3	Mine Warfare Ships:				
A	Coastal Minelayer (MMC) . . . . .	FSC 1905 . . . . .	X		
B	Ocean Minesweeper (MSO) . . . . .	FSC 1905 . . . . .	X		
C	Coastal Minesweeper (MCS) . . . . .	FSC 1905 . . . . .	X		
D	Inshore Minesweeper (MSI/MSB) . . . . .	FSC 1905 . . . . .	X		
E	Fleet Minesweeper (MSF) . . . . .	FSC 1905 . . . . .	X		
G	Mine Countermeasure Support (MCS) . . . . .	FSC 1905 . . . . .	X		
H	Auxiliary Mineplanter (YMP) . . . . .	FSC 1905 . . . . .	X		
4	Patrol Ships:				
A	Patrol Frigate (PF) . . . . .	FSC 1905 . . . . .	X		
B	Patrol Craft (PC) . . . . .	FSC 1905 . . . . .	X		
C	Patrol Craft Escort (PCE) . . . . .	FSC 1905 . . . . .	X		
D	Patrol Gunboat (PGM) . . . . .	FSC 1905 . . . . .	X		
E	Seaward Defense Craft (SDC) . . . . .	FSC 1905 . . . . .	X		
F	Fast Patrol Boat . . . . .	FSC 1905 . . . . .	X		
G	Patrol Torpedo Boat (PT) . . . . .	FSC 1905 . . . . .	X		
5	Auxiliaries and Craft:				
A	Net Laying Ship (AN) . . . . .	FSC 1925 . . . . .	X		
B	Oiler (AO) . . . . .	FSC 1915 . . . . .	X		
C	Gasoline Tanker (AOG) . . . . .	FSC 1915 . . . . .	X		
D	Fuel Oil Barge (YO/YSR) . . . . .	FSC 1915 . . . . .	X		
E	Gasoline Barge (YOG) . . . . .	FSC 1915 . . . . .	X		
F	Water Barge (YW) . . . . .	FSC 1915, 1935 . . . . .	X		
G	Light Cargo Ship (AKL) . . . . .	FSC 1925 . . . . .	X		
H	Auxiliary Ocean Tug (ATA/ATR) . . . . .	FSC 1925 . . . . .	X		
K	Submarine Rescue Ship (ASR) . . . . .	FSC 1925 . . . . .	X		
L	Seaplane Tender (AVP) . . . . .	FSC 1925 . . . . .	X		
M	Small Harbor Tug (YTL) . . . . .	FSC 1925 . . . . .	X		
N	Rescue Boat (AVR) . . . . .	FSC 1940 . . . . .	X		
P	Medium Landing Craft (LCM) . . . . .	FSC 1905 . . . . .	X		
Q	Vehicle/Personnel Landing Craft (LCVP) . . . . .	FSC 1905 . . . . .	X		

TABLE D-7 (Continued) [Page 4 of 25]

TABLE D-7. (Continued) [Page 5 of 25]

Generic Code	Description	Federal Supply Classification	Program as:		Remarks
			Major Item	Dollar Line	
C 5 R	Surveying Ship (AGS) . . . . .	FSC 1990 . . . . .	X		
S	Landing Craft Repair Ship (ARL) . . . . .	FSC 1925 . . . . .	X		
T	Large Harbor Tug (YTB) . . . . .	FSC 1925 . . . . .	X		
V	Repair Ship (ARB) . . . . .	FSC 1925 . . . . .	X		
W	Submarine Tender (AS) . . . . .	FSC 1925 . . . . .	X		
X	Floating Drydock (AFDL/SRD) . . . . .	FSC 1950 . . . . .	X		
Z	Miscellaneous Boats & Craft . . . . .	FSC 19XX . . . . .	X		
6	Ships Support Equipment:				
A	Ship Overhaul/Modernization/Construction (In Country) . . . . .		X		
B	Shipbuilding Cost Sharing . . . . .		X		
9	Ships Spares & Spare Parts:				
A	Ship Spare Parts, Components, & Accessories . . . . .	FSC 20XX (except 2050), 30XX, FSC 6320 . . . . .	X		May include other FSG when supplied for ships and craft
B	Gas Turbine Engines, Complete . . . . .	FSC 2835 . . . . .	X		
0	COMBAT VEHICLES				All spare parts for Combat Vehicles should be programmed under Generic Code K8A.
1	Armored Carriers:				
A	Personnel Carriers, Full Track . . . . .	FSC 2350 . . . . .	X		
B	Personnel Carriers, Half Track . . . . .	FSC 2350 . . . . .	X		
C	Armored Cars . . . . .	FSC 2320, 2350 . . . . .	X		
D	Cargo Carriers . . . . .	FSC 2320, 2350 . . . . .	X		
E	Weapons Carriers . . . . .	FSC 2320, 2350 . . . . .	X		
2	Self-Propelled Artillery:				
A	Anti-Aircraft . . . . .	FSC 2350 . . . . .	X		
B	Anti-Tank . . . . .	FSC 2350 . . . . .	X		
C	105mm Howitzer . . . . .	FSC 2350 . . . . .	X		
D	155mm Howitzer . . . . .	FSC 2350 . . . . .	X		
E	4.2 Inch Mortar . . . . .	FSC 2350 . . . . .	X		
F	8 Inch Howitzer . . . . .	FSC 2350 . . . . .	X		
G	175mm Gun . . . . .	FSC 2350 . . . . .	X		
Z	Other Self-Propelled Artillery . . . . .	FSC 2350 . . . . .	X		
3	Tanks:				
A	Light Tank . . . . .	FSC 2350 . . . . .	X		
B	Medium Tank . . . . .	FSC 2350 . . . . .	X		
4	Tank Recovery Vehicles:				
A	Tank Recovery Vehicles . . . . .	FSC 2350 . . . . .	X		

Generic Code	Description	Federal Supply Classification	Program as:		Remarks
			Major Item	Dollar Line	
D 5	Other Combat Vehicles:				
A	High Speed Tractors . . . . .	FSC 2430 . . . . .	X		
B	Amphibious Land Vehicles. . . . .	FSC 2320, 2350 . . . . .	X		
C	Tank Mounted Bulldozers . . . . .	FSC 2590 . . . . .	X		
E	TACTICAL AND SUPPORT VEHICLES				
1	Semi-Trailers:				All spare parts for Tactical & Support Vehicles should be programmed under Generic Code K8A.
A	Tank. . . . .	FSC 2330 . . . . .	X		
B	Stake . . . . .	FSC 2330 . . . . .	X		
C	Van . . . . .	FSC 2330 . . . . .	X		
D	Low Bed . . . . .	FSC 2330 . . . . .	X		
E	Transporter . . . . .	FSC 2330 . . . . .	X		
Z	Other Semi-Trailers . . . . .	FSC 2330 . . . . .	X		
2	Trailers:				
A	Cargo . . . . .	FSC 2330 . . . . .	X		
B	Tank. . . . .	FSC 2330 . . . . .	X		
C	Ammunition. . . . .	FSC 2330 . . . . .	X		
D	Fuel Service. . . . .	FSC 2330 . . . . .	X		
E	Low Bed . . . . .	FSC 2330 . . . . .	X		
F	Flat Bed. . . . .	FSC 2330 . . . . .	X		
G	Bolster . . . . .	FSC 2330 . . . . .	X		
H	Dolly . . . . .	FSC 2330 . . . . .	X		
Z	Other Trailers. . . . .	FSC 2330 . . . . .	X		
3	Trucks:				
A	1/4 Ton Cargo . . . . .	FSC 2320 . . . . .	X		
B	1/4 Ton Ambulance . . . . .	FSC 2310 . . . . .	X		
D	3/4 Ton Cargo . . . . .	FSC 2320 . . . . .	X		
E	3/4 Ton Ambulance . . . . .	FSC 2310 . . . . .	X		
G	1 Ton Cargo . . . . .	FSC 2320 . . . . .	X		
K	2 1/2 Ton Cargo . . . . .	FSC 2320 . . . . .	X		
L	2 1/2 Ton Dump. . . . .	FSC 2320 . . . . .	X		
M	2 1/2 Ton Special Purpose . . . . .	FSC 2320 . . . . .	X		
N	2 1/2 Ton Tank. . . . .	FSC 2320 . . . . .	X		
Q	2 1/2 Ton Truck-Tractor . . . . .	FSC 2320 . . . . .	X		
R	2 1/2 Ton Wrecker . . . . .	FSC 2320 . . . . .	X		
T	5 Ton Cargo . . . . .	FSC 2320 . . . . .	X		
U	5 Ton Dump. . . . .	FSC 2320 . . . . .	X		
W	5 Ton Truck-Tractor . . . . .	FSC 2320 . . . . .	X		
X	5 Ton Wrecker . . . . .	FSC 2320 . . . . .	X		
Z	Other Trucks. . . . .	FSC 2320 . . . . .	X		

TABLE D-7. (Continued) [Page 6 of 25]

Generic Code	Description	Federal Supply Classification	Program as:		Remarks
			Major Item	Dollar Line	
4	Support Vehicles:				
A	Station Wagons. . . . .	FSC 2310 . . . . .	X		
B	Sedans. . . . .	FSC 2310 . . . . .	X		
C	Buses . . . . .	FSC 2310 . . . . .	X		
D	Motorcycles & Motor Scooters. . . . .	FSC 2340 . . . . .	X		
E	Ambulances. . . . .	FSC 2310 . . . . .	X		
F	Commercial Trucks . . . . .	FSC 2320 . . . . .	X		
Z	Other Support Vehicles. . . . .	FSC 2310, 2320 . . . . .	X		
F	WEAPONS				
1	Weapons, up to 75mm:				
A	Pistols . . . . .	FSC 1005 . . . . .	X		
B	Carbines. . . . .	FSC 1005 . . . . .	X		
C	Rifles. . . . .	FSC 1005 . . . . .	X		
E	Sub-Machine Guns. . . . .	FSC 1005 . . . . .	X		
F	Machine Guns. . . . .	FSC 1005 . . . . .	X		
G	Mounts. . . . .	FSC 1005, 1015, 1090 . . . . .	X		
H	Shotguns. . . . .	FSC 1005 . . . . .	X		
J	Sub-Caliber Weapons . . . . .	FSC 1005, 1010 . . . . .	X		
K	Anti-Aircraft Guns. . . . .	FSC 1005, 1010 . . . . .	X		
L	Launchers . . . . .	FSC 1005, 1010, 1055 . . . . .	X		
M	Mortars . . . . .	FSC 1010 . . . . .	X		
Z	Other Weapons (up to 75mm). . . . .	FSC 1005, 1010, 1090 . . . . .	X		
2	Artillery, 75mm & over:				
A	75mm Guns . . . . .	FSC 1015 . . . . .	X		
B	76mm Guns . . . . .	FSC 1015 . . . . .	X		
C	90mm Guns . . . . .	FSC 1015 . . . . .	X		
D	105mm Guns. . . . .	FSC 1015 . . . . .	X		
E	155mm Guns. . . . .	FSC 1025 . . . . .	X		
F	175mm Guns. . . . .	FSC 1025 . . . . .	X		
G	75mm Howitzer . . . . .	FSC 1015 . . . . .	X		
H	105mm Howitzer. . . . .	FSC 1015 . . . . .	X		
J	155mm Howitzer. . . . .	FSC 1025 . . . . .	X		
K	8 Inch Howitzer . . . . .	FSC 1030 . . . . .	X		
L	75mm Recoilless Rifles. . . . .	FSC 1015 . . . . .	X		
M	90mm Recoilless Rifles. . . . .	FSC 1015 . . . . .	X		
N	105mm Recoilless Rifles . . . . .	FSC 1015 . . . . .	X		

TABLE D-7. (Continued) [Page 7 of 25]



TABLE D-7. (Continued) [Page 8 of 25]

Generic Code	Description	Federal Supply Classification	Program as:		Remarks
			Major Item	Dollar Line	
F 2 S	81mm Mortar . . . . .	FSC 1015 . . . . .	X		
T	107mm/4.2 Inch Mortar . . . . .	FSC 1015 . . . . .	X		
U	120mm Mortar. . . . .	FSC 1015 . . . . .	X		
Z	Other Weapons (75mm & over) . . . . .	FSC 1015, 1020, 1025, 1030, 1035 . .	X		
3	Naval Ordnance Weapons:				
A	20mm Mounts . . . . .	FSC 1005 . . . . .	X		
B	40mm Mounts . . . . .	FSC 1010 . . . . .	X		
C	3 Inch/50 Mounts. . . . .	FSC 1015 . . . . .	X		
D	5 Inch/25 Mounts. . . . .	FSC 1020 . . . . .	X		
E	5 Inch/38 Mounts. . . . .	FSC 1020 . . . . .	X		
F	5 Inch/54 Mounts. . . . .	FSC 1020 . . . . .	X		
G	Loading Machines (all calibers) . . . . .	FSC 1010, 1015, 1020 . . . . .	X		
H	Torpedo Launchers . . . . .	FSC 1045 . . . . .	X		
J	Depth Charge Launchers. . . . .	FSC 1045 . . . . .	X		
K	ASW Rocket Launchers. . . . .	FSC 1055 . . . . .	X		
L	Harbor Nets, Booms, & Buoys . . . . .	FSC 1070, 2050 . . . . .		X	
M	Degaussing & Minesweeping Equipment . . . . .	FSC 1075 . . . . .		X	
N	Naval Fire Control Directors. . . . .	FSC 1210 . . . . .	X		
P	Naval Fire Control Computing Sights . . . . .	FSC 1220 . . . . .	X		
Q	ASW Fire Control Systems. . . . .	FSC 1230 . . . . .	X		
R	Gunfire Control Systems . . . . .	FSC 1230 . . . . .	X		
S	Torpedo Fire Control Systems. . . . .	FSC 1210, 1220, 1230 . . . . .	X		
T	Submarine Fire Control Systems. . . . .	FSC 1230 . . . . .	X		
U	Target Designating Systems. . . . .	FSC 1260, 1265 . . . . .	X		
V	Fire Control Radar. . . . .	FSC 1285 . . . . .	X		
W	Close-in Weapon Systems . . . . .	FSC 1230 . . . . .	X		
X	Multi-Weapon Defense Systems. . . . .	FSC 1230 . . . . .	X		
Y	Missile Fire Control Systems. . . . .	FSC 1230 . . . . .	X		
Z	Other Naval Ordnance Weapons. . . . .	FSG 10 (except 1070, 1075), FSC 1240, 1250, 1260, 1265, 1270, 1280, 1287, 1290 . . . . .	X	X (1)	
4	Other Weapons:				
A	Chemical Weapons & Equipment. . . . .	FSC 1040 . . . . .	X	X (1)	
B	Camouflage & Deception Equipment. . . . .	FSC 1080 . . . . .	X	X (1)	
D	Fire Control Equipment (other than naval ordnance). . . . .	FSG 12 . . . . .	X	X (1)	
Y	Non-Standard Weapons. . . . .	. . . . .	X	X (1)	
Z	Miscellaneous Other Weapons & Interchangeable Assemblies . . . . .	FSC 1020, 1055, 1090, 1095 . . . . .	X	X (1)	

TABLE D-7. (Continued) [Page 9 of 25]

Generic Code	Description	Federal Supply Classification	Program as:		Remarks
			Major Item	Dollar Line	
F 9	Weapon Spare Parts, Components, & Accessories:				
A	Weapons . . . . .	FSG 11XX, 12XX, FSC 1005, 1010, 1015, 1020, 1025, 1030, 1035, 1055, 1090, 1095, 2845 (other than Naval Ordnance). . . . .		X	
B	Naval Ordnance Weapons. . . . .	FSG 10XX, 12XX, FSC 2845 . . . . .		X	
C	Non-Standard Weapon Spare Parts, Components, & Accessories. . . . .			X	
G	AMMUNITION				
1	Ammunition (up to 75mm) & Grenades:				
A	22 caliber. . . . .	FSC 1305 . . . . .		X	
B	30 caliber. . . . .	FSC 1305 . . . . .		X	
C	7.62mm. . . . .	FSC 1305 . . . . .		X	
D	38 caliber. . . . .	FSC 1305 . . . . .		X	
E	45 caliber. . . . .	FSC 1305 . . . . .		X	
F	50 caliber. . . . .	FSC 1305 . . . . .		X	
G	60 caliber. . . . .	FSC 1305 . . . . .		X	
H	20mm. . . . .	FSC 1305 . . . . .		X	
I	22mm. . . . .	FSC 1305 . . . . .		X	
J	37mm. . . . .	FSC 1310 . . . . .		X	
K	40mm. . . . .	FSC 1310 . . . . .		X	
L	57mm. . . . .	FSC 1310 . . . . .		X	
M	60mm Mortar . . . . .	FSC 1310 . . . . .		X	
N	Shotguns. . . . .	FSC 1305 . . . . .		X	
P	Grenades. . . . .	FSC 1330 . . . . .		X	
Z	Other Ammunition. . . . .	FSC 1305, 1310, 1330 . . . . .		X	X (1)
2	Ammunition, 75mm & Over:				
A	75mm. . . . .	FSC 1315 . . . . .		X	
B	76mm. . . . .	FSC 1315 . . . . .		X	
C	81mm Mortar . . . . .	FSC 1315 . . . . .		X	
D	90mm. . . . .	FSC 1315 . . . . .		X	
E	105mm . . . . .	FSC 1315 . . . . .		X	
F	106mm . . . . .	FSC 1315 . . . . .		X	
G	4.2 Inch Mortar . . . . .	FSC 1315 . . . . .		X	
H	3 Inch/50 . . . . .	FSC 1315 . . . . .		X	
J	5 Inch/25 . . . . .	FSC 1320 . . . . .		X	
K	5 Inch/38 . . . . .	FSC 1320 . . . . .		X	
L	5 Inch/54 . . . . .	FSC 1320 . . . . .		X	

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Generic Code	Description	Federal Supply Classification	Program as:		Remarks
			Major Item	Dollar Line	
G 2 M	155mm . . . . .	FSC 1320 . . . . .	X		
N	8 Inch. . . . .	FSC 1320 . . . . .	X		
P	175mm . . . . .	FSC 1320 . . . . .	X		
Z	Other Ammunition. . . . .	FSC 1315, 1320 . . . . .	X	X (1)	
3	Land Mines & Explosives:				
A	Anti-personnel Mines. . . . .	FSC 1345 . . . . .	X		
B	Anti-tank Mines . . . . .	FSC 1345 . . . . .	X		
C	Demolition Kits . . . . .	FSC 1375 . . . . .	X		
D	Charges . . . . .	FSC 1375 . . . . .	X		
Z	Other Explosives & Land Mine Components . . . . .	FSC 1345, 1375, 1376, 1377 . . . . .	X	X (1)	
4	Naval Ordnance Ammunition:				
A	Service Mines, complete . . . . .	FSC 1361 . . . . .	X		
B	Drill Mines, complete . . . . .	FSC 1350, 1351 . . . . .	X		
C	Mine Components . . . . .	FSC 1350, 1351 . . . . .	X		
D	Torpedo Exercise Heads. . . . .	FSC 1355, 1356 . . . . .	X		
E	Anti-surface Torpedoes. . . . .	FSC 1356 . . . . .	X		
F	ASW Torpedoes . . . . .	FSC 1356 . . . . .	X		
G	Torpedo Components. . . . .	FSC 1355, 1356 . . . . .	X		
H	Depth Charges . . . . .	FSC 1361 . . . . .	X		
J	Depth Charge Components . . . . .	FSC 1360, 1361 . . . . .	X		
5	Bombs & Rockets:				
A	Practice Bombs & Shapes . . . . .	FSC 1105, 1325 . . . . .	X		
B	Armor Piercing Bombs. . . . .	FSC 1325 . . . . .	X		
C	Depth Bombs . . . . .	FSC 1325 . . . . .	X		
D	Fire & Incendiary Bombs . . . . .	FSC 1325 . . . . .	X		
E	Fragmentation Bombs . . . . .	FSC 1325 . . . . .	X		
F	General Purpose Bombs . . . . .	FSC 1325 . . . . .	X		
G	Electronic Operated Guided Bombs. . . . .	FSG 13 . . . . .	X		
M	Bomb Components . . . . .	FSC 1325 . . . . .		X	
N	Other Bombs . . . . .	FSC 1325 . . . . .	X		
P	2.25 Inch Rockets . . . . .	FSC 1340 . . . . .	X		
Q	2.36 Inch Rockets . . . . .	FSC 1340 . . . . .	X		
R	2.75 Inch Rockets . . . . .	FSC 1340 . . . . .	X		
S	3.5 Inch Rockets. . . . .	FSC 1340 . . . . .	X		
T	5 Inch Rockets. . . . .	FSC 1340 . . . . .	X		
U	7.2 Inch Rockets. . . . .	FSC 1340 . . . . .	X		
V	Asroc Rockets . . . . .	FSC 1356 . . . . .	X		
W	Honest John Rockets . . . . .	FSG 10, 11 & 13. . . . .	X	X	

TABLE D-7. (Continued) [Page 10 of 25]

TABLE D-7. (Continued) [Page 11 of 25]

Generic Code	Description	Federal Supply Classification	Program as:		Remarks
			Major Item	Dollar Line	
G 5 Y	Rocket Components . . . . .	FSC 1340 . . . . .	X	X (1)	
Z	Other Rockets . . . . .	FSC 1340 . . . . .	X		
6	Pyrotechnic & Chemical Munitions:				
A	Chemical Munitions. . . . .	FSC 1365 . . . . .	X	X	Agents - Articles other than agents in FSC 1365.
B	Pyrotechnics. . . . .	FSC 1370 . . . . .	X	X (1)	
7	Other Ammunition:				
A	Ammunition Raw Materials. . . . .	FSC 9999 . . . . .		X	
B	Fuzes and Primers . . . . .	FSC 1390 . . . . .	X	X (1)	
C	Ammunition Containers . . . . .	FSC 8140 . . . . .		X	
D	Miscellaneous Ammunition, Tools, & Specialized Equipment. . . . .	FSC 1385, 1386, 1395, 1398, 4927 . . . . .		X	
E	Non-Standard Ammunition . . . . .			X	
H	COMMUNICATIONS EQUIPMENT				
1*	Telephone & Telegraph Equipment . . . . .	FSC 5805 . . . . .	X	X (1)	
2*	Radio & Television Communications Equipment . . . . .	FSC 5820, 5821, 5895, 5985 . . . . .	X	X (1)	Installation units will be programmed under dollar lines provided by DSAA.
3*	Radio Navigation Equipment. . . . .	FSC 5825, 5826, 5827 . . . . .	X	X (1)	
4*	Radar Equipment . . . . .	FSC 5840, 5841, 5895 . . . . .	X	X (1)	
5*	Underwater Sound Equipment. . . . .	FSC 5845 . . . . .	X	X (1)	
6*	Other Communications Equipment (Including Modifications) . . . . .	FSG 58XX, 59XX, 60XX . . . . .	X	X (1)	Installation units for equipment in FSG 58XX (other than 5820, 5821) will be programmed under appropriate dollar line provided by DSAA.
*The following alphabetics will be used by the Military Departments as the third character of the Generic Code to identify the type of installation:					
	A Airborne		P Pack or Portable		
	B Fixed		V Ground, Vehicular		
	G Ground, General Ground Use		W Water, Surface, and Underwater		
	K Amphibious		Z Other Communications Equipment (Including Modifications)		
9	Communications Equipment Spare Parts & Electronic Supplies:				
A	Communications Equipment, Spare Parts, & Electronic Supplies. . . . .	FSG 58XX, 59XX . . . . .		X	
B	Non-Standard Communications Equipment, Spare Parts and Electronic Supplies. . . . .			X	

Generic Code	Description	Federal Supply Classification	Program as:		Remarks
			Major Item	Dollar Line	
J	SUPPORT EQUIPMENT				
1	Chemical Equipment:				
A	Decontaminating & Impregnating Equipment. . .	FSC 4230 . . . . .		X	
2	Construction Equipment:				
A	Full Track Tractors . . . . .	FSC 2410 . . . . .		X	
B	Wheeled Tractors. . . . .	FSC 2420 . . . . .		X	
C	Earthmoving & Excavating Equipment. . . . .	FSC 3805 . . . . .		X	
D	Cranes & Crane Shovels. . . . .	FSC 3810 . . . . .		X	
E	Road Clearing Equipment . . . . .	FSC 3825 . . . . .		X	
F	Military Bridging . . . . .	FSC 5420 . . . . .		X	
Z	Miscellaneous Construction Equipment. . . . .	FSC 3815, 3830, 3895 . . . . .		X	
3	Materials Handling Equipment:				
A	Conveyors, Cranes & Derricks. . . . .	FSC 3910, 3950 . . . . .		X	
Z	Other Materials Handling Equipment. . . . .	FSG 39XX (except 3910, 3950) . . . . .		X	
4	Photographic Equipment:				
A	Cameras . . . . .	FSC 6720 . . . . .		X	
B	Projection Equipment. . . . .	FSC 6730 . . . . .		X	
C	Developing & Finishing Equipment. . . . .	FSC 6740 . . . . .		X	
Z	Other Photographic Equipment, Supplies, & Spare Parts. . . . .	FSG 67XX (except 6720, 6730, 6740) . . . . .		X	
6	Other Equipment:				
A	Parachutes & Aerial Delivery Equipment. . . . .	FSC 1670 . . . . .		X	
D	Other Power Transmission Equipment. . . . .	FSG 30XX . . . . .		X	
E	Woodworking Machinery & Equipment . . . . .	FSG 32XX . . . . .		X	
F	Metal Working Machinery . . . . .	FSG 34XX . . . . .		X	
G	Special Industrial Machines . . . . .	FSG 36XX . . . . .		X	
N	Safety & Rescue Equipment . . . . .	FSG 42XX . . . . .		X	
P	Steam Plant & Drying Equipment. . . . .	FSG 44XX . . . . .		X	
Q	Maintenance & Repair Shop Equipment . . . . .	FSC 4910, 4925, 4930, 4931, 4933, 4940 . . . . .		X	
R	Power & Distribution Equipment. . . . .	FSG 61XX, 62XX . . . . .		X	
T	Instruments & Laboratory Equipment. . . . .	FSG 66XX (except 6610, 6630, 6640) . . . . .		X	
Z	Other Support Equipment . . . . .	FSG 22XX, FSC 3835, 6310, 6330, 6350, 6650, 6665 . . . . .		X	

TABLE D-7. (Continued) [Page 12 of 25]

TABLE D-7. (Continued) [Page 13 of 25]

Generic Code	Description	Federal Supply Classification	Program as:		Remarks
			Major Item	Dollar Line	
J 7	Other Support Equipment:				
A	Medical/Surgical Equipment. . . . .	FSC 6515 . . . . .		X	
B	Dental Equipment. . . . .	FSC 6520 . . . . .		X	
C	X-Ray Equipment . . . . .	FSC 6525 . . . . .		X	
D	Hospital Equipment. . . . .	FSC 6530 . . . . .		X	
E	Chemistry/Laboratory Equipment. . . . .	FSC 6630, 6640 . . . . .		X	
F	Laundry & Dry Cleaning Equipment. . . . .	FSC 3510 . . . . .		X	
G	Shoe Repair Equipment . . . . .	FSC 3520 . . . . .		X	
H	Service & Trade Equipment . . . . .	FSG 35XX (except 3510, 3520) . . . . .		X	
J	General Purpose ADP Equipment . . . . .	FSG 70XX . . . . .		X	
K	Office Machines . . . . .	FSG 74XX . . . . .		X	
L	Pumps & Compressors . . . . .	FSG 43XX . . . . .		X	
M	Plumbing & Heating Equipment. . . . .	FSG 45XX . . . . .		X	
N	Engines . . . . .	FSG 28XX (except 2810, 2840, 2845) . . . . .		X	
P	Prefab & Portable Structures. . . . .	FSG 54XX (except 5420) . . . . .		X	
Q	Mine Drilling Equipment . . . . .	FSC 3820 . . . . .		X	
R	Refrigeration & Air Conditioning Equipment. . . . .	FSG 41XX . . . . .		X	
S	Firefighting Equipment. . . . .	FSC 4210 . . . . .		X	
Z	Other Support Equipment . . . . .	FSG 37XX, 46XX, 47XX, 48XX, 71XX, 72XX, 73XX . . . . .		X	
8	Books, Maps, & Publications:				
A	Technical, Non-Technical Books & Publications . . . . .	FSG 76XX . . . . .		X	
B	Maps and Charts . . . . .	FSG 76XX . . . . .		X	
K	SUPPLIES				
1	Clothing & Textile Supplies:				
A	Clothing/Textiles & Individual Equipment. . . . .	FSG 83XX, 84XX . . . . .		X	
2	Medical Supplies:				
A	Drugs, Biologicals & Surgical Dressings . . . . .	FSC 6505, 6510 . . . . .		X	
Z	Other Dental & Medical Supplies . . . . .	FSG 65XX (except 6505, 6510) . . . . .		X	
3	Subsistence:				
A	Human Subsistence . . . . .	FSG 89XX . . . . .		X	
4	General Supplies:				
A	Hand & Measuring Tools. . . . .	FSG 51XX, 52XX . . . . .		X	

TABLE D-7. (Continued) [Page 14 of 25]

Generic Code	Description	Federal Supply Classification	Program as:		Remarks
			Major Item	Dollar Line	
K 4 Z	Other General Supplies. . . . .	FSG 40XX, 75XX, 77XX, 78XX, 79XX, 80XX, 81XX (except 8140), 85XX, 93XX, FSC 8710, 8820, 9905, 9920, 9925, 9930, 9999 . . . . .		X	
5	Industrial Supplies:				
A	Industrial Supplies . . . . .	FSG 31XX, 53XX, 94XX, 95XX, 96XX . . . . .		X	
6	Fuels, Oils, & Chemicals:				
A	Jet Fuel. . . . .	FSC 9130 . . . . .		X	
B	Aviation Gasoline . . . . .	FSC 9130 . . . . .		X	
C	Automotive Gasoline . . . . .	FSC 9130 . . . . .		X	
D	Diesel Fuel . . . . .	FSC 9140 . . . . .		X	
E	Navy Special Fuel Oil . . . . .	FSC 9140 . . . . .		X	
F	Chemicals . . . . .	FSG 68XX . . . . .		X	
G	Solid Fuel. . . . .	FSC 9110 . . . . .		X	
Z	Other Petroleum, Oil & Lubricants . . . . .	FSG 91XX (except 9110, 9130, 9140) . . . . .		X	
7	Construction Supplies:				
Z	Construction Supplies . . . . .	FSG 55XX, 56XX . . . . .		X	
8	Automotive Supplies:				
A	Automotive Supplies & Spare Parts. . . . .	FSG 23XX, 24XX, 25XX, 26XX, (except 2620), 28XX (except 2810, 2840, 2845), FSC 2910, 2920, 2930, 2940, 2990, & other spare parts . . . . .		X	Automotive supplies and spare parts for equipment in Generics D, E, J, & K

FOOTNOTES: (1) In those generics where both major item and dollar lines may be added to the MASL, the Military Departments must limit major item lines to those pieces of equipment for which visibility is considered absolutely essential to good program control and supply management.

L	SUPPLY OPERATIONS				
1	Transportation Costs:				
A	Inland Transportation - CONUS . . . . .	01 . . . . .		X	
B	Ocean Transportation. . . . .	01 . . . . .		X	
C	Air Transportation. . . . .	01 . . . . .		X	
D	Parcel Post . . . . .	01 . . . . .		X	
E	Commercial Carrier. . . . .	01 . . . . .		X	
F	Inland Transportation Overseas. . . . .	01 . . . . .		X	

TABLE D-7. (Continued) [Page 15 of 25]

Generic Code	Description	Federal Supply Classification	Program as:		Remarks
			Major Item	Dollar Line	
L 2	Packing, Crating, Handling, Port Loading & Port Unloading Costs:				
A	Packing, Crating & Handling . . . . .	01 . . . . .		X	
B	Port Loading. . . . .	01 . . . . .		X	
C	Port Unloading. . . . .	01 . . . . .		X	
3	Operation & Maintenance of MAP Installations:				
A	Operation & Maintenance Costs . . . . .	01 . . . . .		X	
F	MAAG Housing. . . . .	01 . . . . .		X	
G	Maintenance & Repair of Real Property - MAP Installations. . . . .	01 . . . . .		X	
4	Storage & Maintenance of Stockpiles:				
A	Storage & Maintenance of Stockpiles . . . . .	01 . . . . .		X	
5	Offshore Procurement Expenses:				
A	Offshore Procurement Expenses . . . . .	01 . . . . .		X	
6	Logistics Management Expense:				
A	Logistics Management Expense (Not for MILDEP Use). . . . .	01 . . . . .		X	
7	Travel Expenses:				
A	Travel Expenses . . . . .	01 . . . . .		X	
8	Case Management:				
A	Case Management Including Travel. . . . .	01 . . . . .		X	
9	Special Activities:				
A	Special Activities Including Incidental Travel . . . . .	01 . . . . .		X	
M	MAINTENANCE OF EQUIPMENT				
1	Technicians & Allied Services:				
A	Aircraft Technical Assistance . . . . .	02 . . . . .		X	
B	Missile Technical Assistance. . . . .	02 . . . . .		X	
C	Communications Technical Assistance . . . . .	02 . . . . .		X	
D	EAM Services. . . . .	02 . . . . .		X	
E	Other Technical Assistance. . . . .	02 . . . . .		X	
F	Technical Data Package (TDP). . . . .	02 . . . . .		X	
G	Engineering Technical Assistance. . . . .	02 . . . . .		X	



Generic Code	Description	Federal Supply Classification	Program as:		Remarks
			Major Item	Dollar Line	
M 1 H	Technical Coordination Program (TCP). . . . .	02 . . . . .		X	
J	Aircraft Structural Integrity Program (ASIP). . . . .	02 . . . . .		X	
K	Non-Standard Item Support . . . . .	02 . . . . .		X	
L	PMEL Calibration. . . . .	02 . . . . .		X	
M	Engine CIP. . . . .	02 . . . . .		X	
Q	Ship Maintenance Technical Assistance . . . . .	02 . . . . .		X	
R	Logistics Technical Assistance. . . . .	02 . . . . .		X	
2	Repair/Rehabilitation/Replacement of Equipment:				
A	Repair/Rehab/Replacement of Aircraft & Aircraft Engine Overhauls (Including Aircraft IRAN). . . . .	02 . . . . .	X	X	
B	Overhaul of Ships . . . . .	02 . . . . .	X	X	
C	Repair/Rehab/Replacement, Other . . . . .	02 . . . . .	X	X	
D	Combat Vehicles . . . . .	02 . . . . .	X	X	
E	Tactical/Support Vehicles . . . . .	02 . . . . .	X	X	
F	Weapons . . . . .	02 . . . . .	X	X	
G	Ammunition. . . . .	02 . . . . .		X	
H	Communications/Electronics, & Meteorological Equipment. . . . .	02 . . . . .		X	
J	Support Equipment . . . . .	02 . . . . .		X	
K	Missiles. . . . .	02 . . . . .	X	X	
3	Repair & Rehabilitation (R&R) of Excess Material (FY 63 and Prior Year Only):				
A	Repair & Rehab of Aircraft & Aircraft Engine Overhauls (Including IRAN). . . . .	01 . . . . .		X	
B	Overhaul of Ships . . . . .	01 . . . . .		X	
C	Repair & Rehabilitation, Other. . . . .	01 . . . . .		X	
4 A	Contractor-Provided Overhaul/Repair & Rehabilitation of Non-Standard Equipment . . . . .			X	
N	TRAINING (FMS 1200 SYSTEM ONLY)				
0	Training:				
0	Training. . . . .	00 . . . . .		X	
7	Training - Medical Services:				
E	Medical Services. . . . .	00 . . . . .		X	
9	Training:				
A	Aids, Devices, Spare Parts. . . . .	00 . . . . .		X	
B	Books, Publications, Other. . . . .	00 . . . . .		X	
X	PCH&T Costs . . . . .	00 . . . . .		X	

TABLE D-7. (Continued) [Page 16 of 25]

TABLE D-7. (Continued) [Page 17 of 25]

Generic Code	Item Ident. No.	Description/Category	Program as:		Remarks
			Major Item	Dollar Line	
N		TRAINING (FMS 1000 SYSTEM ONLY)			
1		FORMAL TRAINING - UNITED STATES			
A	0110000	Flying Training, U.S.:			
	0111000	Pilot, Jet, Fixed Wing . . . . .	X		
	0112000	Pilot, Conventional, Fixed Wing. . . . .	X		
	0113000	Pilot, Helicopter. . . . .	X		
	0114000	Non-Pilot. . . . .	X		
	0115000	Instructor . . . . .	X		
	0116000	Special Techniques . . . . .	X		
	0117000	Crew/Transition. . . . .	X		
	0118000	Flight Test. . . . .	X		
	0119000	Other. . . . .	X		
B	0120000	Operations Training, U.S.:			
	0121000	Combat Operations. . . . .	X		
	0122000	Weapons/Tactics/FAM. . . . .	X		
	0123000	Mine Warfare/ASW . . . . .	X		
	0124000	Amphibious Operations. . . . .	X		
	0125000	Reconnaissance, Mapping/Photo. . . . .	X		
	0126000	Counterinsurgency/Psychological Warfare. . . . .	X		
	0127000	CBR. . . . .	X		
	0128000	Training Devices/Simulators. . . . .	X		
	0129000	Other. . . . .	X		
C	0130000	Communications/Electronics Training, U.S.:			
	0131000	Electronic Fundamentals. . . . .	X		
	0132000	Ground Comm/Signal . . . . .	X		
	0133000	Air Comm/Signal. . . . .	X		
	0134000	Fire Control Sys/Surface-to Air. . . . .	X		
	0135000	ASW Systems/Surface-to-Air . . . . .	X		
	0136000	ECM Systems/Surface-to-Air . . . . .	X		
	0137000	Other Radar Systems/Surface-to-Air . . . . .	X		
	0138000	(Unassigned) . . . . .	X		
	0139000	Other. . . . .	X		
D	0140000	Maintenance Training, U.S.:			
	0141000	Aviation . . . . .	X		
	0142000	Armament/Ammunition. . . . .	X		
	0143000	Auto/Ground Support. . . . .	X		
	0144000	Combat/Special Vehicle . . . . .	X		

Generic Code	Item Ident. No.	Description/Category	Program as:		Remarks
			Major Item	Dollar Line	
N 1 D	0145000	Ships/Boats. . . . .	X		
	0146000	Weather/Meteorology. . . . .	X		
	0147000	Training Equipment/Devices . . . . .	X		
	0148000	Support Technical Skills . . . . .	X		
	0149000	Other. . . . .	X		
E	0150000	Logistics Training, U.S.:	X		
	0151000	Logistics Management . . . . .	X		
	0152000	Supply/Warehousing . . . . .	X		
	0153000	Transport/Distribution . . . . .	X		
	0154000	Procurement. . . . .	X		
	0155000	Comptroller/Stat/ADPS. . . . .	X		
	0156000	Finance. . . . .	X		
	0157000	(Unassigned) . . . . .	X		
	0158000	(Unassigned) . . . . .	X		
	0159000	Other. . . . .	X		
F	0160000	Administrative Training, U.S.:			
	0161000	Personnel. . . . .	X		
	0162000	Manpower/Management. . . . .	X		
	0163000	Food Handling/Admin. . . . .	X		
	0164000	Info/Education . . . . .	X		
	0165000	Clerical . . . . .	X		
	0166000	Instructor/Supervisor. . . . .	X		
	0167000	(Unassigned) . . . . .	X		
	0168000	Women's Military . . . . .	X		
	0169000	Other. . . . .	X		
G	0170000	Professional/Special Training, U.S.:			
	0171000	Command/Staff. . . . .	X		
	0172000	Intelligence . . . . .	X		
	0173000	Military Police/Civil Affairs. . . . .	X		
	0174000	Engineering/Construction . . . . .	X		
	0175000	Medical/Health Hygiene . . . . .	X		
	0176000	Legal. . . . .	X		
	0177000	English Language . . . . .	X		
	0178000	Civilian Institution . . . . .	X		
	0179000	Other. . . . .	X		
H	0180000	Orientation Training, U.S.:			
	0181000	Orientation Tours/DV . . . . .	X		
	0182000	Orientation Tours/Non-DV . . . . .	X		

TABLE D-7. (Continued) [Page 18 of 25]

Generic Code	Item Ident. No.	Description/Category	Program as:		Remarks
			Major Item	Dollar Line	
N 1 H	0183000	Observer . . . . .	X		
	0184000	Exchange Student . . . . .	X		
	0185000	Informational Program. . . . .	X		
	0186000	(Unassigned) . . . . .	X		
	0187000	(Unassigned) . . . . .	X		
	0188000	(Unassigned) . . . . .	X		
	0189000	Other. . . . .	X		
J	0190000	Missile Training, U.S.:			
	0191000	IRBM . . . . .	X		
	0192000	NIKE . . . . .	X		
	0193000	HAWK . . . . .	X		
	0194000	Other/Surface-to-Surface . . . . .	X		
	0195000	Other/Surface-to-Air . . . . .	X		
	0196000	Air-to-Air . . . . .	X		
	0197000	Air-to-Surface . . . . .	X		
	0198000	Target Drone . . . . .	X		
	0199000	Other. . . . .	X		
		FORMAL TRAINING - OVERSEAS			
N	0210000	Flying Training, O/S:			
	0211000	Pilot, Jet, Fixed Wing . . . . .	X		
	0212000	Pilot, Conventional, Fixed Wing. . . . .	X		
	0213000	Pilot, Helicopter. . . . .	X		
	0214000	Non-Pilot. . . . .	X		
	0215000	Instructor . . . . .	X		
	0216000	Special Techniques . . . . .	X		
	0217000	Crew/Transition. . . . .	X		
	0218000	(Unassigned) . . . . .	X		
	0219000	Other. . . . .	X		
P	0220000	Operations Training, O/S:			
	0221000	Combat Operations. . . . .	X		
	0222000	Weapons/Tactics/FAM. . . . .	X		
	0223000	Mine Warfare/ASH . . . . .	X		
	0224000	Survival/Jungle/Arctic . . . . .	X		
	0225000	Reconnaissance, Mapping/Photo. . . . .	X		
	0226000	Counterinsurgency/Psychological Warfare. . . . .	X		
	0227000	CBR. . . . .	X		
	0228000	Training Devices/Simulators. . . . .	X		
	0229000	Other. . . . .	X		

TABLE D-7. (Continued) [Page 19 of 25]

Generic Code	Item Ident. No.	Description/Category	Program as:		Remarks
			Major Item	Dollar Line	
N 1 Q	0230000	Communications/Electronics Training, O/S:	X		
	0231000	Electronic Fundamentals. . . . .	X		
	0232000	Ground Comm/Signal . . . . .	X		
	0233000	Air Comm/Signal. . . . .	X		
	0234000	Fire Control Sys/Surface-to Air. . . . .	X		
	0235000	ASW Systems/Surface-to-Air . . . . .	X		
	0236000	ECM Systems/Surface-to-Air . . . . .	X		
	0237000	Other Radar Systems/Surface-to-Air . . . . .	X		
	0238000	(Unassigned) . . . . .	X		
R	0239000	Other. . . . .	X		
	0240000	Maintenance Training, O/S:			
	0241000	Aviation . . . . .	X		
	0242000	Armament/Ammunition. . . . .	X		
	0243000	Auto/Ground Support. . . . .	X		
	0244000	Combat/Special Vehicle . . . . .	X		
	0245000	Ships/Boats. . . . .	X		
	0246000	Other Support Equipment. . . . .	X		
	0247000	Training Aids/Devices. . . . .	X		
S	0248000	Support Technical Skills . . . . .	X		
	0249000	Other. . . . .	X		
	0250000	Logistics Training, O/S:			
	0251000	Logistics Management . . . . .	X		
	0252000	Supply/Warehousing . . . . .	X		
	0253000	Transport/Distribution . . . . .	X		
	0254000	Procurement. . . . .	X		
	0255000	Comptroller/Stat/ADPS. . . . .	X		
	0256000	Finance. . . . .	X		
T	0257000	(Unassigned) . . . . .	X		
	0258000	(Unassigned) . . . . .	X		
	0259000	Other. . . . .	X		
	0260000	Administrative Training, O/S:			
	0261000	Personnel. . . . .	X		
	0262000	Manpower/Management. . . . .	X		
	0263000	Food Handling/Admin. . . . .	X		
	0264000	Info/Education . . . . .	X		
	0265000	Clerical . . . . .	X		
	0266000	(Unassigned) . . . . .	X		
	0267000	(Unassigned) . . . . .	X		
	0268000	(Unassigned) . . . . .	X		
	0269000	Other. . . . .	X		

TABLE D-7. (Continued) [Page 20 of 25]

TABLE D-7. (Continued) [Page 21 of 25]

Generic Code	Item Ident. No.	Description/Category	Program as:		Remarks
			Major Item	Dollar Line	
N 1 U	0270000	Professional/Special Training, O/S:			
	0271000	Command/Staff. . . . .	X		
	0272000	Intelligence/Counterintelligence . . . . .	X		
	0273000	Military Police/Civil Affairs. . . . .	X		
	0274000	Engineering/Construction . . . . .	X		
	0275000	Medical/Health Hygiene . . . . .	X		
	0276000	Cadet. . . . .	X		
	0277000	English Language . . . . .	X		
	0278000	(Unassigned) . . . . .	X		
	0279000	Other. . . . .	X		
V	0280000	Orientation Training, U.S.:			
	0281000	Orientation Tours/DV . . . . .	X		
	0282000	Orientation Tours/Non-DV . . . . .	X		
	0283000	Observer . . . . .	X		
	0284000	Exchange Student . . . . .	X		
	0285000	(Unassigned) . . . . .	X		
	0286000	(Unassigned) . . . . .	X		
	0287000	(Unassigned) . . . . .	X		
	0288000	(Unassigned) . . . . .	X		
	0289000	Other. . . . .	X		
H	0290000	Missile Training, O/S:			
	0291000	(Unassigned) . . . . .	X		
	0292000	(Unassigned) . . . . .	X		
	0293000	(Unassigned) . . . . .	X		
	0294000	(Unassigned) . . . . .	X		
	0295000	(Unassigned) . . . . .	X		
	0296000	(Unassigned) . . . . .	X		
	0297000	(Unassigned) . . . . .	X		
	0298000	(Unassigned) . . . . .	X		
	0299000	Other. . . . .	X		
Z		PANAMA CANAL SCHOOL TRAINING			
	BUSARSA	Training at USARSA . . . . .	X		
	DO1AAFA	Training at IAFFA. . . . .	X		
	PSCIATT	Training at SCIATT . . . . .	X		
	PO1ANTN	Training at IANTN. . . . .	X		

Not included in Unified Command ceiling.  
Programmed under Non-Regional Command.

Generic Code	Item Ident. No.	Description/Category	Program as:		Remarks
			Major Item	Dollar Line	
2		MOBILE TRAINING TEAMS/DETACHMENTS			
	0300000	Mobile Training Teams/Detachments - CONUS:			
A	0301000	Aviation . . . . .	X		
B	0302000	Combat Operation/Intel . . . . .	X		
C	0303000	Communications/Electronic. . . . .	X		
D	0304000	Supply/Maintenance . . . . .	X		
E	0305000	Personnel/Maintenance. . . . .	X		
F	0306000	Counterinsurgency. . . . .	X		
G	0307000	English Language . . . . .	X		
H	0308000	Missiles . . . . .	X		
J	0309000	Other. . . . .	X		
	0310000	Mobile Training Teams/Detachments - Overseas:			
M	0311000	Aviation . . . . .	X		
N	0312000	Combat Operation/Intel . . . . .	X		
P	0313000	Communications/Electronic. . . . .	X		
Q	0314000	Supply/Maintenance . . . . .	X		
R	0315000	Personnel/Maintenance. . . . .	X		
S	0316000	Counterinsurgency. . . . .	X		
T	0317000	English Language . . . . .	X		
U	0318000	Missiles . . . . .	X		
V	0319000	Other. . . . .	X		
3		FIELD TRAINING SERVICES			
A	0321000	Aircraft Engine/Airframe . . . . .	X		
B	0322000	Communications/Electronics . . . . .	X		
C	0323000	Radar Systems. . . . .	X		
D	0324000	Armament . . . . .	X		
E	0325000	Maintenance. . . . .	X		
F	0326000	Training/Aids/Devices. . . . .	X		
G	0327000	English Language . . . . .	X		
H	0328000	Missiles . . . . .	X		
J	0329000	Other. . . . .	X		
5		TRAINING OF U.S. MAP PERSONNEL			
A	0381000	Contract Cost. . . . .	X		
B	0382000	Training of U.S. MAP Personnel . . . . .	X		

Phase I and Phase II. Not included as part of Unified Command ceiling but programmed worldwide by Military Departments.

TABLE D-7. (Continued) [Page 22 of 25]

TABLE D-7. (Continued) [Page 23 of 25]

Generic Code	Item Ident. No.	Description/Category	Program as:		Remarks
			Major Item	Dollar Line	
N 5 C	0383000	Language . . . . .		X	Not included in Unified Command ceiling. Worldwide program prepared by DSAA.
E	0385000	Other Training Costs . . . . .		X	Not included in Unified Command ceiling. Worldwide program budgeted for by Military Departments for training of U.S. personnel in skill peculiar to MAP assignments.
6		EXTRAORDINARY EXPENSES			
A	0390000	Extraordinary Expenses . . . . .		X	Not included in Unified Command ceiling. Worldwide program budgeted for by Military Departments.
7		OTHER TRAINING SUPPORT			
A	0361000	Training Exercises . . . . .		X	
B	0362000	Escort Officers. . . . .	X		
C	0363000	Supplies & Materials . . . . .		X	
D	0364000	Facilities/Rehabilitation. . . . .		X	
E	0365000	Services . . . . .	X	X	
F	0366000	Other. . . . .	X	X	
G	0367000	Shipment of Instructional Material . . . . .		X	Not required for FY 84 and future programs.
Z	0399000	Abbreviated Training Plan Requirement. . . . .		X	To be used only when training items are unknown at time of programming.
9		TRAINING AIDS			
A	0TNGDEV	Training Aids & Devices. . . . .		X	
)	BBKPUB0	Army Books/Publications/Other. . . . .		X	
B )	DBKPUB0	Air Force Books/Publications/Other . . . . .		X	
)	PBKPUB0	Navy Books/Publications/Other. . . . .		X	
)	800PCHT	Army PCH&T . . . . .		X	
X )	000PCHT	Air Force PCH&T. . . . .		X	
)	000PCHT	Navy PCH&T . . . . .		X	



TABLE D-7. (Continued) [Page 24 of 25]

Generic Code	Description	Federal Supply Classification	Program as:		Remarks
			Major Item	Dollar Line	
P	RESEARCH & DEVELOPMENT				
1	Development of Advance Design Weapons:				
A	Development of Advance Design Weapons . . . . .	00 . . . . .		X	
2	Other Development Costs:				
A	Non-Recurring R&D Costs . . . . .	00 . . . . .		X	
B	First Article Testing . . . . .	00 . . . . .		X	
Q	CONSTRUCTION				
1	Infrastructure (MAP 1000 System Only):				
A	Infrastructure. . . . .	06 . . . . .		X	
2	Other Construction:				
A	Contract Construction . . . . .	06 . . . . .		X	
B	A&E Services. . . . .	06 . . . . .		X	
C	U.S. Government Costs . . . . .	06 . . . . .		X	
D	Construction, A&E Services & Administrative Costs - SAO Facilities . . . . .	06 . . . . .			
E	Other Construction. . . . .	06 . . . . .		X	
R	SPECIAL ACTIVITIES				
1	International Military Headquarters:				
A	International Military Headquarters . . . . .	07 . . . . .		X	
2	International Forces Support:				
A	U.N. Forces Support in Korea. . . . .	07 . . . . .		X	
B	IAF Support in Dominican Republic . . . . .	07 . . . . .		X	
D	OAS Peacekeeping Forces . . . . .	07 . . . . .		X	
3	Expenses, Inspector General Foreign Assistance, State (MAP 1000 System Only):				
A	Expenses, Inspector General Foreign Assistance, State. . . . .	07 . . . . .		X	
4	Studies & Surveys:				
A	Studies & Surveys . . . . .	07 . . . . .		X	
B	Audit Services. . . . .	07 . . . . .		X	
C	Quality Assurance Services. . . . .	07 . . . . .		X	
5	Weapons Production Projects (MAP 1000 System Only):				
A	Weapons Production. . . . .	07 . . . . .		X	

TABLE D-7. (Continued) [Page 25 of 25]

Generic Code	Description	Federal Supply Classification	Program as:		Remarks
			Major Item	Dollar Line	
6	Extraordinary Expenses:				
A	Extraordinary Expenses. . . . .	07 . . . . .		X	
B	Program Management. . . . .	07 . . . . .		X	
7	Ship Transfer Costs:				
A	Ship Transfer Costs . . . . .	07 . . . . .		X	
8	Special Insurance:				
A	Special Insurance . . . . .	07 . . . . .		X	
9	Other Special Activities:				
A	Special Activities. . . . .	07 . . . . .		X	
B	Non-Specific Requirements . . . . .	07 . . . . .		X	
C	Foreign Currency SAO Support. . . . .	07 . . . . .		X	
D	Royalty Payments. . . . .	07 . . . . .		X	
E	Loan Fees . . . . .	07 . . . . .		X	
F	Contract Termination Costs. . . . .	07 . . . . .		X	
G	Technical Assistance Field Team (TAFT). . . . .	07 . . . . .		X	
H	Asset Use Charge. . . . .	07 . . . . .		X	
Z	Other Services. . . . .	07 . . . . .		X	
T	ADMINISTRATIVE EXPENSES				
1	Administrative Expenses, Departmental & Headquarters:				
A	Administrative Expenses, Departmental & Headquarters . . . . .	09 . . . . .		X	
2	SAO Administrative Expenses:				
A	SAO Administrative Expenses . . . . .	09 . . . . .		X	
B	Security Assistance Support Expenses. . . . .	09 . . . . .		X	
3	Contractor Expenses:				
A	Contractor Expenses . . . . .	09 . . . . .		X	
4	Administrative Surcharges:				
A	Administrative Surcharges . . . . .	09 . . . . .		X	
U	FOREIGN MILITARY SALES ORDER (FMSO) (FMS 1200 SYSTEM ONLY)				
0 0	Foreign Military Sales Order (FMSO 1) . . . . .	00 . . . . .		X	
1 0	Inventory Loss (FMSO 2) . . . . .	00 . . . . .		X	

TABLE D-8  
MAP ELEMENT CODE - 1000 SYSTEM

The second and third digits are alphabetic; the fourth digit will normally be the numeric "0" (not the letter O). An alphabetic may be substituted for the "0" in the fourth digit to indicate additional programmed requirements.

Code Levels

1    2    3    4

2. AIR AND MISSILE DEFENSE FORCES

A. Aircraft Forces.

A	0	F-86 Units
B	0	F-100 Units
C	0	F-101 Units
D	0	F-104 Units
E	0	F-4C Units
F	0	F-5 Units
G	0	Other Aircraft Units

B. Surface-to-Air Missile Forces.

A	0	NIKE Units
B	0	HAWK Units
C	0	Other SAM Units
U	0	SAM Operating Support (Attrition and Training Missiles)
V	0	SAM Operating Support (FOS and Secondary Items)

C. Anti-Aircraft Artillery Forces.

A	0	40 mm - AAA Units
B	0	90 mm - AAA Units
C	0	Other AAA Units

D. Communications-Electronic-Meteorological Facilities/Systems.

A	0	AC&W Units
B	0	Other AAA Units

3. GENERAL PURPOSE FORCES

A. Army Combatant Forces.

A	0	Infantry Units
B	0	Armored Units
C	0	Cavalry Units
D	0	Mechanized Units
E	0	Airborne Units
F	0	Separate Artillery Units
G	0	Armored Cavalry Units
H	0	Combat Engineer Units
J	0	HONEST JOHN Units
K	0	Aviation Units
M	0	Other Missile Units

N	0	Other Combat Units
P	0	Signal Support Units
Q	0	Engineer Construction Units
R	0	Quartermaster Units
S	0	Other Combat Support Units
B.	<u>Logistical and Operating Support (Army).</u>	
A	0	Supporting Bases and Activities
T	0	Army Operating Support (IMETP Training)
U	0	Army Operating Support (Attrition and Ammunition)
V	0	Army Operating Support (FOS and Secondary Items)
D.	<u>Surveillance and Ocean Control Forces.</u>	
A	0	ASW Aircraft Carrier Units
B	0	ASW Aircraft Units
C	0	Submarine Units
D	0	Surface Units
E	0	Surface Patrol Units
F	0	Patrol Aircraft Units
G	0	Other Surveillance and Ocean Control Units
E.	<u>Mine Warfare Forces.</u>	
A	0	Mine Laying Units
B	0	Mine Sweeping Units
C	0	Other Mine Warfare Units
F.	<u>Amphibious Forces.</u>	
A	0	LST Units
B	0	LSM Units
C	0	Other Amphibious Units
G.	<u>Multi-Purpose Combat Forces.</u>	
A	0	Cruiser Units
B	0	Frigate Units
C	0	Destroyer Units
D	0	Submarine Units
E	0	Other Multi-Purpose Combat Units
H.	<u>Logistical and Operating Support (Navy).</u>	
B	0	Auxiliary Ships and Harbor Craft
C	0	Supporting Bases and Activities
T	0	Navy Operating Support (IMETP Training)
U	0	Navy Operating Support (Attrition and Ammunition)
V	0	Marine Operating Support (FOS) and Secondary Items
L.	<u>Tactical Aircraft Forces.</u>	
A	0	T-28 Units
B	0	T-80 Units
C	0	T-33 Units

TABLE D-8. (Continued) [Page 2 of 4]

D	0	RT-33 Units
E	0	F-84 Units
F	0	RF-84 Units
G	0	F-86 Units
H	0	RF-86 Units
J	0	E-100 Units
K	0	RF-101 Units
M	0	F-104 Units
N	0	RF-101 Units
P	0	F-5 Units
Q	0	RF-5 Units
R	0	B-57 Units
S	0	Other Tactical Aircraft Units

M. Logistical and Operating Support (Air Force).

A	0	Communications and Weather Units
B	0	Supporting Bases and Activities
T	0	Air Force Operating Support (IMET Training)
U	0	Air Force Operating Support (Attribution and Ammunition)
V	0	Air Force Operating Support (FOS and Secondary Items)

N. Paramilitary Forces.

A	0	Ground Units
B	0	Sea Units
C	0	Air Units
V	0	Paramilitary Operating Support (FOS and Secondary Items)

4. AIRLIFT AND SEALIFT FORCES

A. Airlift Forces.

A	0	C-46 Units
B	0	C-47 Units
C	0	C-54 Units
D	0	C-82 Units
E	0	C-119 Units
F	0	C-130 Units
G	0	Other Airlift Units

B. Sealift Forces.

A	0	Troop Transport Units
B	0	Cargo Ship Units
C	0	Tanker Ship Units
D	0	Other Sealift Units

5. RESERVE FORCES

A	0	Army Reserves
B	0	Naval Reserves
C	0	Air Force Reserves
D	0	Paramilitary Reserves

6. RESEARCH AND DEVELOPMENT7. GENERAL SUPPORTA. Individual Training.B. Intelligence and Security.

D 0 Mapping and Charting  
E 0 Other Intelligence Activities

C. Communications.

A 0 Aircraft Traffic Control and Landing  
B 0 Other Communications Systems

D. Logistical Support.

A 0 MAP Supply Operations  
B 0 Supporting Bases and Activities  
V 0 Multi-Service Operating Support (FOS and Secondary items)

F. Command and General Support.

A 0 Command and Direction  
G 0 Construction Support Activities  
C 0 Other Support Activities

8. FMS TRAINING (Use applicable case designator.)9. SECTION 506(a) PRESIDENTIAL DETERMINATION (Enter the number of the appropriate Presidential Determination.)

<u>Country</u>	<u>PD Date</u>	<u>PD Number</u>
Chad	13 March 1986	8606
Honduras	25 March 1986	8608
Philippines	16 September 1987	8613
Chad	16 December 1987	8705
Chad	28 March 1987	8713

D-9

## SOURCE OF SUPPLY CODE - 1000 SYSTEM

Code   Meaning

- A Assigned to all records in the Republic of Korea (ROK) Equipment Transfer Program authorized by Public Law 95-384 at no charge to MAP. This code is also assigned to ammunition transferred to the Royal Thai Government from Army FMS case UEB. Transfer at no cost to MAP was authorized by Section 24, Public Law 96-92, 29 October 1979.
- B Barter: From MAP-owned assets transferred to the U.S. as repayment in accordance with the provisions of former Section 509 of the Foreign Assistance Act of 1961, as amended.
- E Excess: From stocks excess to MILDEP/Defense Supply Agency supplied to meet MAP and FMS requirements.
- F Foreign: For Grant Aid, from procurement offshore financed with foreign currencies made available under Sections 402 and 502 of PL 665, 83rd Congress, and Section 104(c) of PL 480, 83rd Congress. For sales, from procurement offshore financed by direct citation of MAP-owned foreign currency received as repayment in accordance with the provisions of former Section 508 of the Foreign Assistance Act of 1961, as amended.
- I Special: From special procurement solely for MAP, financed by direct citation of MAP funds. Also used to identify services to be financed by direct citation of MAP funds.
- J Army Depot, Japan: From MAP-owned assets at the U.S. Army Depot Command, Japan.
- K Procurement or Replacement: Items will be assigned this code: (1) When they are to be provided from MILDEP procurement, financed initially by MILDEP appropriations. (2) When they are to be furnished from MILDEP or DLA inventories, and procurement is required to replace such items. MAP items will be included in this category despite the fact that the items planned for procurement to replace the MAP delivery will be in terms of the latest model (preferred item). Thus "Replacement in Kind" covers replacement of an item with the same model items, or a replacement of an acceptable substitute with a preferred item. Resources obtained from the sale of this materiel will be available to finance the MILDEP or DLA reimbursable budget plan as it is classified for the budget document.
- L Replacement Not in Kind: This category will include those items which are to be provided to MAP on a reimbursable basis, but when delivered to MAP are not planned to be replaced by inventories of the MILDEP or DLA of the same model item or modern version. Funds received from the sale of such items will be available to finance the Military Department or DLA direct budget plan as it is classified for the budget document.
- N NAMSO/NHPLO: From the NATO Maintenance and Supply Organization or NATO Hawk Production and Logistics Organization. (Financed by direct citation of MAP funds.)

TABLE D-9. (Continued) [Page 1 of 2]

<u>Code</u>	<u>Meaning</u>
-------------	----------------

- |   |  |
|---|--|
| O | Offshore Procurement (OSP): From Special procurement offshore (outside the United States, its possessions, and Puerto Rico) for the MAP. Accompany program change cards with narrative justification required by DOD Directive 2125.1. |
| R | Redistribution: From redistribution of MAP-supplied assets excess to holding country requirements.   |
| S | F-104G MAP Spares Depot: From MAP-owned assets of spares and spare parts peculiar to F-104G aircraft located at Sacramento Air Materiel Area.  |
| T | Transfer: From MAP-owned assets (other than those coded "B", "J" or "S") transferred from a MAP ownership account.   |

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TABLE D-9. (Continued) [Page 2 of 2]



TABLE D-10  
STATUS CODE - 1200 SYSTEM

Code   Meaning

- O   Open Offer:     A formal offer has been transmitted to the foreign government by DD Form 1513 and acceptance or refusal by the foreign government is pending.
  
- E   Extended Offer:     An offer which has not been accepted or rejected by the country and the Offer Expiration Date (OED) has been reached. When this occurs, the case status is automatically changed to E (extended offer).
  
- S   Signed Offer:     Indicates an advance notice that the country intends to accept the case.
  
- A   Accepted Offer: The foreign government has accepted the case by signature on the DD Form 1513. Status Code A is assigned even though the foreign government may not have made the initial down payment of cash advance required under terms of the sales agreement.
  
- I   Implemented Case: A case for which the foreign government has accepted the offer and fulfilled all financial obligations necessary prior to commencement of supply action; or, if financing is by DOD credit, when necessary funds have been allocated by the DSAA to the SAAC. This code signifies that all conditions prerequisite to beginning supply action have been fulfilled, that the SAAC has issued obligational authority to the Implementing Agency, and that supply agencies of the MILDEPs have been directed to begin execution of the sales agreement. In many instances, it will be possible to move directly from status "O" to status "I" because implementation occurs simultaneously with acceptance of the offer by the foreign government.
  
- C   Closed Case:     A case for which (1) delivery of all items and performance of all services specified in the sales agreement have been completed by the Implementing Agency, (2) collections (or equivalent transaction) have been completed, and (3) a final accounting statement has been furnished the purchaser.
  
- X   Cancelled Case:     An offer which has not been accepted by the foreign government during the time period allowed; an offer withdrawn by the U.S. government; an offer declined by the foreign government; or an accepted case which is cancelled by either the foreign government or the U.S. government.
  
- L   Legislative Cycle:     In accordance with arms control legislation, a potential major sale which is in either the advanced or the formal notification phase of Congressional review.
  
- D   Supply Complete:     Notification from the Implementing Agency that supplies/services delineated in a specific case have been furnished "supply complete" to the foreign government.

<u>Code</u>	<u>Meaning</u>
-------------	----------------

- |   |   |
|---|---|
| Z | Cancelled Letter of Request (LOR): A Letter of Request which has been cancelled prior to preparation of the LOA usually at the request of the foreign government. |
| R | Letter of Request (LOR): The Letter of Request phase indicating that the Implementing Agency has received an LOR for an LOA from the foreign government.          |

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TABLE D-10. (Continued) [Page 2 of 2]

TABLE D-11  
TYPE OF ASSISTANCE CODE - 1000 SYSTEM

Code   Meaning

- 1   Grant Aid rendered under the authority of the Foreign Assistance Act of 1961, as amended, for which the United States receives no reimbursement.
  
- C   Presidential Determination to order defense articles from stock and performance of defense services to satisfy Grant Aid requirements with reimbursement from subsequent military assistance appropriations. (Section 506 FAA of 1961, as amended.)
  
- D   Military Assistance Service Funded. Grant Aid programs transferred to the Department of Defense budget, which were not controlled and implemented through the MAP documentation and ADP system.
  
- H   Grant Aid share of cost sharing agreements.
  
- K   Grant Aid of MAP-owned assets obtained through barter arrangements with the Federal Republic of Germany (used in conjunction with Source of Supply Code "B" only).
  
- L   Grant Aid provided through the NATO Hawk Production and Logistics Organization (NTPLO) for maintenance support of the Hawk Missile System (used in conjunction with Source of Supply Code "N" only.)
  
- N   Grant Aid of articles or services available as a result of liquidation of MAP's investment in the spare parts stock of the NATO Maintenance Supply Organization (NAMSO).
  
- P   Grant Aid Programs transferred to the Department of Defense budget which were controlled and implemented through the MAP documentation and ADP system.
  
- R   Grant Aid of U.S. recovered materiel resulting from liquidation of NATO Maintenance Supply Agency excess stockage.
  
- S   Assigned to all records in the Republic of Korea Equipment Transfer program authorized by Public Law 95-384 at no charge to MAP. This code is also assigned to all PY 71 update & 72 equipment transferred to the ROK under Public Law 91-652 at no cost to MAP. This code is also assigned to ammunition transferred to the Royal Thai Government from Army FMS Case UEB. Transfer at no cost to MAP was authorized by Section 24, Public Law 96-92, 29 October 1979

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TABLE D-11. TYPE OF ASSISTANCE CODE - 1000 SYSTEM.

TABLE D-12

## UNIT OF ISSUE CODE - ALL SYSTEMS

<u>Code</u>	<u>Item</u>	<u>Definition</u>
AY	Assembly	A collection of parts assembled to form a complete unit, constituting a single item of supply, e.g., hose assembly. Use only when the term "assembly" is a part of the item name.
BD	Bundle	A quantity of the same item tied together without compression.
BE	Bale	A shaped unit of compressible materials bound with a cord or metal ties and usually wrapped, e.g., paper and cloth rags.
BG	Bag	A flexible container of various sizes and shapes which is fabricated from such materials as paper, plastic or textiles. Includes "sack" and "pouch".
BT	Bottle	A glass, plastic, or earthenware container of various sizes, shapes, and finishes such as jugs, but excluding jars, ampoules, vials, and carboys, with a closure for retention of contents.
BX	Box	A rigid, three dimensional container of various sizes and materials. Includes "case", "carton", "tray", and "crate".
CA	Cartridge	Usually a tubular receptacle containing loose or pliable materiel and designed to permit ready insertion into an apparatus for dispensing the materiel. Usually associated with adhesives and sealing compounds.
CD	Cubic Yard	A unit of cubic measure.
CK	Cake	A block of compacted or congealed matter. Applicable to such items as soap, buffing compound.
CN	Can	A rigid receptacle made of fibre, metal, plastic, or a combination thereof. Cans may be cylindrical or any number of irregular shapes. Restricted to items which cannot be issued in less than container quantity. Includes "pail" and "canister". Do not use when the packaged quantity equates to a unit of measure, i.e., pint, quart, gallon, ounce, pound.
CO	Container	A general term for use only when an item is permitted to be packaged for issue in optional containers, e.g., bottle or tube for a single NSN.
DR	Drum	A cylindrical container designed as an exterior pack for storing and shipping bulk materials, e.g., fuels, chemicals, powders, etc. Drums may be made of metal, rubber, polyethylene, plywood, or fibre with wooden, metal, or fibre ends.
DZ	Dozen	Twelve (12) of an item of supply.

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 TABLE D-12. UNIT OF ISSUE CODE - ALL SYSTEMS. [Page 1 of 3]

<u>Code</u>	<u>Item</u>	<u>Definition</u>
EA	Each	A numeric quantity of one item of supply. Do not use if more specific term applies, such as kit, set, assortment, assembly, group, sheet, plate, strip, or length.
FT	Foot	Unit of linear measurement, sometimes expressed as "linear foot".
GL	Gallon	Unit of liquid measurement.
GR	Gross	One hundred forty four (144) of an item of supply.
HD	Hundred	One hundred (100) of an item of supply.
KT	Kit	A collection of related items issued as a single item of supply, such as tools, instruments, repair parts, instruction sheets, and often supplies typically carried in a box or bag. Also includes selected collections of equipment components, tools, and/or materiels for the repair, overhaul, or modification of equipment. Use only when the term "kit" is a part of the item name.
LB	Pound	A unit of avoirdupois weight measure equivalent to 16 ounces.
MX	Thousand	One thousand (1,000) of an item, e.g., thousands of rounds of small caliber ammunition.
OT	Outfit	A collection of related items issued as a single item of supply, such as the tools, instruments, materiels, equipment, and/or instruction manual(s) for the practice of a trade or profession or for the carrying out of a particular project or function. Use only when the term "outfit" is part of the item name.
PG	Package	A form of protective wrapping for two or more of the same item of supply. To be used only when a unit of measure or container type term is not applicable. Includes "envelope".
PR	Pair	Two similar corresponding items, e.g., gloves, shoes, bearings; or items integrally fabricated of two corresponding parts, e.g., trousers, shears, goggles.
PT	Pint	A unit of liquid or dry measure.
QT	Quart	A unit of liquid or dry measure.
RL	Reel	A cylindrical core on which a flexible materiel, such as wire or cable, is wound. Usually has flanged ends.
RM	Ream	A quantity of paper varying from 480 to 516 sheets, depending upon grade.

TABLE D-12. (Continued) [Page 2 of 3]

<u>Code</u>	<u>Item</u>	<u>Definition</u>
RO	Roll	A cylindrical configuration of flexible materiel which has been rolled on itself such as textiles, tape, abrasive paper, photosensitive paper and film, and may utilize a core with or without flanges.
SE	Set	A collection of matched or related items issued as a single item of supply, i.e., tool sets, instrument sets, and matched sets. Use only when the term "set" is a part of the item name.
SH	Sheet	A flat piece of rectangular-shaped materiel of uniform thickness that is very thin in relation to its length and width, such as metal, plastic, paper, and plywood. Use of this term is not limited to any group of items or FSCs. However, it will always be applied when "sheet" is used in the item name to denote shape, e.g., aluminum alloy sheet, except items in FSC 7210.
SL	Spool	A cylindrical form with an edge or rim at each end and an axial hold for a pin or spindle on which a flexible materiel such as thread or wire is wound.
TU	Tube	Normally a squeeze-type container, most commonly manufactured from a flexible type materiel and used in packaging toothpaste, shaving cream, and pharmaceutical products. Also applicable as form around which items are wound such as thread. It is not applicable to mailing tube, pneumatic tube, or cylindrical containers of a similar type.

In addition to the above codes, the following code is also authorized for use:

<u>Code</u>	<u>Item</u>	<u>Definition</u>
XX	Dollars	Use when a record does not reflect any quantitative amount.

TABLE D-13

## MILDEP EXECUTION AGENCY IDENTIFIER CODES

A. ARMY EXECUTION AGENCY (EXA) CODES.

The EXA code used by the Army is a three digit alpha numeric wherein the first alpha represents the Army (B), the second alpha the funding agency and the the third alpha or numeric the training agency. The following codes are to be used for Department of the Army IMET programming.

## B. Department of the Army.

- A. U.S. Army Material Development and Readiness Command (DARCOM)
  - A. Army Logistics Management Center, Ft Lee, VA
  - B. Army Management Engineer Training Activity, Rock Island, IL
  - C. Army Defense Ammunition School, Savanna, IL
  - D. Joint Military Package Training Center, Aberdeen Proving Ground, MD
  - E. Army Tank-Automotive Command, Warren, MI
  - G. Army Depot Systems Command, Chambersburg, PA
  - H. Letterkenny Army Depot, Chambersburg, PA
  - J. School of Engineering and Logistics, Red River Army Depot, Texarkana, TX \*\*
  - K. Lone Star Ammunition Plant, Texarkana, TX
  - L. Army Test and Evaluation Command, Aberdeen Proving Ground, MD
  - M. New Cumberland Army Depot, New Cumberland, PA
  - N. Army Troop Support and Aviation Material Readiness Command, St. Louis, MO
  - P. Army Mobility Equipment Research and Development Command, Ft. Belvoir, VA
  - Q. Pueblo Army Depot, Pueblo, CO
  - R. Army Natick Research and Development Laboratories, Natick, MA
  - S. Army Electronics Research and Development Command, Adelphi, MD
  - T. Army Communications Electronics Command, Ft. Monmouth, NJ
  - U. Red River Army Depot, Texarkana, TX
  - V. Army Aviation Research and Development Command, St. Louis, MO
  - W. Tobyhanna Army Depot, Tobyhanna, PA
  - X. Tooele Army Depot, Tooele, UT
  - Y. Yuma Proving Ground, Yuma, AZ
  - 2. US Army Security Assistance Center (USASAC), Alexandria, VA
  - 3. Anniston Army Depot, Anniston, AL
  - 4. Dugway Proving Ground, Dugway, UT
  - 6. Corpus Christi Army Depot, Corpus Christi, TX
  - 7. Army Armament Research and Development Command, Dover, NJ
  - 8. Army Armament Material Readiness Command, Rock Island, IL
  - 9. Army Missile Command (MICOM), Redstone Arsenal, AL
  - 0. Unidentified DARCOM Location)
- C. U.S. Army Training and Doctrine Command (TRADOC)
  - A. Army Aviation School, Ft Rucker, AL
  - B. Army Training Support Center (Correspondence Courses), Ft Eustis, VA
  - C. U.S. Army War College, Carlisle, PA

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 TABLE D-13. (Continued) [Page 1 of 5]

- D. Defense Language Institute, Monterey, CA
- E. Army Engineer School, Ft Belvoir, VA
- F. Army Field Artillery School, Ft Sill, OK
- G. Army Infantry School, Ft. Benning, GA
- H. Army Ordnance School, Aberdeen Proving Ground, MD
- I. Defense Information School, Ft Benjamin Harrison, IN
- J. Army Quartermaster School, Ft Lee, VA
- K. Army Chemical School, Ft McClellan, AL
- L. Army Soldier Support Center, Ft Benjamin Harrison, IN
- M. Army Chaplain School, Ft Monmouth, NJ
- N. Army Military Police School, Ft McClellan, AL
- P. Army Signal School, Ft Gordon, GA
- Q. Judge Advocate General School, Charlottesville, VA
- R. Army Air Defense School, Ft Bliss, TX
- S. Army Transportation School, Ft. Eustis, VA
- T. Army Command and General Staff College, Ft. Leavenworth, KS
- U. Army Intelligence School, Ft. Huachuca, AZ
- V. Aviation Logistics School, Ft. Eustis, VA
- W. Army Institute for Military Assistance, Ft. Bragg, NC
- X. Army Missile and Munitions School, Redstone Arsenal, AL
- Y. Army Armor School, Ft Knox, KY
- Z. John F. Kennedy Special Warfare Center and School, Fort Bragg, NC \*\*
  - 1. Ft Dix, NJ
  - 2. Ft Leonard Wood, MO
  - 3. Ft Jackson, SC
  - 7. TRADOC Security Assistance Training Field Activity (SATFA), Ft. Monroe, VA
  - 8. TRADOC Combined Arms Test Activity (TCATA), Ft Hood, TX
  - 9. HQ, TRADOC, Ft Monroe, VA
  - 0. (Unidentified TRADOC Location)
- E. Office, Chief of Engineers
  - 0. (Unidentified Chief of Engineers Location)
- F. U.S. Army Finance and Accounting Center (USAFAC)
  - A. USAID Training All Areas
  - B. Defense Intelligence Agency (DIA), Washington, DC
  - C. U.S. Coast Guard Training
  - D. Defense Logistics Agency (DLA), Washington, DC
  - E. Defense Systems Management College, Ft Belvoir, VA
  - F. National Defense College (Correspondence Course), Ft. McNair, Washington, DC
  - M. U.S. Marine Corps Training
  - N. U.S. Navy Training
  - S. Defense Mapping Agency (DMA), Washington, DC
  - T. Defense Mapping School, Ft Belvoir, VA
  - X. U.S. Air Force Training
  - 0. Training U.S. Map Personnel (N5B)
- G. U.S. Army Health Services Command (USAHSC)
  - A. Armed Forces Institute of Pathology, Washington, DC

TABLE D-13. (Continued) [Page 2 of 5]



- B. William Beaumont Army Medical Center, El Paso, TX
  - F. Fitzsimmons Army Medical Center, Aurora, CO
  - H. Army Environmental Hygiene Agency, Aberdeen Proving Ground, MD
  - L. Letterman Army Medical Center, San Francisco, CA
  - M. Madigan Army Medical Center, Tacoma, WA
  - S. Academy of Health Sciences, Ft Sam Houston, TX
  - T. Tripler Army Medical Center, Honolulu, HI
  - W. Walter Reed Army Medical Center, Washington, DC
  - X. Medical Cost-CONUS (GC N7E)
  - Z. Army Institute of Dental Research, Washington, DC
  - 0. (Unidentified USAHSC Location)
- H. Western Command (WESTCOM)
    - H. All Training in WESTCOM Schools or Units
    - I. Third Country Training in WESTCOM Areas
    - 0. (Unidentified Pacific Command (PACOM) Location)
- I. U.S. Army Forces Command (FORSCOM)
    - A. 1st Infantry Division (Mechanized), Ft Riley, KS
    - B. 1st Cavalry Division, Ft Hood, TX
    - C. 2d Armored Division, Ft Hood, TX
    - D. 3d Armored Cavalry Regiment, Ft Bliss, TX
    - E. 4th Infantry Division (Mechanized), Ft Carson, CO
    - F. 5th Infantry Division (Mechanized), Ft Polk, LA
    - G. 7th Infantry Division, Ft Ord, CA
    - H. 9th Infantry Division, Ft Lewis, WA
    - I. 24th Infantry Division, Ft Stewart, GA
    - J. 82nd Airborne Division, Ft Bragg, NC
    - K. 101st Airborne Division, Ft Campbell, KY
    - L. 197th Infantry Brigade, Ft Benning, GA
    - M. 194th Armored Brigade, Ft Knox, KY
    - N. 193rd Infantry Brigade (Panama), Ft Clayton
    - P. 172nd Infantry Brigade (AK), Ft Richardson, AK
    - Q. 3d Corps Artillery, Ft Sill, OK
    - 9. HQ, FORSCOM, Ft McPherson, GA
    - 0. (Unidentified FORSCOM Location)
- M. U.S. European Command (EUCOM)
    - M. All Training in U.S. Army Europe (USAREUR) Schools or Units
    - 0. (Unidentified EUCOM Location)
- S. U.S. Southern Command (SOUTHCOM)
    - A. School of the Americas
    - B. Inter-American Geodetic Survey School
    - S. Other Training in SOUTHCOM Areas
    - X. Medical Cost-Overseas (GS N7F)
- Z. Unidentified
    - Z. Unidentified Location, Worldwide (Used only for initial programming until correct EXA is determined)

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 TABLE D-13. (Continued) [Page 3 of 5]

**B. NAVY EXECUTION AGENCY (EXA) CODE.**

The EXA code used by the Navy is also a three digit alpha numeric wherein the first alpha represents the Navy (P), and the second and third alpha-numeric represent the major claimant or

implementing command for the training. The following codes are to be used for Department of the Navy IMET programming.

**P. Department of the Navy.**

PBM	NAVAL MEDICAL COMMAND
PGC	US COAST GUARD (COGARD)
PCN	CHIEF OF NAVAL OPERATIONS (CNO)
PCL	COMMANDER IN CHIEF, US ATLANTIC FLEET (CINCLANTFLT)
PCP	COMMANDER IN CHIEF, US PACIFIC FLEET (CINCPACFLT)
PCT	CHIEF OF NAVAL EDUCATION AND TRAINING (CNET)
PMC	COMMANDANT, US MARINE CORPS (CMC)
PNM	CHIEF OF NAVAL MATERIAL (CHNAVMAT)
PNR	CHIEF OF NAVAL RESERVE (CNAVRES)
PBO	DEPARTMENT OF THE ARMY (DA)
PDO	DEPARTMENT OF THE AIR FORCE (DAF)
POO	MISCELLANEOUS
PSO	COMMANDER IN CHIEF, US SOUTHERN COMMAND (USCINCSO)

**C. AIR FORCE EXECUTION AGENCY (EXA CODES).**

The EXA code used by the Air Force is a three digit alpha numeric wherein the first alpha represents the Air Force (D), and the second alpha the implementing command, and the third alpha or numeric the major command conducting the training. The following codes are to be used for Department of the Air Force IMET programming.

**D. Department of the Air Force**

D.	USAFE
0	Variable
E	England
G	Germany

**F. LOGISTICS**

0	AF Logistics Command
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**J. FMTAG**

0	AF CONUS/Variable
B	USAF Academy
C	Aerospace Defense Command
H	Air Force Systems Command
J	Air Training Command
K	Air University/AF Institute of Technology
Q	Military Air Command
S	Strategic Air Command
T	Tactical Air Command
U	USAF Security Service
Y	AF Communications Service

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TABLE D-13. (Continued) [Page 4 of 5]

L. USAFSO  
O. Variable  
A IAAFA School

R. PACAF  
O Variable  
H Hawaii  
C Clark AFB

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TABLE D-13. (Continued) [Page 5 of 5]

TABLE D-14  
TRAINING ANALYSIS CODES

A. CONUS TRAINING

- (1) Officer Professional Military Education
  - AA PME-Senior Level
  - AB PME-Mid Level
  - AC PME-Basic
- (2) Officer Management Related Training
  - BA Defense Management
  - BB Intelligence/EW
  - BC Police/Security
  - BD Comm-Elect Mgt
  - BE Logistics Management
  - BF Engineering Mgt
  - BG Pers/Manpower/Anal
  - BH Administration
  - BI Maintenance Mgt
  - BJ Computer/ADP Mgt
  - BK Finance/Accounting
  - BL Other Mgt
- (3) Officer Postgraduate and Degree Related Training
  - CA Postgraduate/Degree
- (4) Undergraduate Pilot and Other Flight Training
  - DA UPT/Flt High Cost
  - DB Other Flt
- (5) Technical Operations, Maintenance, Medical and Enlisted Training
  - EA Aviation Non-Flt
  - EB Aviation Maintenance
  - EC Tech/Maintenance
  - ED Operations
  - EE Missile
  - EF Comm-Elect
  - EG Logistics/Supply-Enl
  - EH Computer/ADP Enl
  - EI Police/Security-Enl
  - EJ Administration-Enl
  - EK Mgt Related-Enl
  - EL Instructor
  - EM Medical
  - EN Damage Control
  - EO Contractor
  - EP English Language Prerequisite

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TABLE D-14. (Continued) [Page 1 of 3]

EQ English Language Admin  
 ER Other Language Training (non-English)  
 ES Ctry Liaison/Exchange  
 ET Interpreters CONUS  
 EU Other non-Mgt/Enl  
 EV Unidentified CONUS Tng

- (6) Orientation Tours  
 FA OT-DV  
 FB OT-Non DV  
 FC OT-Other

B. OCONUS TRAINING

GA PME  
 HA Management  
 IA Flight  
 IB Tech/Maint  
 IC Operations  
 ID Medical  
 IE Correspondence Course  
 IF OTs  
 JA Other  
 JB Unidentified OCONUS

C. MOBILE TRAINING TEAMS AND FIELD TRAINING SERVICES

KA MTT-PME  
 KB MTT-Management/General  
 KC MTT-Intelligence/EW  
 KD MTT-Medical  
 KE MTT-Police/Security  
 KF MTT-Comm-Elect Mgt BT  
 KG MTT-Logistics Mgt  
 KH MTT-Engineering  
 KI MTT-Pers/Manpower/Anal  
 KJ MTT-Administration  
 KK MTT-Maint Mgt  
 KL MTT-English Language  
 KM MTT-Instructor/MOI  
 KN MTT-Aviation  
 KO MTT-Combat Operations  
 KP MTT-Non-Combat Operations  
 KQ MTT-Maintenance/Repair  
 KR MTT-Missile  
 KS MTT-Comm-Elec  
 KT MTT-Ship Transfer/Tng  
 KU MTT-Other  
 KV MTT-Survey  
 KW MTT-Excess Baggage  
 KX MTT-MTT-Training Aids  
 KY MTT-Lang Lab Install  
 KZ MTT-Supply Tech

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TABLE D-14. (Continued) [Page 2 of 3]

K1 MTT-Wpns/Munitions/Arms  
 K9 MTT-Misc/Unidentified  
 LA FTS-Aircraft Eng/Airframe  
 LB FTS-Comm-Elec  
 LC FTS-Radar Systems  
 LD FTS-Armament  
 LE FTS-Maintenance  
 LF FTS-Training Aids/Devices  
 LG FTS-English Language  
 LH FTS-Missile  
 LI FTS-Other  
 LZ FTS-Misc/Unidentified

D. SUPPORT

MA Training Exercises  
 MB Escort Officer  
 MC Supplies/Materials  
 MD Facilities/Rehabilitation  
 ME Services  
 MF Medical Cost-CONUS  
 MG Medical Cost-Overseas  
 MH Instructor Material  
 MI Other  
 NA Extraordinary Expenses  
 NB Training U.S. MAP Personnel  
 NC Training Support MAAG/Command  
 ND Training Support Department of State  
 OA English Language Labs (ELL)  
 OB ELL Spares  
 OC ELL Support Equipment  
 OD ELL Books/Tapes/Pubs  
 OE ELL PCH&T  
 OF Other Training Aids  
 OG Army Books/Tapes/Pubs  
 OH Navy Books/Tapes/Pubs  
 OI AF Books/Tapes/Pubs  
 OJ Army PCH&T  
 OK Navy PCH&T  
 OL AF PCH&T

TABLE D-15  
TRAINING PROGRAM CARD FORMATS

ADDITION CARD 4	CHANGE CARD Q	DELETION CARD R	COLUMN
Card Code	Card Code	Card Code	1
Record Control Number	Record Control Number	Record Control Number	5
			6
Blank	Blank	Blank	
Item Ident Number	Item Ident Number		14
		Blank	20
Generic Code	Generic code	Blank	21
Blank	Blank	Blank	
Reason for Change Code	Reason for Change Code	Reason for Change Code	23
			24
Student Code	Student Code	Blank	25
			26
Quantity	Quantity	Blank	29
Program Originator	Program Originator		
		Blank	30
Country/ Activity Code	Country/ Activity Code	Country/ Activity Code	31
			32
			33
Duration	Duration	Blank	34
Type of Assistance	Type of Assistance		
		Blank	35
			36
Unit Price	Unit Price	Blank	43
Blank	Blank	Blank	44
Program Year	Program Year	Program Year	45
			46
Travel and Living Allowance	Travel and Living Allowance		51
		Blank	56
Blank	Blank	Blank	57
DSAA Waiver	DSAA Waiver	Blank	58
Blank	Blank	Blank	59
TLA Command	TLA Command	Blank	60
Worksheet	Worksheet		61
Control Number	Control Number		
		Blank	65
Execution	Execution		66
Agency Code	Agency Code	Blank	68
Change Originator	Change Originator	Change Originator	69
Avail Report Qtr	Avail Report Qtr		
		Blank	70
Blank	Blank	Blank	71
Rqmts Priority Code	Rqmts Priority Code		
		Blank	72
			73
Total Cost	Total Cost	Blank	80

## APPENDIX E

### CONGRESSIONAL REPORTS INVENTORY AND DSAA REPORTS CONTROL SYSTEM

A. PURPOSE. This appendix provides an up-to-date inventory of statutory reports to Congress covering security assistance matters submitted by the Department of Defense elements. It does not include reports submitted to Congress by the Department of State. An inventory of current DSAA reporting requirements under the Reports Control System is also contained in this appendix. The inclusion of a report in either of these listings does not in any way imply its availability to a SAMM recipient nor its releasability to a nongovernmental requestor. Some reporting requirements are identified elsewhere in the Manual within the applicable topical areas. This appendix also provides reporting instructions on selected reports, not covered elsewhere in this Manual, requiring feeder information from DOD components.

B. CONGRESSIONAL REPORTS INVENTORY. See Table E-6.

C. DSAA REPORTS CONTROL SYSTEM. See Table E-7.

1. The DSAA Reports Control System is managed by the Data Management Division of the Comptroller Directorate, DSAA. Requests for new reporting requirements should be directed to that office. A Reports Control Symbol (RCS) will be assigned according to the nature of the reporting requirement, e.g., whether it relates to MAP, FMS, a combination of programs, or a one-time report. See Table E-4 for the DSAA Reports Control format.

#### D. REPORTING INSTRUCTIONS.

##### 1. Price and Availability Report (RCS: DSAA(Q)1138).

a. The Price and Availability (P&A) Report, required by Section 28 of the Arms Export Control Act, is forwarded quarterly to members of Congress and top-level Defense and State Department officials. It is an important tool used to inform the Congress of major potential FMS cases and it assists the Congress in carrying out its oversight authority of arms transfers, particularly to the Third World. For these reasons the P&A report must contain complete, accurate, and timely information to serve its intended purpose.

b. It is important that all relevant information is reported regardless of its sensitivity. Releasability will be determined by the Director, DSAA, in conjunction with the Secretary of State.

c. The report is due to the Congress on the 15th of the month following the quarter being reported. Input from the Military Departments is due to the DSAA Comptroller, ATTN: Data Management Division, no later than the third day of the month following the quarter being reported and should be submitted in two parts. (See Table E-1 for format):

(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.



(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 LOR 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. \*

## 2. Excess Defense Articles (EDA) Sold Under FMS (RCS:DSAA(O)1118).

a. House Report No. 96-70 on the International Security Assistance Act of 1979, dated 24 March 1979, requires quarterly reporting of all outstanding LOAs and accepted LOAs to sell excess defense articles (EDA) through FMS procedures to foreign governments or international organizations, specifying (1) implementing agency; (2) country; (3) case number; (4) acquisition cost to the U.S. Government; and (5) sales value. The report will include spare parts supplied from defense stocks at inventory price if they are specifically identified as EDA in the LOA, and exclude grants or sales of: MAP redistributable and MAP Owned Materiel (MAPOM) property, ships, scrap, and demilitarized EDA. Implementing agencies are encouraged to initiate separate cases for EDA. However, if separate cases are not used, each case will identify the EDA item(s) therein.

b. The report should be prepared quarterly as of the last day of the last month of the quarter and is due in the DSAA Comptroller, Data Management Division, by the 15th of the following month. The DSAA Comptroller, Program Control Division, is designated as the coordinating office for all EDA sold under FMS in addition to prevailing coordination currently required in the SAMM for FMS cases. See Table E-2 for sample reporting format.

3. Foreign Military Construction Sales (RCS: DSAA(O)1145). The AECA, Section 36(a) requires quarterly reporting of each Foreign Military Construction sale made under Section 29 during the quarter for which such report is made. The report should cover all sales of design and construction services to any eligible foreign country or international organization specifying (1) the purchaser; (2) the U.S. Government department or agency responsible for implementing the sale; (3) an estimate of the dollar amount of the sale; and (4) a general description of the real property facilities to be constructed pursuant to such sale. These reports must be submitted to the DSAA Comptroller, Data Management Division, not later than 20 days after the reporting period. See Table E-3 for a sample reporting format.

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).

**TABLE E-2**  
**Report of EDA Sold Under Foreign Military Sales**

## SAMPLE FORMAT

\_\_\_\_\_  
 (Date - Last Day of  
 Reporting Quarter)

Report of EDA Sold Under  
 Foreign Military Sales (RCS: DSAA(M) 1118)  
 (See Notes)

	FMS Offers Outstanding		Cases Accepted	
	Sales Value	Acquisition Cost to USG	Sales Value	Acquisition Cost to USG
1. Country: _____ Case Number _____ _____ _____ _____				
2. Country: _____ Case Number _____ _____ _____ _____				
	_____	_____	_____	_____
Total (Current Quarter)				
Cumulative Total (Current FY to date):				

Note 1: Include in the FMS Offers Outstanding column all FMS LOAs issues for EDA that have been neither accepted nor cancelled even if issued prior to the reporting period.

Note 2: When a case moves from the cases offered column to the cases accepted column, record the sales value and acquisition cost only in the cases accepted column.

Note 3: Delete cancelled cases from cumulative totals of subsequent reports and provide countries and case numbers in footnotes of each report immediately following each cancellation.

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TABLE E-2. Report of EDA Sold Under Foreign Military Sales.

TABLE E-3  
Foreign Military Construction Sales

## FOREIGN MILITARY CONSTRUCTION SALES

(RCS: DSAA(Q) 1145)

<u>Quarter Beginning</u>		-	<u>Quarter Ending</u>
(In Full Dollars)			
Country	Implementing Agency	Estimated Sales Value	Description of Facilities To be Constructed

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TABLE E-3. Foreign Military Construction Sales.

TABLE E-4  
DSAA REPORTS CONTROL SYSTEM

DSAA REPORTS CONTROL	
1. <input type="checkbox"/> NEW REPORT <input type="checkbox"/> REVISED REPORT <input type="checkbox"/> REPORT SURVEY	
2. EXACT TITLE OF REPORT	3. SECURITY CLASSIFICATION
4. REPORTING AGENCIES OR ACTIVITIES	
5. FREQUENCY	6. AS OF DATE
7. DUE DATE	8. PERIOD COVERED BY INITIAL REPORT
9. RECIPIENTS	
10. DESCRIPTION	
11. JUSTIFICATION	
12. IMPLEMENTING DIRECTIVE OR INSTRUCTION (two copies attached)	
13. ARE FORMS INCLUDED? <input type="checkbox"/> YES <input type="checkbox"/> NO IF SO, HOW ARE THEY PROCURED?	
14. METHOD OF TRANSMISSION	
IF TRANSMITTED ELECTRICALLY, CAN DATA BE FORWARDED BY OTHER THAN ELECTRICAL MEANS DURING MINIMIZE? <input type="checkbox"/> YES <input type="checkbox"/> NO	
15. UNDER WHAT CONDITIONS IS REPORT AUTOMATICALLY CANCELLED?	
16. DIRECTORATE APPROVAL	
17. REQUESTING OFFICE	
18. RESPONSIBLE INDIVIDUAL	
19. REPORTS CONTROL SYMBOL ASSIGNED	
20. APPROVED	DATE

TABLE E-4. DSAA Reports Control System.

TABLE E-5  
INSTRUCTIONS FOR PREPARATION OF DSAA REPORTS CONTROL FORM

DESCRIPTION OF DATA REQUIRED:

Item 1: Indicate whether this is a new report, an old report which is being revised, or the result of a survey.

Item 2: Exact Title of Report. The title will be carefully selected to be brief, descriptive of the subject of the report, and not in conflict with titles of other reports.

Item 3: Security Classification. Indicate the highest classification that the data is expected to contain.

Item 4: Reporting Agencies or Activities. Indicate agencies and/or activities that are required to report under this Reports Control Symbol.

Item 5: Frequency. Indicate annual, semiannual, quarterly, monthly, etc.; however, do not use bi-weekly, bi-monthly, or bi-annually as these terms tend to become misinterpreted; rather use twice a week, every two weeks, every two months, etc.

Item 6: As Of Date. Indicate the last day of the reporting period; for example, the 15th of each month, every Saturday, the last day of each quarter, etc.

Item 7: Due Date. Indicate the date the report is due to recipient by number of days following "as of" date, e.g., 7 days, 30 days, etc.

Item 8: Period Covered by Initial Report. Indicate the beginning and final date of period to be covered by first report. This entry will remain blank when this form is used in connection with a survey of reports.

Item 9: Recipients. Indicate a complete list of recipients of the report.

Item 10: Description. This information may be generalized but should reflect a clear and concise summary of the data to be reported.

Item 11: Justification. This entry will be a full justification for the report. Sufficient information will be entered to permit the reviewer without further amplification to analyze and understand the need for and specific use to be made of the data and what action can be taken based on the data received.

Item 12: Implementing Directive or Instruction. Indicate the specific reference to the DOD directive and/or instruction which will implement the proposed reporting procedures. If there is no official DOD directive or instruction covering the proposed reporting instructions, indicate the applicable reference number (I number). Please include two copies of specified implementing directive, instruction, and/or implementing memorandum with application.

Item 13: Are forms included? Indicate if specific forms or formats are to be used in submitting report. If so, indicate if they are to be supplied, procured, or prepared on an "ad hoc" basis by the reporting agency.

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TABLE E-5. (continued)

Item 14: Method of Transmission. Indicate method of transmitting report, e.g., mail, pouch, electrical means, etc. If transmitted electrically, indicate whether data can be forwarded by other than electrical means during crisis situations when MINIMIZE is in effect. Extreme discretion should be used when determining the need for electrical transmission during MINIMIZE.

Item 15: Under what conditions is report automatically cancelled? Are there any conditions under which the proposed report would be automatically cancelled, i.e., specific period of time, national emergency, etc.

Item 16: Directorate Approval. Indicate the directorate requesting the proposed report and the signature of the director.

Item 17: Requesting Office. Indicate office requesting the Reports Control Symbol.

Item 18: Responsible Individual. Indicate the name, room number, and telephone number of the official most knowledgeable in the field of the subject report.

Item 19: Reports Control Symbol Assigned. For new reports, this entry will be made by the Reports Control Officer; for revised reports and report surveys, please include previously assigned reports control symbol.

Item 20: Approved. This will be filled in by Reports Control Officer.

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TABLE E-5. Continued.



TABLE E-6. Statutory Reports to Congress Submitted by DOD on Security Assistance.

**TABLE E-6**  
 Statutory Reports to Congress Submitted by DOD on Security Assistance

REPORT ITEM	AUTHORIZING LEGISLATION	RECIPIENT*	TRIGGER	RESPONSIBLE DOD COMPONENT
1. Notification to Congress of Defense Articles, Services, Education and Training provided under emergency drawdown authority	Sec. 506(b)(2), FAA of 1961	SHR, Pres. of Senate, HFAC, SFRC, HAC, SAC	Any provision of aid under Sec. 506, FAA of 1961; at least monthly	DSAA/COMPT/FMD
2. Stockpiling of Defense Articles [REPEALED - P.L. 101-510]				
3. U.S. Armed Services Personnel Assigned to SAOs: two reports				
(a) Presidential waiver of Congressional limitation of six Armed Forces personnel in country	Sec. 515(c)(1), FAA of 1961	HFAC, SFRC	30 days prior to introduction of additional personnel	DSAA/Plans/Training Organization and Manpower
(b) Notification of increase in U.S. Armed Forces personnel over levels indicated in the CPD for the FY in which the increase occurs	Sec. 515(c)(2), FAA of 1961	HFAC, SFRC	30 days prior to introduction of additional personnel	DSAA/Plans/Training Organization and Manpower
4. Notification of Program Changes (Dollar Levels)	Sec. 634A, FAA of 1961	HFAC, SFRC, HAC SAC	15 days in advance of obligation of funds not justified, or in excess of amounts justified to the Congress for obligation under the FAA and AECA	DSAA/COMPT/FMD

TABLE E-6. (Continued) Page 2 of 9.

REPORT ITEM	AUTHORIZING LEGISLATION	RECIPIENT*	TRIGGER	RESPONSIBLE DOD COMPONENT
5. Notification of Obligation of Funds not justified for a particular fiscal year; Also, transfers under Sec. 610, FAA to IMET or to Foreign Military Financing	Foreign Assistance & Related Programs Appropriations Act, (For FY 1991, Sec. 523, P.L. 101-513) See also Sec. 514, first proviso	HAC, SAC	15 days in advance of <u>obligation</u> of funds not justified, or in excess of amounts justified to the Appropriations Committees for a particular fiscal year	DSAA/COMPT/FMD
6. Program Content Notification	Foreign Assistance & Related Programs Appropriations Act, (For FY 1991, Sec. 523, first proviso, P.L. 101-513)	HAC, SAC	15 days in advance of <u>commitment</u> of loan or grant funds for MDE or major defense items not justified, or 20% in excess of quantity previously justified	DSAA/OPS/MGMT
7. Notification of Status of FY 1989 MAP Merger Funds	Foreign Assistance Export Financing & Related Programs Appropriations Act for Military Assistance (For FY 1989, P.L. 100-461)	HAC, SAC	NLT March 1st each year	DSAA/COMPT
8. Annual Assessment on NATO Readiness [REPEALED - P.L. 101-510]				
9. Notification of sales or transfers from U.S. active forces' inventories or current production [REPEALED - P.L. 101-510]				

REPORT ITEM	AUTHORIZING LEGISLATION	RECIPIENT*	TRIGGER	RESPONSIBLE DOD COMPONENT
10. Sale of U.S. War Reserve Stocks, POMCUS, or decrement stock to non-NATO purchasers	10 USC, Sec. 975	SHR, Pres. of Senate, HASC, SASC	NLT 60 days after Presidential determination of an "international crisis"	DSAA/OPS/Country Desk Officer
11. Report on NATO acquisition of non-interoperable major weapons systems to be used by U.S. forces in Europe under the terms of the North Atlantic Treaty	10 USC, Sec. 2457(d)	SHR, Pres. of Senate, HASC, SASC	NLT February 1st each year	USD(A)
12. Notification of grant transfer of excess defense articles (See also Item #23)	Sec. 516, FAA Sec. 517, FAA Sec. 518, FAA Sec. 519, FAA	HAC, SAC, SFRC, HFAC, SASC, HASC	30 days prior to transfer	DSAA/OPS
13. Report on Significant Hostilities or Terrorist Acts	Sec. 21(c)(2), AECA	SHR, Pres. Pro Tem. Senate	Within 48 hours of change in status of hostilities or terrorist acts which would endanger American lives or property	General Counsel, DOD
14. Billing upon delivery from stock with 120-day interest-free period after delivery	Sec. 21(d) (last sentence), AECA	SHR, Pres. of Senate, HAC, SAC	Presidential determination and budget request for emergency funds	DSAA/OPS/MGMT
15. Report on FMS Training Standardization Agreements with NATO, Japan, Australia, or New Zealand	Sec. 21(g), AECA	SHR, HAC, SAC, HASC, SASC, HFAC, SFRC	U.S. conclusion of any standardization agreement on training for identified purchaser	DSAA/COMPT/Training Organization and Manpower

TABLE E-6. (Continued) Page 3 of 9.

TABLE E-6. (Continued) Page 4 of 9.

REPORT ITEM	AUTHORIZING LEGISLATION	RECIPIENT*	TRIGGER	RESPONSIBLE DOD COMPONENT
16. Report on sales from stocks having an adverse impact on the readiness of U.S. Armed Forces	Sec. 21(i), AECA	SHR, SASC, HASC, HFAC, SFRC	In the event a proposed sale from stocks could have significant adverse impact on combat readiness of U.S. forces	DSAA/OPS/Country Director
17. Billing upon delivery from new procurement with 120-day payment after delivery	Sec. 22(b), AECA	SHR, Pres. of Senate, HAC, SAC	Presidential determination and budget request for emergency funds	DSAA/OPS/MGMT
18. Annual Estimate & Justification for Sales Program [Congressional Presentation for Security Assistance (CPD)]:	Sec. 25(a), AECA	SHR, Pres. of Senate, HAC, SAC, HFAC, SFRC, HASC, SASC, HBC, SBC, CBO	NLT February 1st of each year	DSAA/COMPT/DMD
(a) The "Javits" Report: covering all sales of major weapons or weapons related defense equipment for \$7M or more, or of any other weapons or weapons related equipment for \$25M or more, which are considered eligible for approval during the current calendar year. Also an indication of which sales are most likely to result in issuance of an LOA during such year	Sec. 25(a)(1), AECA		<u>Note:</u> Reported separately to State/PM and not part of the CPD	DSAA/COMPT/FMS Control
(b) Estimate of total sales and licensed commercial exports	Sec. 25(a)(2), AECA			DSAA/COMPT/DMD

REPORT ITEM	AUTHORIZING LEGISLATION	RECIPIENT*	TRIGGER	RESPONSIBLE DOD COMPONENT
(c) Estimate of aggregate dollar value and quantity of defense articles and defense services, IMET, MAP, credits and guaranties to be furnished in the next fiscal year	Sec. 25(a)(5)(A), AECA			DSAA/COMPT/DMD
(d) Report on Cash Flow Financing	Sec. 25(a)(5)(B), AECA		<u>Note:</u> Reported separately and not part of CPD	DSAA/COMPT/FMD
(e) Analysis and description of USG services for which reimbursement is provided under Sec. 43(b) or 21(a) of the AECA	Sec. 25(a)(6), AECA	SHR, SFRC	<u>Note:</u> Reported separately and not part of CPD	DSAA/COMPT/DMD
(f) Amount of funds in reserve for guaranties	Sec. 25(a)(7), AECA			DSAA/COMPT/CMMD
(g) Progress made in the Korean Force Modernization Program	Sec. 25(a)(9), AECA			OASD/ISA/EA&PR
(h) Status of each loan and contract of guaranty or insurance	Sec. 25(a)(11), AECA		<u>Note:</u> Reported separately and not part of CPD	DSAA/COMPT/CMMD
19. Quarterly Report of Security Assistance Surveys	Sec. 26(b), AECA	SHR, SFRC	NLT 60 days after end of each quarter. This is included in reports required by Sec. 36(a), AECA. See Report Item #25	DSAA/COMPT/DMD
20. Copies of Security Assistance Surveys	Sec. 26(c), AECA	SHR, HFAC, SFRC	On request of Chairman, HFAC, or Chairman, SFRC	DSAA/COMPT/DMD

TABLE E-6. (Continued) Page 5 of 9.

TABLE E-6. (Continued) Page 6 of 9.

REPORT ITEM	AUTHORIZING LEGISLATION	RECIPIENT*	TRIGGER	RESPONSIBLE DOD COMPONENT
21. Proposed Agreements for NATO Cooperative Projects	Sec. 27(f), AECA	SHR, HASC, SASC, HFAC, SFRC	NLT 30 days prior to signature of agreement on behalf of USG	DSAA/OPS/MGMT
22. Quarterly Report on Price and Availability; LOA Requests for \$7M or more of MDE/\$25M or more of defense articles and services or for air-to-ground/ground-to-air missiles	Sec. 28, AECA	SHR, SFRC	NLT 15 days after end of each calendar quarter	DSAA/COMPT/DMD
23. List of all accepted and unaccepted 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/DMD
(a) List of all unaccepted LOAs valued at \$1M or more for MDE	Sec. 36(a)(1), AECA			DSAA/COMPT/DMD

REPORT ITEM	AUTHORIZING LEGISLATION	RECIPIENT*	TRIGGER	RESPONSIBLE DOD COMPONENT
(b) List of all accepted LOAs valued at \$1M or more for MDE; total value of all defense articles and services sold during the fiscal year	Sec. 36(a)(2), AECA			DSAA/COMPT/DMD
(c) Cumulative dollar amounts of FMS direct credit and guaranty agreements made during the fiscal year	Sec. 36(a)(3), AECA			DSAA/COMPT/CMMD
(d) Dollar amounts of Foreign Military & Construction Sales Agreements concluded during the quarter, projections for remaining quarters (FMCS stated separately)	Sec. 36(a)(5) & (6), AECA			DSAA/COMPT/DMD
(e) Foreign Military Construction Sales (Sec. 29, AECA) made during the quarter	Sec. 36(a)(9), AECA			DSAA/COMPT/DMD
(f) Third-party transfer of defense articles or services whose value (in terms of original acquisition cost) is \$1,000,000 or more	Sec. 36(a)(10), AECA			DSAA/COMPT/DMD
(g) Transfers to non-DOD USG agencies of munitions list items worth \$250,000 or more	Sec. 36(a)(11), AECA			P&L/DASD for Logistics
(h) See Items 19, 23 & 24				

TABLE E-6. (Continued) Page 7 of 9.

TABLE E-6. (Continued) Page 8 of 9.

REPORT ITEM	AUTHORIZING LEGISLATION	RECIPIENT*	TRIGGER	RESPONSIBLE DOD COMPONENT	
26. Notification of LOAs for sale of excess defense articles	Sec. 548 (1st proviso), FY91 Foreign Operations Appropriations Act	SAC, HAC	15 days prior to issuance of LOA	DSAA/OPS	**
27. Reports of Proposed FMS which are:	Sec. 36(b)(1), AECA	SHR, HFAC, SFRC, HASC, SASC, HAC, SAC	15 days before issuance of an LOA to NATO, NATO members, Japan, Australia, or New Zealand; or 30 days before issuance of an LOA to other purchasers	DSAA/COMPT/FMS Control	*
(a) For defense articles or services valued at \$50M or more, or					
(b) For design and construction services valued at \$200M or more, or					
(c) MDE valued at \$14M or more					
28. Report of Enhancement or Upgrade of Sensitivity of Technology of Items Previously Notified Under Sec. 36(b)(1), AECA	Sec. 36(b)(5),(A) AECA	SHR, HFAC, SFRC, HASC, SASC, HAC SAC	45 days before delivery of previously notified item(s)	DSAA/COMPT/FMS Control	*
29. Notification on Enhancement or Upgrade of Capability or Sensitivity of Technology	Sec. 36(b)(5)(C), AECA	SHR, HFAC, SFRC, HASC, SASC, HAC, SAC	15/30 days prior to a proposed enhancement or upgrade which meets 36(b)(1) thresholds	DSAA/COMPT/FMS Control	*



TABLE E-6. (Continued) Page 9 of 9.

REPORT ITEM	AUTHORIZING LEGISLATION	RECIPIENT*	TRIGGER	RESPONSIBLE DOD COMPONENT	
30. Special Defense Acquisition Fund (SDAF) Annual Report	Sec. 53(a), AECA	SHR, Pres. of Senate, HAC, SAC, HFAC, SFRC, HASC, SASC, HBC, SBC, CBO	NLT December 31st of each calendar year	DSAA/Plans/SDAF	*
31. Report on Proposed Leases of Defense Articles, including reciprocal no-rent leases	Sec. 62, AECA See also Sec. 61(a), AECA	SHR, HFAC, SFRC, HASC, SASC	NLT 30 days before entering into or renewing any lease agreement for one year or longer	DSAA/OPS/MGMT & DSAA/COMPT/FMS Control	*
32. Reprogramming of FMS concessional credits	Title III, Foreign Assistance Appropriations Act, 1990	HAC, SAC, HFAC, SFRC	15 days in advance of obligation of funds. See Report Items #4 and #5	DSAA/COMPT/FMD	*
33. Aircraft grants or sales to Central America	Sec. 532(a), Foreign Assistance Appropriations Act, 1990	HAC, SAC, HFAC, SFRC	15 days in advance of LOA issuance or delivery	DSAA/OPS/LA	*

\*Abbreviations:

SHR	-	Speaker of the House of Representatives
HBC	-	House Budget Committee
SBC	-	Senate Budget Committee
CBO	-	Congressional Budget Office
HAC	-	House Appropriations Committee
SAC	-	Senate Appropriations Committee
HFAC	-	House Foreign Affairs Committee
SFRC	-	Senate Foreign Relations Committee
HASC	-	House Armed Services Committee
SASC	-	Senate Armed Services Committee

TABLE E-7

## CURRENT REPORTING REQUIREMENTS UNDER DSAA REPORTS CONTROL SYSTEM

Reports Control Symbol (RCS)	Report Title	Reporting Frequency	Reporting Components	Responsible Office	
<u>Grant Aid Reports</u>					
DSAA(AR)1000	Grant Aid (MAP/IMET) Reporting System	As Required	All Implementing Agencies	DSAA/COMPT/DMD	
DSAA(M)1004	Identification of Reimbursement for Disposal of MAP Property	Monthly	All Implementing Agencies	DSAA/COMPT/AFD	*
DSAA(AR)1016	Country and Amount of Increase Over CPD Levels (Section 113, Foreign Assistance and Related Programs Appropriation Act, 1975)	As Required	DSAA/COMPT/ FMD & DSAA/ PLANS/TOM	DSAA/COMPT/FMD & DSAA/PLANS/TOM	* *
<u>Foreign Military Sales Reports:</u>					
DSAA(M)1101	Financial Procedures Applicable to Military Procurement Agreement Between U.S. and Federal Republic of Germany	Monthly	All Implementing Agencies, SAAC	SAAC	
DSAA(M)1111	Monthly Report of Disbursements Collec- tions Transactions for DSAA	Monthly	SAAC	DSAA/COMPT/AFD	*
DSAA(Q)1112	Recoupment of Nonrecurring Costs on Sales of USG Products and Technology (DOD Directive 2140.2)	Quarterly	All Implementing Agencies, SAAC	DSAA/COMPT/FMD	
DSAA(Q)1113	FMS Case Listings of Major Defense Equip- ment (MDE) Valued at \$1 Million or More & Supporting Tables Showing Current Year Activity (Feeder for Section 36(a), Arms Export Control Act)	Quarterly	All Implementing Agencies	DSAA/COMPT/DMD	

Reports Control Symbol (RCS)	Report Title	Reporting Frequency	Reporting Components	Responsible Office
DSAA(AR)1114	FMS Letters of Offer to Sell Defense Articles or Services for \$14 Million of MDE or \$50 Million of Other (Feeder for Section 36(b), Arms Export Control Act)	As Required	All Implementing Agencies	DSAA/COMPT/FMSCD
DSAA(Q)1118	Excess Defense Articles Sold to Foreign Governments or International Organizations at Acquisition Cost (Feeder for Section 36(a), Arms Export Control Act; required by H.R. 96-70, March 24, 1979)	Quarterly	All Implementing Agencies	DSAA/COMPT/DMD
DSAA(Q)1119	Analysis of FMS Agreements Between the Army Corps of Engineers and the Government of Saudi Arabia (Later expanded to include any other countries)	Monthly	Army Corps of Engineers	DSAA/COMPT/DMD
DSAA(A)1121	Number of U.S. Officers and Employees Engaged in Services to Foreign Governments under FMS (Feeder for Section 25(a)(6), Arms Export Control Act)	Annually	All Implementing Agencies	DSAA/COMPT/DMD *
DSAA(Q)1126	Major Defense Equipment List	Quarterly	All Implementing Agencies	DSAA/OPS/MGMT
DSAA(A)1128	Budget Call - Cost of Administering the Foreign Military Sales Program	Annually	All Implementing Agencies	DSAA/COMPT/BUD
DSAA(W)1129	FMS Credit Reporting System	Weekly	DSAA/COMPT/CMMD	DSAA/COMPT/CMMD * *
DSAA(AR)1133	Notification of Sales or Transfers from U.S. Active Forces' Inventories or Current Production (Feeder for Section 118, 10 USC)	As Required	All Implementing Agencies	DSAA/COMPT/FMSCD

TABLE E-7. (Continued) Page 2 of 6.

Reports Control Symbol (RCS)	Report Title	Reporting Frequency	Reporting Components	Responsible Office
<u>Foreign Military Sales Reports (Continued):</u>				
DSAA(AR)1135	Peacejammer - Restructuring of the Iranian FMS Program	As Required	All Implementing Agencies	DSAA/OPS/MGMT
DSAA(Q)1137	Security Assistance Surveys (Feeder for Section 36(a), Arms Export Control Act; required by Sec. 26(b), AECA)	Quarterly	All Implementing Agencies	DSAA/OPS/MGMT
DSAA(Q)1138	Price and Availability Report (Feeder for Section 28(a), Arms Export Control Act)	Quarterly	All Implementing Agencies	DSAA/COMPT/DMD
DSAA(M)1141	FMS Selected Constructive (Physical) Deliveries	Monthly	All Implementing Agencies	SAAC
DSAA(Q)1142	Intermediate Export Fighter Program (FX) Cost Tracking Report	Quarterly	Air Force	DSAA/COMPT/BUD
DSAA(Q)1143	Security Assistance Master Planning and Phasing Worksheet (SAMPAP)	Quarterly	Navy, Air Force	DSAA/PLANS/WPNS
DSAA(SA)1144	FMS Case Closure	Semiannually	All Implementing Agencies, SAAC	DSAA/COMPT/FMD
DSAA(Q)1145	Foreign Military Construction Sales (Feeder for Section 36(a)(9), Arms Export Control Act)	Quarterly	All Implementing Agencies	DSAA/COMPT/DMD
DSAA(Q)1146	Unexpired Leases of DOD Property of Any Value (SAMM, page 1200-22)	Quarterly	All Implementing Agencies	DSAA/OPS/MGMT

TABLE E-7. (Continued) Page 3 of 6.

Reports Control Symbol (RCS)	Report Title	Reporting Frequency	Reporting Components	Responsible Office	
<u>Foreign Military Sales Reports (Continued):</u>					
DSAA(M)1147	U.S. Military Component's Deposits to Special Defense Acquisition Fund	Monthly	All Implementing Agencies	SAAC	*
DSAA(Q)1148	Royal Saudi Naval Sources FMS Financial Report	Quarterly	Army Corps of Engineers, Navy	DSAA/COMPT/FMD	
DSAA(Q)1149	Status Report on Sale of Govt-Furnished Equipment/Materiel and Related Quality Assurance (DOD Directive 4175.1)	Quarterly	Army, Navy, Air Force, SAOs	DSAA/OPS/MGMT	
DSAA(AR)1150	Intensive Financial Management Report	As Required	Army, Navy, Air Force, SAAC, Others, as directed	DSAA/COMPT/FMD	
DSAA(Q)1152	MAP Overhead Support Activities and SAO Budget Execution Reporting	Quarterly	Army, Navy, Air Force, Unified Commands	DSAA/COMPT/BUD	
DSAA(Q)1153	Quarterly Status of FMS Administrative Expenses Allotment	Quarterly	Army, Navy, Air Force	DSAA/COMPT/BUD	
DSAA(A)1154	Report of FMS Administrative Fund Representational Expenditures	Annually	Army, Navy, Air Force	DSAA/COMPT/BUD	
DSAA(A)1155	Report on Cash Flow Financing (Sec. 25(a)(5)(B), Arms Export Control Act	Annually	DSAA/COMPT	DSAA/COMPT/FMD	
DSAA(Q)1156	Quarterly Report on Third Country Transfers (Section 36(a)(10), AECA)	Quarterly	Department of State	DSAA/COMPT/DMD	**

TABLE E-7. (Continued) Page 4 of 6

Reports Control Symbol (RCS)	Report Title	Reporting Frequency	Reporting Components	Responsible Office	
<u>Foreign Military Sales Reports (Continued):</u>					
DSAA(Q)1157	Quarterly Report of Munitions Items Transferred by the DOD to Other Federal Agencies Valued at \$250,000.00 or More (Section 36(a)(11), AECA)	Quarterly	Army, Navy, Air Force, Defense Agencies, AID, Depts. of Commerce, Energy, State, & Treasury	DSAA/COMPT/DMD	**
<u>Other Reports:</u>					
DSAA(AR)1200 (Formerly DSAA(AR)1100	Foreign Military Sales Reporting System	As Required	All Implementing Agencies, SAAC	DSAA/COMPT/DMD	
DSAA(Q)1201	Military Assistance International Balance of Payments (IBOP) Transactions	Quarterly	Army, Navy, Air Force, ASD (Admin), Treasury Export-Import Bank, Comm. Banks	DSAA/COMPT/DMD	
DSAA(Q)1204	Export Licenses and Approvals (Feeder for Section 36(a)(4), Arms Export Control Act	Quarterly	Office of Munitions Control, Dept of State	DSAA/COMPT/DMD	
DSAA(A)1211	Value of Real Property Transfers (Senate Report on Hearings Before Committee on Appropriations, Part 2)	Annually	Army, Navy, Air Force	DSAA/COMPT/DMD	
DSAA(A)1213	The Journal	Annually	DSAA/COMPT/ DMD	DSAA/COMPT/DMD	

TABLE E-7. (Continued) Page 5 of 6.

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Change No. 2, 2 July 1990

DOD 5105.38-M

Reports Control Symbol (RCS)	Report Title	Reporting Frequency	Reporting Components	Responsible Office	
<u>Other Reports</u> <u>(Continued):</u>					
DSAA(A)1215	Congressional Presentation for Security Assistance (SEC 25(a), Arms Export Control Act)	Annually	AID, ACDA, DOD, State Dept	DSAA/COMPT/DMD	
DSAA(Q)1218	Military Manpower for SAOs	Quarterly	Unified Commands	DSAA/COMPT/BUD	*
DSAA(M)1219	DSAA Monthly Fund Status Report	Monthly	Latin American SAOs	DSAA/COMPT/AFD	*
DSAA(Q)1221	FMS Arrearages	Quarterly	Army, Navy, Air Force, SAAC	DSAA/COMPT/AFD	*
DSAA(Q)1222	Security Assistance Planning & Program Worksheets	Quarterly	Army, Navy, Air Force, SAOs	DSAA/OPS/MGMT	
DSAA(Q)1226	Status of Coproduction Programs Approved Under Security Assistance Program (DOD Directive 2000.9)	Quarterly	Army, Navy, Air Force	DSAA/OPS/MGMT	
DSAA(Q)1228	Special Defense Acquisition Fund (SDAF) Inventory Report	Quarterly	Army, Navy, Air Force, DLA, NSA	DSAA/PLANS, SDAF	
DSAA(A)1230	Foreign Military Trainee Positions of Prominence and Influence	Every Five Years (First report due 1 Jan 1990)	Unified Commands	DSAA/PLANS/TOM	*
DSAA(A)1231	Professional Military Education Exchanges	Annually	Army, Navy, Air Force	DSAA/PLANS/TOM	*
DSAA(SA)1235	Report of SAO Expenditures for Physical Security	Semi-Annually	Unified Commands	DSAA/COMPT/BUD	**

TABLE E-7. (Continued) Page 6 of 6.

E-24

Change No. 2, 2 July 1990

DOD 5105.38-M

## APPENDIX F

## TRANSPORTATION COST LOOK-UP TABLE

**A. PURPOSE:** The purpose of this Appendix is to provide the procedures for development and use of the Transportation Cost Look-Up Table. The purpose of the table is to provide to applicable DOD components estimated actual transportation costs for items normally shipped in the Defense Transportation System (DTS) (e.g., sensitive/hazardous end items) when costs using standard transportation percentages are significantly different from actual charges.

**B. PROCEDURES:**

1. DSAA is responsible for recommending to OASD(C) those items which should be included in a transportation cost look-up table. Upon OASD(C) approval, DSAA shall disseminate the look-up table to the DOD Components by updating the table annually. SAAC is responsible for application of the look-up table rates, when applicable to DD Form 1517 billings by the DOD components for specific items on the look-up table. DOD components are responsible for:

- a. Making recommendations to DSAA relative to items and rates to be included in the look-up table.
- b. Using approved rates in LOAs prepared for items cited on the look-up table.
- c. Updating look-up table rates to assure estimated actual DOD costs are reflected.
- d. Providing information to the SAAC relative to the applicable delivery term code for each DD Form 1517 billing processed to SAAC for items on the look-up table. If the priority changes and the actual delivery of materiel does not correspond with the Delivery Term Code (DTC) designated in the LOA, a Transportation Bill Code (TBC) indicating the actual method of shipment is to be entered on the DD Form 1517 (position 59).

2. Each DOD component will provide to DSAA yearly (no later than 30 June) the recommended rates for subsequent fiscal year which will be effective 1 October. The formats at Tables F-1 and F-2 will be utilized in forwarding such recommendations to DSAA. DOD components will include the cost elements prescribed in Section 804 of DOD 7290.3-M. DSAA will evaluate data provided for recommended items and staff the addition of such items to the look-up table. DSAA will review and staff the revised rates and disseminate the revised table to SAAC and applicable DOD components by 31 August of each year by updating the Lookup Table. When a DOD component determines that an established transportation charge requires adjustment, the recommended revised rate will immediately be forwarded to DSAA. DOD components will utilize the rates on the look-up table in the development of all letters of offer when transportation costs are identified as below-the-line charges on the DD Form 1513. The rates have been developed and will be utilized as follows.

- a. Code 6: FOB overseas port of discharge. U.S./DOD is responsible for transportation from CONUS point of origin to and including ocean transportation to the overseas port of discharge. Recipient country is responsible for vessel discharge, port handling and subsequent arrangements and costs. (Note: For simplification and ease of management, DTC 6 will not be used for MAC shipments.)

\*\*



b. Code 8: FOB vessel--CONUS port of exit. U.S./DOD is responsible for transportation from CONUS point of origin to and including unloading, handling, and storage aboard vessel at port of exit. Recipient country is responsible for ocean transportation and subsequent arrangements and costs. \*\*

c. Code 9: FOB port of discharge (landed). U.S./DOD is responsible for transportation from CONUS point of origin to and including vessel discharge and port handling at overseas port of discharge. Recipient country is responsible for loading on inland overseas carrier equipment and for subsequent arrangements and costs. (Note: For simplification and ease of management, DTC 9 will normally be used for MAC shipments only, (not SAMM flight). \*\*

Special transportation requirements; e.g., SAMM flights, will continue to be identified above the line on the DD Form 1513 and applicable actual charges billed to the customer.

C. TRANSPORTATION COST LOOK-UP TABLE: The latest DSAA approved transportation cost look-up table for selected items is located at Table F-3.

**TABLE F-1****CONUS TRANSPORTATION COSTS**

<u>NSN/ NOMEN</u> <sup>1</sup>	<u>Weight Item</u>	<u>M/Ton/Item</u>	<u>Standard Price</u>	<u>FMS Proc.</u> <sup>2</sup> <u>Cost</u>	<u>Port of</u> <sup>3</sup> <u>Embark-</u> <u>ation</u>	<u>Est. Actual CONUS</u> <sup>4</sup> <u>Inland</u>	<u>Est. Port Costs</u>
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<sup>1</sup> Items are those which appear to qualify based on previous data; NSNs must be added. Additional major items should be added as appropriate.

<sup>2</sup> Based on most current FMS offers.

<sup>3</sup> Data should be provided for East Coast, West Coast, and Gulf port, if applicable.

<sup>4</sup> Special factors such as security costs must be identified separately.

**TABLE F-1. CONUS Transportation Costs.**

**TABLE F-2**  
**OVERSEAS TRANSPORTATION COSTS**

<u>NSN/ NOMEN</u> <sup>1</sup>	<u>Weight Item</u>	<u>M/Ton/Item</u>	<u>Standard Price</u>	<u>FMS Proc.</u> <sup>2</sup> <u>Cost</u>	<u>Est. Actual Overseas Shipment</u> <sup>3,4</sup> <u>(Surface)</u>	<u>Est. Actual Overseas Shipment</u> <u>(MAC)</u> <sup>3,4</sup>	<u>Est. Actual Overseas Port Loading</u>
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- 1 Items are those which appear to qualify based on previous data; NSNs must be added. Additional major items should be added as appropriate.
- 2 Based on most current FMS offers.
- 3 For each item two figures must be cited:
  - a. Shipments to Europe, Latin America, and Mediterranean Ports.
  - b. Shipments to Newfoundland, Labrador, Thule, Iceland, South America, Far East, African Ports (other than Mediterranean) and Near East.
- 4 Special factors such as security, demurrage, etc., must be identified separately.

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**TABLE F-2. Overseas Transportation Costs.**

TABLE F-3

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## TRANSPORTATION COST LOOK-UP TABLE

ARMY ANNEX

<u>NSN</u>	<u>ITEM</u>	<u>Code 6*</u>	<u>Code 8*</u>	<u>Code 9*</u>
<u>CHAPARRAL</u>				
1410-01-095-3248	MSL, GM, Intercept Aerial MIM-72E	\$ 302	\$ 159	\$ 1,119
1410-01-150-2863	Missile, GM Intercept Aerial MIM-71F	302	159	1,119
1410-01-216-3775	Missile, GM, Intercept Aerial MIM-72N	302	159	1,119
1440-01-069-8877	MSL, GM, Intercept Aerial, Carrier MTD, M48A1	12,485	5,149	61,829
1440-01-106-3089	MSL, GM, Intercept Aerial, Carrier MTD, M48A2	12,485	5,149	61,829
1440-01-181-6002	Flir	319	243	1,232
1440-01-198-5892	MSL, GM, Intercept Aerial MTD, M48A2E1	12,485	5,149	60,602
1440-01-937-3859	Sys, Missile, GM Intercept Aerial Carrier, MTD, M48	12,209	4,873	60,525
4935-01-104-9827	AN/TSM-96A	11,765	7,589	40,220
<u>DRAGON</u>				
1427-00-163-8959	Missile	\$136	\$ 96	\$444
1430-00-078-8340	Tracker	268	258	517
1430-01-046-9594	Night Tracker	308	278	735
<u>HAWK</u>				
1337-00-484-8551	Rocket Motor, M112	\$ 650	\$ 462	\$ 3,532
1410-00-234-3266	Missile	1,991	1,051	9,104
1410-01-173-9990	Missile, MEI	1,991	1,051	9,104
1430-00-103-5270	IPCP, AN/MSW-11	11,182	4,699	39,191
1430-00-135-0267	ICWAR	7,075	2,810	24,558
1430-00-169-1859	ICC	11,766	5,112	40,043
1430-00-178-8453	PAR	8,810	3,180	31,196
1430-00-178-8454	ROR	6,642	2,718	22,920
1430-00-782-9816	HPI	11,115	4,973	37,262
1430-00-880-3357	AN/TPQ-29	6,210	3,943	21,561
1430-01-042-4907	ICWAR/PIP, Phase I	7,075	2,810	24,558
1430-01-042-4908	PAR/PIP, Phase I	7,075	2,810	24,558
1430-01-042-4910	BCC/PIP, Phase I	6,690	4,184	23,425

\* If the priority changes and the actual delivery of materiel does not correspond with the Delivery Term Code (DTC) designated in the LOA, a Transportation Bill Code (TBC) indicating the actual method of shipment is to be entered on the DD Form 1517 (Position 59).

<u>NSN</u>	<u>ITEM</u>	<u>Code 6*</u>	<u>Code 8*</u>	<u>Code 9*</u>
<b>HAWK [Continued]</b>				
1430-01-042-4915	IPCP, Phase I	11,182	4,699	39,191
1430-01-042-4918	ICC/PIP, Phase I	11,549	5,066	39,624
1430-01-078-9643	HPI/PIP, Phase II	11,115	4,973	37,262
1430-01-084-1130	IBCC, Phase II	6,690	4,184	23,425
1430-01-084-1131	IPCP, Phase II	11,182	4,699	39,191
1430-01-180-5318	PCP/PIP PHASE III	11,549	5,066	39,624
1430-01-184-6768	CWAR/PIP Phase III	6,424	2,671	22,180
1430-01-191-8780	HPI/PIP Phase III	11,115	4,973	37,262
1430-01-213-9397	BIG Phase III	2,014	1,670	16,462
1440-00-602-5055	LSCB, Phase I	104	92	416
1440-00-805-3012	Launcher	6,791	4,166	23,975
1450-00-066-8873	Loader, XM501E3	5,202	2,302	17,941
4935-00-133-9770	Shop Equip AN/TSM-112 w/SM 35 Beam	2,093	1,616	7,014
4935-00-604-7460	IAFU OMC GRD	1,614	1,375	4,496
4935-00-782-1957	Shop Equip AN/TSM-105	6,210	3,943	21,561
4935-00-880-4510	Shop Equip AN/TSM-107	6,210	3,943	21,561
4935-01-042-4909	Shop Equip AN/TSM-107 PIP	6,210	3,943	21,561
4935-01-043-2244	Shop Equip (No. 1) Phase I	7,888	4,786	28,307
4935-01-051-8691	Shop Equip AN/TSM-104	6,210	3,943	21,200
4935-01-067-3362	Shop Equip GM AN/TSM-120	2,093	1,616	7,486
4935-01-083-3128	Shop Equip (No. 8)	3,411	2,533	19,301
4935-01-083-3129	Shop Equip (No. 1) Phase II	7,888	4,786	28,307
4935-01-085-5618	Shop Equip (No. 9)	5,124	2,394	16,661
4935-01-085-5679	Shop Equip (T.A.G)	4,269	3,792	11,392
4935-01-091-4450	TAS Maint Kit, Phase II	1,690	1,093	6,252
4935-01-218-7088	Shop Equip (No. 8) Phase III	5,775	2,533	19,301
5821-00-192-8668	Transmitting Set	104	92	331

**HELICOPTER, UH-1**

1615-01-056-4550	Hub Assembly, Main Rotor	\$1,399	\$1,017	\$1,281
1615-00-183-0834	Transmission	1,904	1,522	1,981
1615-01-237-0512	Hub Assembly, Main Rotor	1,399	1,017	1,281
2840-01-093-7451	Engine	1,208	826	1,261
2840-01-134-4803	Engine	1,208	826	1,261
2915-01-005-9197	Fuel Control	1,025	886	1,162
2915-01-216-9779	Fuel Control	1,025	886	1,162

**MLRS**

1055-01-192-0358	AVMRL (Less Carrier)	\$13,474	\$5,285	\$95,076
1055-01-251-9756	AVMRL	13,474	5,285	95,076

**PATRIOT**

1410-01-087-6343	GM Intercept Aerial	\$3,137	\$1,727	\$10,545
1410-01-205-7066	GM Intercept Aerial	3,137	1,727	10,545
1410-01-267-6685	GM Intercept Aerial	3,137	1,727	10,545
	MM-104-B			

<u>NSN</u>	<u>ITEM</u>	<u>Code 6*</u>	<u>Code 8*</u>	<u>Code 9*</u>
<b><u>PATRIOT</u></b> [Continued]				
1410-01-286-9689	GM Intercept Aerial MIM-104-C	3,137	1,727	10,545
1430-01-087-6330	Radar Set	24,552	8,515	104,613
1430-01-087-6337	AN/MSQ-116	22,535	7,692	86,506
1430-01-087-6338	AN/MGQ-104	22,535	7,692	88,671
1430-01-131-5373	Antenna Mast Group Trk	21,291	6,960	91,201
1430-01-131-5427	AN/MRC-137	21,904	7,061	80,483
1440-01-087-9844	M901	21,904	7,061	80,668

**REDEYE**

1425-00-930-9923	M41 Guided Missile System	\$119	\$ 88	\$310
1425-01-078-9258	M41 MSL w/Metal Container	136	94	398
1425-01-078-9259	M41 MSL Assembly	119	88	310
6920-00-809-0399	Guided MSL Training Set	301	280	740

**STINGER**

1425-01-024-9982	WPN Round	\$159	\$105	\$472
1427-01-024-9967	MSL Round	119	84	433
1427-01-219-7116	WPN Round, less Griplock	148	94	448
1427-01-325-3158	Missile Round	119	84	433
1427-01-325-3160	Weapon Round, Partial	148	94	448
1440-01-170-8618	Gripstock-Control Group	15	13	56
1440-01-281-9458	Gripstock-Control Group	15	13	53
6920-01-024-6948	THT	282	255	843
6920-01-283-7826	Training Set	282	255	843

**THERMAL IMAGERY**

5855-01-037-7340	Night Sight, AN/TAS-6	\$221	\$211	\$ 511
5855-01-037-7341	AN/TAM-3	229	172	852
5855-01-083-9051	AN/UAS-11	345	273	1,379
5855-01-154-3871	AN/TAM-3A	439	326	1,605
5855-01-173-0808	Night Sight, AN/UAS-12B	256	229	922

**TOW**

1410-01-007-2507	Missile	\$96	\$65	\$388
1410-01-007-2508	Missile	90	59	375
1410-01-106-8514	I-TOW	96	65	388
1410-01-135-2092	TOW 2 MSL	96	65	388
1410-01-137-9976	Missile, Practice	85	54	370
1410-01-229-9948	Missile	96	65	388
1410-01-257-7583	I-TOW Missile	96	65	388
1410-01-300-0254	TOW-2A Missile w/CLM, BGM-71E-1B	96	65	388
1410-01-301-0815	TOW-2 Missile w/CLM, BGM-71D-1B	96	65	388
1410-01-303-5172	TOW-2 Missile	90	59	375

<u>NSN</u>	<u>ITEM</u>	<u>Code 6*</u>	<u>Code 8*</u>	<u>Code 9*</u>
<u>TOW [Continued]</u>				
1410-01-309-8302	Two Practice Missile w/CLM, BTM-71A-1B	90	59	375
1410-01-309-8303	I-TOW Missile w/CLM	96	65	388
1440-00-169-1764	LCHR	1,390	1,151	3,435
1440-01-104-9834	LCHR, Tubular, GM, TOW-2	1,390	1,151	3,772
1440-01-271-3015	TOW-2 Launcher	1,390	1,151	3,772
1440-01-298-9788	TOW-2 Launcher	1,390	1,151	3,772
4935-00-150-5905	CSS	3,078	1,994	10,812
4935-01-070-3426	Field Test Set	745	506	2,933
4935-01-082-7023	ICSS	3,068	1,994	10,819
4935-01-114-3919	CSS, TOW-2	3,068	1,994	10,819
4935-01-142-9561	Field Test Set, TOW-2	745	506	2,933
4940-01-154-3957	IMP. CSS, TOW-2	5,225	3,077	18,590
5855-01-083-9053	Night Sight, AN/TAS 4A	296	272	937
5855-01-152-8781	Night Sight, AN/UAS 12A	303	276	975
5855-01-245-8689	AN/UAS-12A	303	276	975
5855-01-301-0158	Night Sight, AN/UAS 12-C	303	276	975
6130-01-018-9786	Battery Charger	123	96	494
6920-00-179-7320	M70 Trainer, TOW	803	564	2,878
6920-00-145-6098	M70 Trainer, TOW-2	803	564	2,878

NAVY ANNEX

<u>NSN</u>	<u>ITEM</u>	<u>Code 6*</u>	<u>Code 8*</u>	<u>Code 9*</u>
<u>HARM MISSILE</u>				
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
<u>HARPOON MISSILE</u>				
1410-01-139-1741	RGM-84D-3	\$1,350	\$972	\$6,641
1410-01-181-8546	AGM-84D-1	867	611	6,557
1410-01-181-8548	AGM-84D-1	1,309	932	4,846
1410-01-181-8549	UGM-84D-1	2,728	988	7,352
1410-01-198-7063	RGM-84D-4	1,356	979	6,940
<u>MK 46 TORPEDO</u>				
1356-01-063-3274	Torpedo	\$732	\$470	\$3,484

<u>NSN</u>	<u>ITEM</u>	<u>Code 6*</u>	<u>Code 8*</u>	<u>Code 9*</u>
<b><u>SIDEWINDER MISSILE</u></b>				
1336-01-017-4030	Safety Arming Device (S&A)	\$ 38	\$ 20	\$ 276
1336-01-044-7430	Warhead	67	34	280
1337-01-145-1963	Rocket Motor (RM)	229	117	760
1420-01-101-8233	Target Detector (AOTD)	312	306	904
1427-01-114-2054	Guidance & Control Section (GCS)	628	607	1,292

**SPARROW MISSILE**

1410-00-149-3507	AIM-7M	\$4,317	\$3,637	\$3,834
1410-00-149-3508	AIM-7M	2,274	1,988	3,896

**AIR FORCE ANNEX**

<u>NSN</u>	<u>ITEM</u>	<u>Code 6*</u>	<u>Code 8*</u>	<u>Code 9*</u>
<b><u>MAVERICK MISSILE</u></b>				
1336-00-138-2910JE	AGM-65B	\$4,519	\$4,309	\$6,876
1336-00-883-5361	Warhead	1,510	1,460	3,446
1336-00-883-2682	Booster Warhead	1,453	2,901	1,466
1337-01-118-4657	Rocket Motor	1,546	1,467	2,140
1410-00-125-6760JE	AGM-65B	4,519	4,309	6,876
1410-00-238-1486JE	AGM-65A	4,519	4,309	6,876
1410-01-089-2505JE	AGM-65B	4,519	4,309	6,876
1410-01-101-8490JE	AGM-65A	4,519	4,309	6,876

**SIDEWINDER MISSILE**

1410-01-135-2771AB	AIM-9L	\$255	\$177	\$1,502
1410-01-137-5971AB	AIM-9P-2	255	177	1,502
1410-01-137-5972AB	AIM-9P-3	255	177	1,502
1410-01-162-9395AB	AIM-9M	255	177	1,502

**SPARROW MISSILE**

1410-01-101-8237BL	AIM-7E-3	\$466	\$321	\$3,082
1410-01-135-6167BL	AIM-7E	466	321	3,082



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