

**Security
Assistance,
International
Logistics,
Training, and
Technical
Assistance
Support Policy
and
Responsibilities**

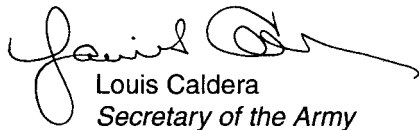
Report Documentation Page		
Report Date 24 Jan 2000	Report Type N/A	Dates Covered (from... to) -
Title and Subtitle Security Assistance International Logistics, Training, and Technical Assistance Support Policy and Responsibilities	Contract Number	
	Grant Number	
	Program Element Number	
Author(s)	Project Number	
	Task Number	
	Work Unit Number	
Performing Organization Name(s) and Address(es) Department of the Army Headquarters Washington, DC	Performing Organization Report Number	
Sponsoring/Monitoring Agency Name(s) and Address(es)	Sponsor/Monitor's Acronym(s)	
	Sponsor/Monitor's Report Number(s)	
Distribution/Availability Statement Approved for public release, distribution unlimited		
Supplementary Notes		
Abstract		
Subject Terms		
Report Classification unclassified	Classification of this page unclassified	
Classification of Abstract unclassified	Limitation of Abstract UU	
Number of Pages 104		

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Effective 24 February 2000

Army Programs

Security Assistance, International Logistics, Training, and Technical Assistance Support Policy and Responsibilities



Louis Caldera
Secretary of the Army

History. This printing incorporates updated policy from AR 12-8, 21 December 1990, and AR 12-16, 6 January 1992 and is a complete revision of AR 12-1. Procedures including forms requirements remain in AR 12-8. Since the entire text has been restructured, no attempt has been made to highlight changes from the earlier regulations.

Summary. This regulation provides policy for the management and execution of Army Security Assistance and International Logistics Support programs. The regulation covers organization, functions, and responsibilities of the Army Secretariat, the Army Staff (ARSTAF), major Army commands (MACOMs), and other Army organizations involved in or in support of Army security assistance and international logistics support programs. It furnishes policy guidance on Foreign Military Financing (FMF), International Military Education and Training (IMET), and Foreign Military Sales (FMS) programs.

Applicability. This regulation applies to all elements of the Active Army, Army National Guard, and U.S. Army Reserve.

Proponent and exception authority.

The proponent of this regulation is the Deputy Under Secretary of the Army (International Affairs) (DUSA(IA)). The DUSA(IA) has the authority to approve exceptions to this regulation that are consistent with controlling laws or regulations. The DUSA(IA) may delegate this approval authority, in writing, to an individual within the proponent agency in the grade of colonel or the civilian equivalent.

Army management control process.

This regulation contains management control provisions but does not identify key management controls that must be evaluated.

Supplementation. Supplementation of this regulation and establishment of command and local forms are prohibited without prior approval from the Deputy Under Secretary of the Army (International Affairs) ATTN: HQDA (SAUS-ISDSA), WASH DC 20310-0102.

Suggested improvements. Suggested improvements. Users are invited to send comments and suggested improvements on DA Form 2028 (Recommended Changes to Publications and Blank Forms) directly to HQDA (SAUS-ISDSA), WASH DC 20310-0102.

Distribution. Distribution of this publication is available in electronic media only and is intended for command level C, D, and E for Active Army, Army National Guard, and U.S. Army Reserve.

* This regulation supercedes AR 12-1, 7 October 1988, and AR 12-16, 7 June 1985, entirely and AR 12-8, 21 December 1990, with the exception of paragraphs 3-30, 6-3, 15-8, 15-9, 18-2, 18-4, 18-5, 18-6, 18-7, 18-8, 20-2, 20-7, 21-4, 21-7, and tables 15-1, 15-2, and 15-3.

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Summary of Change

AR 12-1

Security Assistance and International Logistics Training and Technical Assistance Support Policy and Responsibilities

This revision –

- Incorporates various U.S. law changes as a result of revision to Titles 10 and 22 United States Code (U.S.C.), and revises responsibilities, policy, and some procedures for acquiring and transferring logistics support between U.S. Army, North Atlantic Treaty Organization (NATO) countries, NATO subsidiary bodies, and other governments of eligible countries (paras 3-5, 6-10, 7-10, 8-2, and 8-3).
- Changes HQDA security assistance proponency from the Deputy Chief of Staff for Logistics to the Deputy Under Secretary of the Army (International Affairs) (para 2-6).
- Incorporates General Order 10, dated 12 August 1997 (paras 1-6a and 2-4 through 2-25) .

Chapter 1

Introduction

1-1. Purpose

This regulation prescribes policy, establishes objectives, and assigns responsibility for performing security assistance missions, conducting international logistics support activities, and providing support for peacekeeping operations, humanitarian relief efforts, and nation building. It provides the means to develop MACOM instructions and procedures to ensure Army-wide implementation of FMS programs, Foreign Military Construction Sales (FMCS), FMF, International Military Education and Training (IMET), coproduction programs, the Army Munitions Control Program, the deployment of training, technical assistance, and survey teams, and the acquisition and transfer of logistics support, supplies, and services between the U.S. Army and NATO countries, NATO subsidiary bodies, or other eligible countries.

1-2. References

Required and related publications and referenced forms are listed in Appendix A.

1-3. Explanation of abbreviation and terms

- a. Abbreviations and special terms used in this regulation are explained in the glossary.
- b. Those terms and definitions used in this regulation, that are not explained in the glossary, are defined in the Joint Pub 1-02, AR 310-25, or DOD 5105.38-M.

1-4. Authority

- a. General. The Foreign Assistance Act (FAA) (22 U.S.C. 2151-2430i), as amended, and the Arms Export Control Act (AECA) (22 U.S.C. 2751-2799aa-2) as amended, authorize the President of the United States to transfer defense articles and defense services, including training, to eligible foreign countries and international organizations. The International Traffic in Arms Regulations (ITAR) designates the articles, services, and related technical data as defense articles and defense services subject to export control pursuant to sections 38(22 U.S.C. 2778) and 47(7) (22 U.S.C. 2794(7)) of the AECA.
- b. Legislative prohibitions
 - (1) Equal opportunity in contracting. Section 5 of the AECA (22 U.S.C. 2755) prohibits sales of defense articles or services, extensions of credits, or guarantees to any countries whose laws prevent any U.S. citizen from taking part in furnishing defense articles or defense services because of race, religion, national origin, or sex.
 - (2) Unauthorized use of defense articles. Section 3(c) of the AECA (22 U.S.C. 2753(c)) also prohibits sales, credits, or guarantees to any country that uses defense articles or services furnished under this act, or any predecessor act, in substantial violation of any such agreement. Using such materiel or services for an unauthorized purpose, improperly transferring such articles or services, or failing to maintain the security of such articles or services are among the possible violations.

- (3) Terrorism. Section 40 of the AECA (22 U.S.C. 2780) further provides for ending all sales, credits, and guarantees to any government that aids or abets any person or group that has committed an act of international terrorism by granting them sanctuary from prosecution.
- c. Administration
 - (1) Delegation of Authority. The President has delegated authority for management of security assistance and associated programs to the Secretary of State and for execution of these programs to the Secretary of Defense through executive orders and directives. The Secretary of Defense has assigned program responsibilities to the Under Secretary of Defense Policy (USDP). The USDP exercises authority, direction, and control over the Director, Defense Security Cooperation Agency (DSCA).
 - (2) Policy. United States Security Assistance Programs are to be in consonance with U.S. foreign policy objectives, military strategic plans, and in conformity with policy and planning guidance issued by or for the Secretary of Defense. The Security Assistance Management Manual (SAMM), DOD 5105.38-M published by DSCA, and other Department of Defense (DOD) directives set forth responsibilities, policies, and procedures governing the administration of security assistance programs within DOD. U.S. Army security assistance programs shall also conform to all applicable Army regulations and Multinational Force Compatibility (MFC) policy.

1-5. Objectives of Army security assistance

The security assistance program is an important instrument of U.S. foreign and national security policy. It aids deterrence, promotes regional stability, helps to assure U.S. access to vital overseas military facilities, lessens unilateral U.S. military requirements, enhances weapon standardization/interoperability in support of MFC, and supports the U.S. defense industrial base. The principal objectives of security assistance are to —

- a. Support U.S. national-security interests (political, military, economic) and strengthen the military capability of selected friendly and allied countries by enabling them to—
 - (1) Contribute to collective security and deterrence.
 - (2) Defend against external threats.
 - (3) Maintain regional military balances and defense posture.
 - (4) Enhance internal security.
- b. Foster favorable attitudes toward the United States and its policies.
- c. Encourage friends and allies to pursue national objectives compatible with U.S. foreign policy and military strategy.
- d. Assist in obtaining and maintaining the necessary base rights, authorizations, and facility arrangements at key foreign locations for U.S. and allied forces.
- e. Encourage other nations to develop and rely on their own defense, thus reducing the need to commit U.S. forces in local crisis situations.
- f. Support and maintain the U.S. defense industrial base.
- g. Encourage respect for internationally recognized human rights.

1-6. Command and staff relationships/staffing and coordination

- a. Command and staff relationships—

- (1) HQDA. The Director of International Development and Security Assistance (DIDSA), Deputy Under Secretary of the Army (International Affairs) (DUSA (IA)) (SAUS-IA-DSZ) is the focal point for developing, staffing, and publishing Army security assistance policy and guidance. DIDSA is also responsible to the DUSA(IA) for oversight of the Army-wide security assistance program.
 - (2) Major Army Commands, Component Commands, agencies, activities, and offices. These organizations are responsible to HQDA for compliance with applicable laws, DOD directives, and Army regulations as they apply to the administration, implementation, and execution of assigned security assistance programs.
 - (3) Security Assistance Teams. Army teams deployed overseas to a foreign country, in support of Army security assistance programs shall be placed under the administrative control of the U.S. Diplomatic Mission accredited to the host country. The Chief, Security Assistance Organization (SAO) or Senior Military Representative (SMR)/US Defense Representative (USDR) assigned to the U.S. Diplomatic Mission will provide country specific advice, and administrative assistance as necessary to facilitate executing the requirements established under the Letter of Offer and Acceptance (LOA) or, in the absence of an LOA, other pertinent formal agreement. This relationship does not alter the authority of the parent organization or the relationship between the parent organization and the deployed team. It does provide the country-team, through the SAO, SMR, or USDR, a single voice in addressing defense issues with the host country, a role in monitoring security assistance actions being performed in-country, and a role in effecting Administration policy at the diplomatic level should the need arise. Team members, through their designated chiefs, will respond to host country requirements as established by the team mission, LOA, or other formal agreement. Team members will comply with administrative directives issued by the Chief of the U.S. Diplomatic Mission.
 - (4) Official visits. Army officials conducting security assistance business in-country with host country officials shall coordinate/work through the SAO/Diplomatic Mission.
- b. Coordination. Informal coordination between Army security assistance personnel at all levels and between Army and DOD personnel is encouraged when these contacts facilitate the mission. However, it must be understood that informal coordination is not acceptable when Army policy is at issue. In this instance, official coordination shall be accomplished by authorized personnel through appropriate channels. It must also be stressed that informal coordination does not relieve the coordinating organization from the requirement to keep its chain of command and all concerned informed of changing situations.
- c. HQDA review/approval criteria. Actions involving policy issues or precedents not adequately covered by published policy will be referred to DUSA(IA). Referrals will include sufficient detail and background information to clearly identify the reason for referral and will also provide the referring command's coordinated position/recommendation. The types of actions that should be referred to HQDA (SAUS-IA-DSZ) are—
- (1) Actions requiring development/submission of a military assessment (that is, politico-military, national security, or total force issues) related to a specific security assistance requirement.

- (2) Actions that affect MFC objectives, such as standardization and interoperability of equipment, doctrine, and commitment.
 - (3) LOAs and related actions that require processing to the Congress.
 - (4) Actions pertaining to the diversion or withdrawal of equipment from the U.S. Army or diversion of equipment from approved security assistance commitments.
 - (5) Actions that affect Army resources and assets, including production, training base, and personnel.
 - (6) Actions involving transfer of sensitive technology.
 - (7) Actions establishing or revising coproduction programs.
 - (8) All LOAs or actions for release of technical data packages.
 - (9) Initial introduction of major defense equipment (MDE) to a country.
 - (10) Leases of materiel to U. S. industry and foreign countries.
 - (11) All other actions involving issues or precedents not adequately covered by existing published policy and actions identified as being of extraordinary interest to the administration or having significant impact on U.S. national security and foreign policy.
 - (12) The SAUS-IA-DSZ will notify USASAC of specific export licenses that should be staffed to HQDA for coordination. The SAUS-IA-DSZ will obtain the HQDA staff coordination on selected export license requests and return them to USASAC for forwarding of the Army position to the Defense Technology Security Administration (DTSA).
- d. Reporting requirements
- (1) General. Army organizations with security assistance responsibility for administering, implementing, and executing security assistance programs will submit reports as required. Some reports may not lend themselves to formal or structured reporting, and will be furnished on an as-requested basis.
 - (2) Reporting responsibility. Overall responsibility for reporting on materiel cases and the training included on a materiel case is assigned to USASAC. Security assistance reporting for separate training cases and IMET rests with TRADOC.
 - (3) Manpower reporting. Each MACOM, component command, or separate agency, or office will retain responsibility for manpower reporting.
- e. Contacts with foreign representatives. Optimum Army-industry-customer relationships should be developed and maintained between the U.S. Army, U.S. industry, and the potential purchasers of defense articles and services. Every effort should be made to develop these relationships at the level most appropriate to the activities being conducted, while ensuring compliance with U.S. laws, DOD guidance, and Army regulations. Responsibilities for contacts are specified in Chapter 2.

1-7. Program implementation

- a. Materiel programs. USASAC shall prepare a DA pamphlet for Department of the Army staffing, approval, and coordination that implements the policies in this regulation. This DA pamphlet will address all aspects of program initiation, administration, implementation, and execution. This DA pamphlet is to be the sole document covering the process and procedures for providing Army materiel to authorized governments and international organizations under the auspices of the security assistance program.
- b. Training programs. AR 12-7 and AR 12-15 address the processes and procedures for implementing Foreign Military Sales (FMS) training, technical assistance, and International Military Education and Training (IMET) programs within and outside CONUS. As described in these regulations, TRADOC implements training and technical assistance programs in CONUS and OCONUS drawing from CONUS-based commands and activities.

Chapter 2

Roles, Responsibilities, and Functions

2-1. Authority to conduct security assistance and international logistics support

The Secretary of State is responsible for the supervision and direction of security assistance, determination of eligibility of countries to receive security assistance, and the dollar value of country programs. The Secretary of Defense (SECDEF) is responsible for supervising the administration of security assistance throughout the DOD. The Defense Security Cooperation Agency (DSCA) is the principal organization that carries out these responsibilities for the SECDEF. The Director, DSCA, serves as the DOD focal point and clearing house for all security assistance matters. Specific delegation of authority for security assistance can be found in DOD 5105.38-M (SAMM), and in this chapter.

2-2. Commanders, Unified Commands

Commanders have overall responsibility for security assistance and international logistics support operations in assigned geographical areas to include FMS, IMET support to SAOs, as well as negotiating and concluding cross-servicing agreements.

2-3. Chiefs of Security Assistance Organizations (SAOs)

SAOs serve under the direction and supervision of the Chief of the U.S. Diplomatic Mission, who has responsibility for coordinating the full range of USG objectives and activities in the country. Consistent with its resources and the situation in-country, each SAO will —

- a. Evaluate host nation security assistance requests and develop the U.S. Mission recommendation.
- b. Conduct initial planning and coordination for deployment of security assistance teams and make support arrangements in-country.
- c. Serve as the control/coordination point for U.S. Army personnel performing security assistance activities in-country. This includes coordinating official host nation security assistance related activities at the Ministry of Defense and Army headquarters levels, providing administrative control of deployed U.S. security assistance teams and monitoring the results of the services performed by the deployed teams.
- d. Develop the annual IMET program and submit appropriate program data.

- e. Assist in the evaluation and planning of the host government's military capabilities and requirements. In this capacity, the SAO will also work with the host nation, the Defense Attaché Office, and the U.S. Diplomatic Mission in the development of the country's budget/program request.
- f. For shipments made by the Defense Transportation Service, coordinates offload of FMS shipments at destination, ensuring that customer follows proper receipt procedures and also submits transportation discrepancy reports for in transit loss or damage per DOD 4500-9-R.

2-4. Secretary of the Army

- a. Responsibilities. The Secretary of the Army —
 - (1) Directs, fosters, and takes part in developing policy, doctrine, and concepts mutually gainful to the Department of the Army, the United States, and friendly foreign nations.
 - (2) Carries out approved and funded security assistance programs, acting under the policy guidance of the Secretary of Defense.
- b. Functions. The Secretary of the Army, in consultation with the relevant Unified Command —
 - (1) Negotiates and concludes implementing arrangements applicable to Army components or major commands operating in the military region (or North Atlantic Treaty Organization (NATO) operational area) of the Unified Command.
 - (2) Negotiates and concludes, in special instances, cross-servicing and combined agreements when authorized by the Chairman, Joint Chiefs of Staff.
 - (3) Acquires logistics support, supplies, or services under cross-servicing agreements or separately.
 - (4) Transfers logistics support, supplies, or services under cross-servicing agreements.

2-5. Under Secretary of the Army

- a. The Under Secretary is the Secretary's principal civilian assistant and senior adviser on key Army issues and serves as Acting Secretary in the absence of the Secretary and carries out those responsibilities and functions specifically delegated by the Secretary.
- b. He or she serves, with the Secretary, the Chief of Staff, and the Vice Chief of Staff, as a senior member of the Army Resource Board; and serves as the Secretary's senior representative on DOD and interagency committees crossing functional areas.

2-6. Deputy Under Secretary of the Army (International Affairs) (DUSA(IA))

- a. The DUSA(IA) has the sole responsibility within the Department of the Army for the International Affairs functions of the Army. No other office or entity may be established or designated within the Army to conduct any of the functions specified below—
 - (1) Preparing an Annual International Activities Plan (to include security assistance) and an Annual International Activities Annex to The Army Plan (TAP).

- (2) Coordinating and overseeing the planning, programming, budgeting, and development of policy and regulatory guidance for Army International Activities, including coordinating, integrating, and providing oversight for specific policy implementation pursuant to the Army International Activities Plan.
 - (3) Representing the Army in international policy matters and serving as the Department of the Army (DA) liaison on international activities.
 - (4) Overseeing the development, coordination, and implementation of policy for—
 - (a) International organizations.
 - (b) Security assistance, including the integration of international training; logistical, acquisition, and industrial base matters; and Army Acquisition Executive managed programs in support of security assistance into a single security assistance plan and program.
 - (c) Weapons systems export policies, to include integration of the National Disclosure Policy with technology transfer.
 - (d) International agreements including cooperative research and development programs, data and information exchange programs, the foreign comparative test program, professional scientist and engineer exchange programs, and production.
 - (e) The promotion of democracy and human rights.
 - (f) Participation in peacekeeping and peace enforcement activities.
 - (g) The provision of humanitarian assistance.
 - (5) Overseeing international logistics and military construction agreements that exclusively support U.S. military forces overseas.
 - (6) Ensuring the establishment of overall requirements, criteria, and procedures for selecting, training, and overseeing of all Army personnel engaged in international activities.
 - (7) Serving as the Secretary's designee for the planning, coordination, oversight, and execution of international commemorative activities.
 - (8) Providing policy oversight for the Panama Canal Treaty Implementation Plan.
 - (9) Providing support for international travel of senior Army leaders when matters concerning international affairs are being addressed.
 - (10) Ensuring that all international affairs matters needing legal oversight are provided to the Office of the General Counsel and the Office of the Judge Advocate General, International and Operational Law Division, for review and comment.
- b. The Directorate for International Development and Security Assistance (SAUS-IA-DSZ) is the principal organization through which the DUSA(IA) carries out security assistance responsibilities. The Director for International Development and Security Assistance—
- (1) Is the focal point and spokesperson for Army security assistance and international development.
 - (2) Develops and provides Army-wide security assistance and international development policy and related procedural guidance to the Army MACOMs and other agencies and activities involved in security assistance matters.

- (3) Coordinates Army security assistance and international development policy and urgent operational requirements with appropriate officials within OSD, the Unified Commands, HQDA, and other military departments and U.S. Government agencies.
- (4) Develops policy and provides direction for international research, development, test and evaluation, to include data/information exchange programs, international cooperative research and development agreements, foreign comparative test program, professional scientist and engineer exchange program, and participation in international forums concerning these subjects in support of MFC (see AR 70-41).
- (5) Develops Army positions in coordination with the Office of the Deputy Chief of Staff for Operations and Plans (ODCSOPS) and the Office of the Deputy Chief of Staff for Logistics (ODCSLOG) on diversions and withdrawal of Army materiel and services to support security assistance requirements.
- (6) Resolves security assistance and international development policy issues applicable to specific country programs.
- (7) In coordination with all applicable Department of Army offices and other applicable agencies, analyzes specific requests from foreign countries for major defense articles and defense services and ascertains whether the requests are in consonance with U.S. strategic plans and objectives, and law. This function should be performed jointly to ensure a political-military perspective is incorporated into the analysis.
- (8) Develops Army position on security assistance materiel allocations and distribution priorities for allied and friendly foreign countries in support of MFC objectives. Recommends the modification of force activity designator (FAD) assignment for foreign military sales to the Department of the Army Master Priority List (DAMPL) and AR 11-12.
- (9) Develops, coordinates, and oversees Army policy on the export of Army weapons systems.
- (10) Develops, coordinates, and oversees policy on the Army Munitions Control Program.
- (11) Coordinates with the ODCSINT on exceptions to national disclosure policy dealing with Army security assistance matters.
- (12) In coordination with the ASA(FM&C), issues Army Administrative Fund Budget guidance.
- (13) Reviews Administrative Fund Budget submissions from MACOMs.
- (14) Works with ASA(FM&C) on final consolidation and submission of the Administrative Fund Budget to DSCA.
- (15) Coordinates allocation and redistribution of security assistance administrative funds.
- (16) Establishes policy for, monitors expenditures of, and conducts periodic reviews on the use of security assistance administrative funds and case funded program management lines.
- (17) Ensures that personnel requirements for Army security assistance compete in the programming and budgeting process.
- (18) Serves as the Army point of contact for security assistance and international development matters during military exercises and mobilization planning.

- (19) Monitors and develops Army views on security assistance and international development legislation and related executive orders.
- (20) Provides policy, planning, and programming guidance for security assistance training activities for foreign nationals.
- (21) Approves and, as necessary, directs the participation of Army members on joint survey teams to analyze foreign military objectives, threats, force requirements, doctrine, and tactics. Reviews team reports and recommendations.
- (22) Establishes policy and overall staff supervision in directing and coordinating Army Security Assistance Teams (SATs) provided to foreign governments and international organizations under provisions of the Foreign Assistance Act and the Arms Export Control Act. Approves the Army SATs and forwards approval to TRADOC for implementation.
- (23) Reviews pricing guidance and MACOM developed course costs with the ASA(FM&C) and assesses the impact on Army foreign training programs.
- (24) Allocates foreign training spaces to the U.S. Army Command and General Staff College course.
- (25) Coordinates and recommends to the Chief of Staff, U.S. Army (CSA), foreign attendees to the U.S. Army War College, International Fellows Program, and the Sergeants Major Academy.
- (26) Serves as Army security assistance and international development point of contact for procedural and operational matters with foreign attachés or embassies in the Washington, DC area.
- (27) Represents HQDA at security assistance training conferences.
- (28) Supports peacekeeping and humanitarian assistance operations—
 - (a) Provides input in the planning stage to the DCSOPS such as Price and Availability (P&A) data, leases, estimates of logistics support, quality assurance teams, and training recommendations.
 - (b) Executes defined plans established by the JCS, as approved by DSCA.
 - (c) Issues warning orders to alert staff elements and major commands of impending requirements.
 - (d) Prepares and coordinates execute orders, for release by the ODCSOPS, directing the implementation of approved transfer plans.
 - (e) Provides clarification and guidance relative to execution.
 - (f) Ensures compliance of approved plans by staff elements, major commands, and participating DOD activities.
 - (g) Utilizes the existing FMS logistics tracking and financial accounting systems, as much as possible, to provide uniform status reports and billings.
 - (h) Oversees pricing of materiel to ensure adequate reimbursement.
 - (i) Oversees materiel shipment.
 - (j) Oversees international training.
 - (k) Provides status reports to the Secretariat and Army Staff.

2-7. Assistant Secretary of the Army (Acquisition, Logistics, and Technology) (ASA(ALT))

The ASA(ALT) is responsible for—

- a. Executing the acquisition function and the acquisition management system of the Department of the Army, as delegated by the Army Acquisition Executive (AAE).
- b. Administering and overseeing research, development, evaluation, and acquisition programs, to include data/information exchange programs, cooperative research and development of agreements, and participating in international forums concerning these subjects, in coordination with the DUSA(IA).
- c. In coordination with the DUSA(IA), reviewing, at least annually, the Army's Security Assistance Plan to ensure that it is compatible with the Army's Research, Development, Acquisition, and Industrial Base Programs and is logistically sound and supportable.

2-8. Assistant Secretary of the Army (Financial Management and Comptroller) (ASA(FM&C))

The ASA(FM&C)—

- a. Is responsible for all financial management activities and operations for appropriated funds and financial oversight of non-appropriated funds.
- b. Oversees the financial aspects of security assistance programs.

2-9. Assistant Secretary of the Army (Installations and Environment) (ASA(I&E))

The ASA(I&E), in coordination with the DUSA(IA):

- a. Oversees military construction, environmental, and engineering services in support of U.S. military forces and other DOD-sponsored initiatives.
- b. Develops overseas military construction agreements in support of U.S. military forces overseas.

2-10. Assistant Secretary of the Army (Manpower and Reserve Affairs) (ASA(MRA))

The ASA(MRA) has responsibility for —

- a. Policy involving foreign nationals.
- b. Training and education including, in coordination with the DUSA(IA), international training and education matters.

2-11. Assistant Secretary of the Army (Civil Works) (ASA(CW))

The ASA(CW), in coordination with the DUSA(IA), directs the foreign activities of the U.S. Army Corps of Engineers, except those foreign activities that are exclusively in support of United States military forces overseas.

2-12. Chief of Staff, Army (CSA)

- a. The CSA exercises supervision over all elements of the Department of Army, with the exception of the Office of the Secretary of the Army.
- b. The CSA exercises supervision over training and education including international training and education matters in coordination with the DUSA (IA).

2-13. The Deputy Chief of Staff for Logistics (DCSLOG)

The Director for Plans and Operations (DALO-PLZ) for the DCSLOG—

- a. Implements DOD Directive 2010.8 (NATO Logistics).

- b. Ensures that international logistics support activities are coordinated in accordance with AR 11-31.
- c. Receives and processes Army-only requests to designate new countries as eligible for cross-servicing agreements. Multi-service requests are processed through Unified Command channels.
- d. Assumes responsibility for executing materiel and services total package transfers, that is, materiel delivery, logistics support, training, quality assurance, transportation, tracking, financial reimbursement, accounting and reporting for peacekeeping and humanitarian assistance operations.
 - (1) Assists the DCSOPS in defining requirements.
 - (2) Assists in determining the location and condition of materiel.

2-14. Deputy Chief of Staff for Operations (DCSOPS)

The DCSOPS —

- a. Supports the DUSA(IA) in reconciling Army security assistance program issues and foreign requests for defense articles and services with United States strategic plan and policy objectives.
- b. Evaluates the readiness impact of all diversions of assets managed by the Army.
- c. Evaluates priorities for distribution of materiel to foreign countries.
- d. Includes IMET and FMS CONUS training requirements in the Army Program for Individual Training (ARPRINT); and tasks Army trainers to accomplish the training.
- e. Serves as the DA proponent for unit exchange training.
- f. Serves as the DA proponent for Professional Military Exchange Program.
- g. Receives, reviews, coordinates, and processes all proposed unit exchange programs.
- h. Assumes responsibility for the overall planning of materiel and services transfers in support of peacekeeping and humanitarian assistance operations, —
 - (1) Liaisons with the JCS to identify transfer requirements.
 - (2) Validates, determines, and defines requests; and in concert with the Joint Staff, establishes a detailed planning document, including, for example, equipment to be transferred, when and how, support requirements, training, transportation, burden sharing among the MILDEPS, funding, accounting, reporting, and similar items.
 - (3) Solicits input to the proposed materiel transfer plan from impacted staff elements and unified commands.
 - (4) Negotiates burden sharing arrangements with the JCS and the other MILDEPS.

2-15. Assistant Deputy Chief of Staff for Force Development (ADCSOPS-FD)

The ADCSOPS-FD, in coordination with DCSLOG, supports United Nations peacekeeping and humanitarian assistance operations by —

- a. Determining the availability of requested materiel.
- b. Identifying materiel for transfer.
- c. Determining materiel location and condition.
- d. Establishing support packages and recommended training scenarios.

2-16. Assistant Deputy Chief of Staff for Operations, Readiness, and Mobilization (ADCSOPS-OD)

The ADCSOPS-OD shall support United Nations peacekeeping and humanitarian assistance operations by —

- a. Identifying Army elements required to provide support.
- b. Tasking subordinate commands and staff elements to provide specific materiel and services, as required.

2-17. Deputy Chief of Staff for Personnel (DCSPER)

The DCSPER —

- a. Develops personnel management legislation.
- b. Manages doctrine, policy, and guidance on matters related to the Defense Language Program (DLP) and the Defense Language Institute (DLI).
- c. Provides guidance throughout the Army on the availability and provision of military (except Army Medical Department officers) and U.S. civilian personnel to support PCS Security Assistance Teams (SATs).
- d. Recommends policy to procure, distribute, manage, retain, and separate U.S. military and civilian personnel in support of Army security assistance.
- e. Works with DUSA(IA) to implement the decision to manage FMS civilian manpower to budget, within the funding provided through DSCA and the Army by the foreign purchaser.

2-18. Deputy Chief of Staff for Intelligence (DCSINT)

- a. Responsibilities. The DCSINT is responsible for overall Army intelligence and counterintelligence program coordination on foreign governments and international organizations involved in security assistance, and for technology security issues as they relate to security assistance.
- b. Functions. The DCSINT—
 - (1) Develops policy, provides disclosure authority and guidance, and monitors disclosure of classified military information (CMI), controlled unclassified information (CUI), and release of sensitive technology to foreign governments and international organizations. This includes requests for documentary information, technical data, hardware, and software. The ODCSINT certifies all foreign representatives participating in international military student (IMS) training, and authorizes foreign national visits to DA.
 - (2) Serves as the Army member of the National Disclosure Policy Committee (NDPC).
 - (3) Provides guidance and assistance to TRADOC for all military intelligence-type security assistance training programs, both CONUS and OCONUS, pertaining to disclosure of classified information.
 - (4) Determines releasability of classified training information, documents, and materiel to foreign countries; processes exceptions to the National Disclosure Policy (NDP).
 - (5) Monitors unit exchanges and advises ARSTAF and MACOMs on security implications.
 - (6) Serves as the DA proponent for the Foreign Liaison Officer Program.

2-19. The Surgeon General (TSG)

a. Responsibilities. TSG—

- (1) The Office of the Surgeon General, Health Care Operations Division (DASG-HCO) exercises overall DA staff supervision for providing medical materiel, training, related services, and health care to personnel of recipient countries.
- (2) Provides medical policy, program, budget, and executive guidance/oversight to the U.S. Army Medical Command (USAMEDCOM), U.S. Army Medical Materiel Agency (USAMMA), Army Medical Department Center and School, and other medical units supporting approved security assistance programs.
- (3) Provides medical materiel and services in support of peacekeeping and humanitarian assistance operations.

b. Functions. TSG—

- (1) Provides the DA point of contact on health care and takes part in health care negotiations with foreign countries.
- (2) Executes Security Assistance Program for all medical materiel and related services for security assistance customers in accordance with standard FMS procedures.
- (3) Directs, controls, and supervises individual medical training to foreign personnel to include development and staffing of medical training policy. Also validates, approves, synchronizes, and monitors training programs (formal courses, on-the-job training (OJT), and observer training in CONUS). Serves as the Army point of contact on Security Assistance training related health care issues.
- (4) Provides medical training under Foreign Military Sales (FMS) and International Military Education and Training (IMET).
- (5) Maintains a reporting structure that will provide periodic performance and status data on medical materiel and training cases.
- (6) Validates, approves, synchronizes, and monitors the medical components of all security assistance and FMS medical materiel, services, and training programs, including all TRADOC requests for CONUS and OCONUS training. This includes surveys, observer training, on the job training, formal courses, and exportable training.
- (7) Provides medical technology transfer and foreign disclosure review and support for security assistance.
- (8) Provides medical personnel required to staff Army Security Assistance Teams (SATs).

2-20. Executive agents (EAs)

a. The following MACOMs will serve as Department of Army executive agents—

- (1) U.S. Army Materiel Command (AMC) for approved security assistance (defense articles and technical services) programs.
- (2) U.S. Army Training and Doctrine Command (TRADOC) for approved security assistance (training) and technical assistance programs.
- (3) U.S. Army Corps of Engineers (USACE) for approved security assistance (construction/FMCS cases) programs.

b. Responsibilities. The EA will —

- (1) Respond to HQDA guidance.

- (2) Provide materiel and/or related services to approved foreign countries or international organizations.
- (3) Coordinate with other Army commands, military departments, and U.S. Government agencies and private industry as necessary to support approved programs.
- (4) Establish and maintain professional contacts with representatives of foreign governments and international organizations in the performance of approved programs.
- (5) Obtain approval on actions that affect the programs, funding, and budgeting of other commands, agencies, and activities through DUSA(IA) (SAUS-IA-DSZ) prior to implementation.
- (6) Refer requests for waivers and clarification of policy to SAUS-IA-DSZ with appropriate background, discussion of alternatives, and recommendations for resolution.
- (7) Keep SAUS-IA-DSZ informed of sensitive actions that may be of concern to the senior Army leadership and pertinent to the mission and oversight responsibilities of HQDA.
- (8) Provide essential articles and services using established FMS procedures when tasked to support peacekeeping and humanitarian assistance operations.

2-21. Commanding General, U. S. Army Materiel Command (AMC)

- a. Responsibilities. The CG, AMC will —
 - (1) Manage the Army Munitions Control Program in accordance with Department of State, DOD, and DA policy.
 - (2) Establish management and operational procedures that streamline, synchronize, and harmonize those functions essential to providing efficient and effective support to the security assistance customer.
 - (3) Provide central financial management and distribution of FMS administrative funds, prepare the administrative fund budget, and allocate funds to subordinate commands. Integrate security assistance requirements in all budget and operating programs.
- b. Functions. The CG, AMC will—(through United States Army Security Assistance Command (USASAC))
 - (1) Prepare, staff, and publish management reports on FMS and FMF/Grant activities and provide other information and data to HQDA as required.
 - (2) Take actions as prescribed in DOD 5105.38-M and this regulation to satisfy customer requests.
 - (3) Establish a case/program management system that —
 - (a) Provides LOA life cycle management for country program managers (CPMs) and/or central case managers (CCMs) for Army security assistance, overseeing the program from the initial planning; through the country evaluation/definition process, program/case development, daily crisis management, acquisition and logistics support, and financial management; to the completion of all deliveries, final accounting, and case close out.

- (b) Works with the MSCs and PEOs/PMs to develop requirements that meet the customer's needs and ensures delivery as agreed in the LOA.
 - (c) Ensures LOAs are processed using a total package approach, including consideration of ancillary equipment, initial and sustaining support, maintenance support, facilities, and training support where appropriate.
- (4) Appoint a lead/performing command to coordinate, develop, and execute each case.
- (5) Maintain the master records/files for all Army SA transactions.
- (6) Establish financial review and oversight of the security assistance program funds.
 - (a) Monitoring input to DSCA FMS reporting system.
 - (b) Keeping general ledger control of all trust fund obligation authority issued by the DFAS to AMC.
 - (c) Scrutinizing the use of program management line funds.
- (7) Establish a single AMC security assistance point of contact for information management systems to—
 - (a) Work with the megacenters and manage all information management systems in support of Army security assistance at the MACOM and Major Subordinate Command (MSC) level.
 - (b) Control the use/expenditure of administrative funds for the purchase of information management systems (hardware and software).
 - (c) Maintain a database showing the historical and current case master record for Army FMS cases and FMF.
- (8) Seek DUSA(IA) approval prior to initiating dialog with a country on the potential introduction of a new weapon system into the country or region.
- (9) Ensure that a foreign disclosure review is accomplished and release approval is granted by a designated disclosure authority prior to providing P&A data or a LOA.
- (10) Sponsor FMS management reviews. Conduct periodic management reviews of all phases of security assistance program execution and correct deficiencies. Conduct special reviews of security assistance as tasked by HQDA.
- (11) Develop, coordinate, and provide to OSD the Army position on munitions export control and commercial availability cases except for the categories identified in paragraph 1-6, which will be forwarded to DUSA(IA) (SAUS-IA-DSZ) with appropriate background information and recommendations.

2-22. Commanding General, Army Training and Doctrine Command (TRADOC)

- a. Responsibilities. The CG, TRADOC through the Security Assistance Training Directorate (SATD), Deputy Chief of Staff for Training (DCST), will —
 - (1) Manage, develop, and implement Security Assistance Training and technical assistance in CONUS through the Security Assistance Training Field Activity (SATFA) and OCONUS through the Security Assistance Training Management Organization (SATMO).
 - (2) Ensure coordination of preparation and deployment of Army SATs.
 - (3) Provide central financial management and distribution of FMS training funds for all operating agencies as required by HQDA.

- (4) Provide central financial management of all IMETP funding and accounting lines.
 - (5) Establish management and operational procedures that streamline, synchronize, and harmonize those functions essential to providing efficient and effective support to the security assistance customer.
 - (6) Implement training programs outside the continental United States (OCONUS) and in CONUS.
- b. Functions. The CG, TRADOC, through SATD, serves as program manager for all security assistance training provided international personnel under Army sponsorship, and will —
- (1) Administer the security assistance training program as established in DOD 5105.38-M, AR 12-7, AR 12-15, and this regulation.
 - (2) Provide financial management support for all security assistance training programs, to include funds receipt, distribution, billing, collections, and reimbursements.
 - (3) Manage Foreign Military Sales (FMS), International Military Education and Training (IMET) and International Narcotics and Law Enforcement (INL), FMF, Non-proliferation, Anti-terrorism, Demining, and Related programs (NADR) cases for CONUS conducted security assistance training and OCONUS security assistance training and technical assistance missions conducted by CONUS based commands and activities.
 - (4) Review foreign country requests for CONUS training, determine the CONUS Army capability, designate the agency that will fulfill the requirement, and identify costs of the training programs involved.
 - (5) Task lateral U.S. Army CONUS based commands, as required, to support the approved programs.
 - (6) Develop training plans to support equipment purchases, ensure training is time-phased in keeping with equipment delivery date required for total package approach, and develop unique career-skills training as requested by equipment recipients.
 - (7) Develop course costs for inclusion in the MASL, consolidate other MACOM training data and submit through SAUS-IA-DSZ to DSCA for maintenance and update of the Army training part of the MASL.
 - (8) Pursuant to foreign requests, determine the releasability of training literature, training aids, and training devices with ODCSINT, HQDA.
 - (9) Develop and maintain the U.S. Army Security Assistance Training Program Handbook.
 - (10) Plan and coordinate CONUS orientation and school tours funded under IMET and FMS for selected officers.
 - (11) Maintain central training records and status of requests and monitor training in relation to forecasts.
 - (12) Direct and monitor the determination of price, availability, preparation, and negotiation of Letters of Offer and Acceptance (LOA) for Security Assistance Teams (SATs) as directed by Army Staff.

2-23. Commander and Chief, U.S. Army Corps of Engineers (USACE)

- a. Responsibilities. The USACE is —

- (1) The principal adviser and responsible agent for facilities design and construction for security assistance activities.
 - (2) The overall supervisor and coordinator for all engineering activities associated with, and in support of, assigned security assistance programs and projects.
- b. Functions. The USACE will —
- (1) Provide the DA point of contact for negotiations concerning engineering services with allied and friendly countries.
 - (2) Employ standard FMS procedures as outlined in the DOD 5105.38-M, this regulation, and DA standard administrative procedures on USACE security assistance programs, other than those covered by existing country-to-country agreements.

2-24. Director, U.S. Army Publishing Agency (USAPA)

The Director, USAPA, will—

- a. Provide pricing information for the initial technical publications line in materiel LOAs.
- b. Provide follow-on publications support in response to customer requisitions against blanket order LOAs or defined lines in LOAs.

2-25. Acquisition Executive (AE), Program Executive Officer (PEO)/Program Manager (PM)

The PEO/PM will:

- a. Support the security assistance community in the development and execution of approved foreign military sales cases. This assistance shall include:
 - (1) Making system presentations as requested by a foreign country and approved by DSCA and DUSA(IA) (SAUS-IA-DSZ)
 - (2) Developing price and availability data.
 - (3) Assisting the lead/performing command to develop LOAs using the total package approach.
 - (4) Monitoring system production and delivery, advising the lead/performing command of progress, slippage, delay, or termination.
- b. When requested by HQDA, serve as the lead/performing command for major weapons systems they manage.
- c. Support the security assistance community in the assessment of foreign disclosure (export licensing) requirements.

2-26. Director, National Security Agency (NSA)

The Director, NSA, has overall responsibility for the release and sale of all U.S. Information Security (INFOSEC) equipment and related services to foreign countries and international organizations. NSA normally will conduct the sale of all INFOSEC articles and services to foreign governments. The Army may conduct the sale of INFOSEC articles and services if NSA provides written authorization that the equipment is releasable and that a delegated sale is authorized.

Chapter 3

Crisis Management

Section I

Change in focus to include Peacekeeping and Humanitarian Operations

3-1. New mission challenges

The end of the Cold War has significantly changed the focus of the U.S. national security interest. The reappearance of long standing regional conflicts and civil wars based on historical, economic, religious, and ethnic differences has raised new concerns. These conflicts bring a new set of missions for the Department of Defense and the U.S. Army, requiring quick reaction, often with insufficient time to plan, organize, or execute. The Army Staff and MACOMs must establish procedures and processes to meet these new mission challenges. They must ensure timely transfers of defense articles and services for peacekeeping and humanitarian assistance operations, as well as expedite articles and services to support emergency requirements that frequently arise in those countries and international organizations that receive security assistance through foreign military sales.

3-2. Policy

It is the Army policy to:

- a. Support military contingency operations other than war through the provision of commodities and services to friendly foreign countries and international organizations, consistent with U.S. foreign and security policy objectives.
- b. Transfer materiel from long-term supply stocks, when possible, thereby reducing the impact on Army readiness.
- c. Ensure the transfer of an adequate support package concurrent with the major end item.
- d. Ensure the provision of training to guarantee operational and maintenance proficiency.

3-3. Applicability and scope

- a. This chapter —
 - (1) Applies to the Army Staff and the Major Commands.
 - (2) Does not apply to commodities and services transferred in support of U.S. troops taking part in coalition operations.
 - (3) Does not apply to requests from foreign countries or international organizations under legislative authorities other than Sections 607 and 632 of the Foreign Assistance Act (FAA) of 1961, as amended.
 - (4) Applies to the transfer of Army commodities and services to international organizations and foreign countries in support of approved peacekeeping and humanitarian assistance operations under the FAA, Sections 607 and 632.
- b. This chapter prescribes procedures to conform with the FAA, Sections 607 and 632, for transferring commodities and services on an advance-of-funds or reimbursable basis to foreign countries or international organizations recognized by the U.S. Agency for International Development.
- c. Responsibilities are prescribed in Chapter 2 of this regulation.

3-4. Operational concept

Requirements for peacekeeping and humanitarian assistance operations are divided into two distinct phases — planning and execution. The Army planner (ODCSOPS) will work closely with the JCS (lead) in the planning phase. Once the JCS execution plan is developed, DCSOPS will task subordinate commands and staff elements to provide specific materiel and services, as required. The DCSLOG, in coordination with the DUSA(IA), executes the total package materiel and services transfers, working under the direction of the USDP/DSCA.

3-5. Procedures

- a. The FAA, Sections 607 and 632, allows the provisioning of commodities and services to friendly countries, international organizations, and voluntary non-profit relief organizations registered with and approved by the Agency for International Development on an advance-of-funds or reimbursable basis. The Act authorizes advances or reimbursements to be credited to applicable appropriations, accounts, or funds of the participating agency.
- b. By combining the authority of the FAA, Sections 607 and 632, and established foreign military sales procedures, reimbursement, logistics tracking, and financial accounting are standardized and administered in accordance with the legal authority set forth by the Arms Export Control Act.
- c. Under the auspices of humanitarian operations covered in Title 10, the following sections authorize support of humanitarian projects:
 - (1) 10 U.S.C. 2551 (Humanitarian Assistance) provides for the transportation of humanitarian relief and for other humanitarian purposes worldwide.
 - (2) 40 U.S.C. Section 401 (Humanitarian & Civic Assistance (HCA)) supports HCA activities together with authorized military operations of the armed forces in a country if the Secretary concerned determines that the activities will promote the security interests of both the U.S. and the country involved and the U.S. units participating will benefit through enhanced operational readiness.
 - (3) 10 U.S.C. Section 2547 (Humanitarian Assistance Program Excess Property) provides that the Secretary of Defense may make available for humanitarian relief purposes any nonlethal excess supplies of DOD. These excess supplies shall be transferred to the Secretary of State, who shall be responsible for their distribution.

3-6. Planning phase

- a. Upon receipt of requests and requirements from foreign countries or international organizations, the logistics officer in a joint command will task the Army and other military departments (MILDEPs) for specific support, and consolidate input from the MILDEPs into a concise and detailed execution plan.
- b. The ODCSOPS Military Planner will solicit input from the Army Staff and the Secretariat for incorporation into the execution plan.
- c. The DCSLOG (DALO-PLZ) will dispatch a warning order (classified, when required) to field activities advising of the potential requirement. Unique concerns of the field activities will be relayed through DALO-PLZ to the Military Planner, via OPSDEP memorandum (See Army Joint Action Handbook, Example D-7).
- d. All logistics support training, transportation, and financial issues shall be resolved during the planning phase.

- e. During this phase, subordinate elements of AMC should formulate and furnish to USASAC initial P&A data for future refinement.
- f. Based on the P&A estimates provided, the ASA(FM&C) will identify the Army appropriation, account, and funds to be debited for specific requirements. Funding information will be provided to the ODCSOPS Military Planner for incorporation into the execution plan.
- g. The final execution plan will be provided by the JCS to the Office of the Secretary of Defense (OSD) for approval and implementation. Within OSD, the Director, DSCA, has been delegated responsibility for the execution of materiel and services transfer plans.
- h. Out-of-channel requests should be forwarded to the Military Planner for review and coordination by the Joint Staff.

3-7. Execution phase

- a. The DCSLOG, in coordination with the DUSA(IA) and the ASA(FM&C), executes the approved materiel transfer plans, using the existing FMS logistics and financial accounting systems.
- b. The DCSLOG executes approved transfers for Army services, using the existing Army and security assistance infrastructures.
- c. Upon receipt of a defined and approved execution plan from the USDP/DSCA, DALO-PLZ will prepare an execute order for release to cognizant activities. As a minimum, the execute order shall include:
 - (1) Nomenclature of materiel; NSN, if available.
 - (2) Transfer criteria (condition code).
 - (3) Authority for transfer.
 - (4) Support requirements and duration (total package), if required.
 - (5) Transportation instructions, as required.
 - (6) Training instructions, location, and training source.
 - (7) Consolidation and staging instructions, if required.
 - (8) Authorized force activity designator and required delivery dates, if required.
 - (9) Special accounting/reporting instructions.
 - (10) Point of contact (DA/USASAC).
- d. Consistent with procedures established in AR 10-5, the execute (tasking) order will be released by the DCSOPS (DAMO-ODO) and the DCSLOG (DALO-PLZ).
- e. Services and materiel to be provided by other MILDEPs should be included in the execute order to provide total transparency of mission requirements.

Section II

Other Actions Requiring Crisis Management

3-8. Emergency drawdown

- a. Presidential determinations. Emergency drawdown is authorized when the President determines and reports to Congress 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 Section 506 of the FAA; he may direct, for the purposes of this section, 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 \$100 million in any fiscal year.
- b. Restrictions.
 - (1) Drawdown authorization provides neither funds nor contract authority to procure the required defense articles or services. It only authorizes the drawdown of on-hand stocks and the provision of services under an existing contract and training provided by Army military and civilians, or under existing contractual services.
 - (2) Pricing will be in accordance with IMET/FMF rates. Such pricing precludes contracting of goods and services. Also precluded is use of reserve component (RC) soldiers for Security Assistance Team requirements unless RC man-day allocations of funds for Temporary Tours of Active Duty (TTAD) are available to underwrite Military Personnel Army (MPA) costs of RC activations.
 - c. Responsibility
 - (1) Upon receipt of the Presidential determination which authorizes the DOD to furnish (up to a specified dollar value) military assistance to the country or international organization specified, the DSCA will provide implementing instructions to the Army.
 - (2) The DUSA(IA) (SAUS-IA-DSZ), in coordination with USASAC, will work with the DCSLOG and the DCSOPS to identify the defense articles and services for emergency drawdown. The DCSOPS will task units to provide the defense articles or services, as required.
 - (3) The executive agent responsible for providing the article or service will follow procedures established in DOD 5105.38-M, Section 1102, and this regulation to ensure transfers are accomplished in accordance with Section 506, FAA.
 - (4) The executive agent will maintain memo entries on accounting reports in anticipation of reimbursement for articles and services. All costs associated with the drawdowns shall be reported to USASAC for inclusion into the DSCA 1000 system.

3-9. Diversions/withdrawals

- a. Policy. DOD policy calls for a determination to be made that the transfer or sale of a defense item will not degrade U.S. Army 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 transfer or sale of the item is in the overall U.S. national interest. The Secretary of Defense will make the final determination as to whether DOD will provide items on an expedited basis and whether the impact of doing so is significant within the meaning of the AECA, Section 21(i)(1). The Army will provide an impact statement to the DSCA when such a diversion or withdrawal will degrade U.S. Army readiness.
- b. Considerations

- (1) U.S. Forces. High-priority security assistance needs may be met by diverting assets from production, or withdrawing equipment from U.S. forces, providing the operational readiness posture of these forces is not significantly lowered and pay back can be accomplished within a reasonable time. If the withdrawal of equipment will have a major impact on readiness, HQDA approval is required.
 - (2) FMS materiel. Materiel being procured or stocked for FMS may be diverted to meet higher priority requirements with the prior concurrence of DSCA, who will, as appropriate, obtain policy guidance from the Office of the USD(P).
- c. Approval. Diversion or withdrawal requests will be sent to DUSA(IA) (SAUS-IA-DSZ) for approval. Decisions to support a diversion or withdrawal request will be made on a case-by-case basis after evaluating the impact on the U.S. Army. HQDA approval is required for diversion or withdrawal of the following:
 - (1) Ammunition.
 - (2) Major end items/major defense equipment (MDE).
 - (3) Withdrawals from war reserves, active components, National Guard or Reserve components.
 - (4) Diversions from procurement for the National Guard or Reserve components.
- d. Requests. The cognizant executive agent will submit requests for diversions or withdrawal to DUSA(IA) (SAUS-IA-DSZ). Each request will address why a diversion or withdrawal is proposed, where the items will come from (source of supply), and the impact such a diversion or withdrawal will have on Army operational requirements. These requests will also include a complete analysis of the supply position (assets on hand) of the item to be diverted or withdrawn, a projected time-frame for pay back, and production and overhaul schedules.
- e. Pay back. Executive agents will establish internal controls to ensure that the items diverted are paid back to the Army and that payment is received for the diverted items.

Chapter 4

Foreign Military Sales

Section I

FMS Policy Considerations

4-1. False impressions

The Army will avoid giving foreign countries or international organizations any false impressions about the willingness of the U.S. Government to provide defense articles and services for security assistance. In this respect, information will be provided only when the Army has received a positive policy determination from DSCA that the U.S. Government is willing to provide the specific items requested. The Army uses such authority or determination in responding to requests for Price and Availability (P&A) data, Letters of Offer and Acceptance (LOA), and similar contractual proposals.

4-2. Congressional notification requirements

- a. Specific requirements for Congressional notification, pursuant to Section 36(b) (1) of the AECA, are addressed in DOD 5105.38-M, Section 703.

- b. Army executive agents will prepare and forward supporting data required for congressional notification through DUSA(IA) (SAUS-IA-DSZ) to DSCA.
- c. Executive agents may issue LOAs —
 - (1) To NATO, any NATO member country, Japan, Australia, or New Zealand unless the Congress adopts a joint resolution stating that it objects to the proposed sale within 15 calendar days after receiving notification, or
 - (2) To any other country or international organization, unless the Congress adopts a joint resolution stating that it objects to the proposed sale within 30 calendar days after receiving notification,
 - (3) After the President states in his certification that an emergency exists which requires such sale in the national security interests of the United States.

4-3. Authority to negotiate and sign international agreements

- a. Restrictions. Before entering into negotiations or signing an international agreement concerning coproduction, or licensed production, associated with security assistance programs, the requesting Army activity will submit a written request through SAUS-IA-DSZ to DSCA. DSCA may provide approval to negotiate and/or sign agreements, such as a memorandum of agreement (MOA) covering foreign manufacture of U.S. defense equipment (coproduction arrangements or licensed production agreements) and other special types of sales not shown on an LOA. Requests for such authority must include a description of the project and fiscal and legal memoranda as outlined in AR 550-51, paragraph 6.b(1).
- b. Exemptions. LOAs are exempt from the above requirements, see Transfer of Defense Articles, Chapter 7, Section II.

4-4. Direct commercial sales

- a. Contractor preference
 - (1) The procedures for considering and recognizing contractor preference for direct sales are not required by law; rather, they constitute a process by which DOD tries to accommodate U.S. industry preferences. These procedures are contained in DOD 5105.38-M, section 601. To prevent the direct commercial sale of specific items, DOD will normally make the appropriate recommendation on the contractors' requests for advisory opinions on munitions licenses.
 - (2) Specific exclusions for direct commercial preference are listed in DOD 5105.38-M, paragraph 60103.
- b. Commercial source responsibility. The U.S. manufacturer must inform DSCA that it prefers to sell significant military equipment (SME) it manufactures on a direct commercial basis; that it is the sole U.S. manufacturer or supplier of the articles; and that it prefers that these articles not be sold through FMS.
- c. Processing industry requests for direct sale preference designation:
 - (1) Based on the request from the U.S. manufacturer and the information provided by USASAC through SAUS-IA-DSZ, DSCA will determine whether the article or service is to be designated for direct sale preference. SAUS-IA-DSZ will provide USASAC an information copy of the response (containing the DSCA determination) to the U.S. manufacturer. USASAC will then notify the responsible command.

- (2) Those items approved for direct commercial sale will normally not be sold through FMS.
- d. Comparison studies. The Army will not, unless approved by DSCA, engage in comparison studies requested by FMS customers of an FMS offer versus direct commercial sale. See DOD 5105.38-M, paragraphs 60102.D and 60106.C.
- e. Army position. The Army will not offer items for sale under FMS until it has been notified that the item has been approved for direct commercial sales preference. The Army will not solicit information on whether an article is available through direct commercial sales.

4-5. Offset procurement

See DOD 5105.38-M, paragraph 140107, for information relating to offset procurements and offset administrative costs.

4-6. Operational testing and evaluation (OT&E)

Concurrence of the Under Secretary of Defense for Acquisition is required before offering P&A data, issuing an LOA, or preparing a MOA for coproduction for any MDE item that has not successfully completed OT&E. See DOD 5105.38-M, paragraph 70003A.2.f.

4-7. Denial of requests

Any proposal to deny a potential FMS customer request must be sent to DUSA(IA) (SAUS-IA-DSZ) for approval. Examples of the types of request this applies to are:

- a. FMS purchase or lease of defense articles.
- b. Coproduction agreements.
- c. Sensitive technical information.
- d. Small procurement.

4-8. Exceptions to policy

Requests for exception to established policy are to be submitted to DUSA(IA) (SAUS-IA-DSZ).

Section II

FMS Planning Requirements

4-9. Response to foreign country force requirements

- a. The Army must determine country eligibility before responding to a letter of request (LOR). When a country is determined to be eligible for the equipment requested, Army planners should consider environmental conditions, terrain, and the regional threat to determine if the equipment requested will operate in the country and meet the military threat. Planners should also consider the country's infrastructure and ability to operate and support the items requested. The intent is to offer equipment that meets the country's requirements but does not disrupt the regional balance or overload its ability to operate and support.
 - (1) In some cases, older inventory models should be offered when they are considered adequate for countering the threat and have a useful life expectancy of 10 years or more.
 - (2) State of the art equipment will be offered when older inventory models do not adequately counter the threat, or when the country has specifically requested a new model and has been declared an eligible recipient.

- b. The Army recognizes the value of foreign military training to U.S. security and will consider each country's proficiency in the planning process. Training at Army continental United States (CONUS) and outside the continental United States (OCONUS) installations is encouraged. In providing training to developing countries, the Army will emphasize developing capabilities to organize, employ, and manage national resources allocated to defense.

4-10. Distribution guidance

- a. FMS case approval. The Army forwards, through channels, all FMS cases requiring approval of the DOD, Department of State, the Executive Office, or Congress.
- b. Safeguarding shipments. The United States/DOD must protect and control items DOD identifies as sensitive arms, ammunition, and explosives sold to a foreign nation under the FMS program until possession is transferred to the recipient country at a point no farther than a DOD-controlled water or aerial port of embarkation (WPOE/APOE). After possession has passed to the recipient country, the country is expected to provide the same level of control and protection as the United States/DOD.
 - (1) If the recipient country will move these items overseas by surface transportation, the items will be sold for delivery to the cognizant customer country-identified escort officer aboard an authorized ocean carrier at the DOD-controlled WPOE.
 - (2) If the recipient country will move these items overseas by air transportation, the items will be sold for delivery to the cognizant customer country-identified escort officer aboard an authorized aircraft at the DOD-controlled APOE.
- c. Recipient transport. Foreign governments will transport and deliver their own FMS purchases to their respective countries. However, there are situations in which deviations apply:
 - (1) DSCA can authorize DOD-sponsored transportation if a foreign government is incapable of undertaking shipment or providing mandatory physical security.
 - (2) Sensitive materiel controlled by DOD 5100.76-M and some classified shipments (if customer country does not have cleared facilities or freight forwarder with cleared facilities) must be moved under DOD control at least through a DOD-controlled water or aerial port into an approved customer country-controlled ship or aircraft with an onboard country representative/escort who will receipt for the materiel. Whenever transportation is furnished by the United States/DOD, it is performed as a reimbursable service and it does not affect title passage which remains at origin. Customer countries are therefore encouraged to obtain commercial insurance for possible loss or damage for in transit materiel.
- d. Commercial items-not in U.S. inventory. Customer countries should be advised to obtain support from U.S. industry or from third countries for support of U.S.-developed or -manufactured major end items and systems used exclusively by foreign countries.
- e. Support of commercial items. Normally, logistics support of commercial items will be arranged on a country-to-industry basis.
- f. Overseas supply support. Supply support from U.S. Army overseas theater supply activities is not authorized unless specifically approved by HQDA (DCSLOG).

4-11. Suspensions and cancellations

Procedures governing suspension or cancellation of security assistance to a country are provided in DOD 5105.38-M, paragraph 20304.

4-12. Determination of eligibility

The eligibility of a country or international organization to purchase defense articles and services is published by the DSCA. The responsible executive agent (EA) will review each LOR to ensure that the request is from an eligible FMS recipient, that the system may be sold to the customer, and that the request was received through proper channels.

4-13. Pre-case activities/initiatives

- a. Policy. Army personnel will neither initiate discussions with a foreign country or organization on the potential sale of U.S. defense articles or services, nor participate in discussion between a foreign country and the U.S. defense contractor without approval from HQDA and DSCA. HQDA may grant approval based on country eligibility and the willingness of the U.S. Government to support the sale.
- b. Approval. Requests to initiate discussions with a foreign country or organization on the potential sale of U.S. defense articles or services will be submitted to DUSA(IA) (SAUS-IA-DSZ) for review, staffing, and approval. Requests must contain full justification, specify funding requirements, and identify the source of the funds to be used.

Section III

FMS Special Considerations

4-14. Total Package Approach (TPA)

- a. Concept. Application of the TPA ensures that a customer has the opportunity to plan for and obtain all support items, services, ammunition, and training necessary to operate, maintain, employ, and sustain a major end item or system. Development of an offer requires a coordinated and tailored approach based on an in-depth assessment of the maintenance, supply, and training capabilities of the recipient, the adequacy of its logistical infrastructure, support base, and trainable labor base, and experience with similar equipment. The information used in developing the assessment will be drawn from a variety of sources, such as checklists prepared by the in-country SAO, in-country surveys, and security assistance reviews.
- b. Guidelines
 - (1) Responses to requests for P&A data and LOAs will include known requirements under the TPA concept.
 - (2) Customers must be made aware of the consequences of not accepting the total package. Army policy is to resist pressures to provide equipment that is likely to be inadequately supported or improperly used, either because of financial limitations or a desire to accelerate delivery.

4-15. Special instructions

- a. HAWK missile and Missile Minder systems. Interoperability and communications security requirements must be carefully considered in potential sales of HAWK missiles and AN/TSQ-73 Missile Minder systems to foreign governments. The following policy applies:
 - (1) U.S. encryption equipment must be used whenever—

- (a) Sales involve use of Army tactical data link-1 (ATDL-1) or tactical data information link-B (TADIL-B).
 - (b) Sales involve development of a data communications link that replaces ATDL-1 or TADIL-B and the link is to be connected to systems operated by or as part of an air defense system in which U.S. military forces participate.
- (2) When an approved unclassified link developed for a foreign government is to be used independently of U.S. military forces, the use of U.S. approved encryption devices will be at the discretion of that government. Requirements for each LOA will be determined individually, and each affected LOA will include an appropriate note.
- (3) The use of encryption devices is not required for intrabattery communications, including the missile battery data link when it is the only data communications link used.
- b. Security Risk Category (SRC) 1 Missiles (for example, the Stinger)
 - (1) Security Risk Category (SRC) 1 missiles may be made available, in modified form, to FMS LOAs if properly approved, and if adequate security controls have been established. SRC I Missile components are to be properly described in all P&A data and LOAs.
 - (2) A security team will conduct a physical security survey prior to introducing systems into a country. The team will inspect security arrangements and identify any requirements that must be corrected before the missiles are delivered. The team will report its findings to HQDA (DAMO-ODL-S), DUSA(IA) (SAUS-IA-DSZ), USASAC, U.S. Aviation and Missile Command (AMCOM), and DSCA.
 - (3) The in-country SAO will verify the arrival of each gripstock and missile by serial number. Additionally, the SAO will conduct an annual physical inventory of all missiles. Except for missiles deployed in combat areas, the SAO shall physically inspect and inventory all missiles by serial number. In addition to the annual inspection, the SAO shall conduct an annual random review of host government records of required monthly two-man verification records. The SAOs findings are to be reported to DSCA and USASAC with an information copy to the unified command and AMCOM.
 - (4) Transportation plans will be developed for shipments of all SRC I Missiles and coordinated with USASAC, MTMC, and AMCOM. The plan shall, as a minimum address, the requirements of DOD 5100.76M, paragraph 7K. Coproduction agreements will include a requirement that all missiles entering the customs territory of the United States for transportation will comply with the standards of DOD 5100.76M regardless of ownership.
- c. Multiple Launch Rocket System (MLRS)
 - (1) Customers with approved requests for the MLRS to be directly purchased from new procurement should be advised to obtain P&A or sales data directly from the MLRS International Corporation (MIC).
 - (2) P&A data for approved requests that will be provided from new procurement using FMF will be provided by the U.S. Army CONUS production source. Upon acceptance of the LOA, all financed MLRSs or components will be contracted directly with the U.S. production source, and not through MIC. No MIC administrative recoupment fee will be added to the LOA.

- (3) The FMS system will not be used to offer or provide the MLRS or components produced in Europe. P&A data and other relevant data will be provided only for components projected to be manufactured in the United States. The U.S. production facility will not be used to provide follow-on support for systems or components produced in Europe.
 - (4) Transportation of explosive components of MLRS will be shipped in accordance with DOD 5100.76-M.
- d. Night vision devices. Night vision devices are sensitive items and, therefore, must be shipped in accordance with DOD 5100.76-M and AR 55-355.
 - (1) Night vision devices will normally be removed from vehicles and transported in separate, secured containers using double-barrier protection. Where it is not feasible to remove devices, they will be afforded double-barrier protection within a locked and sealed vehicle. The vehicle's hatches, with exception of driver's hatch, will be secured from the inside or welded shut using a minimum of four strong tack welds. Driver's hatch will be secured with an approved bolt or cable seal (cable seal will be applied in a figure-8 configuration) or an American Series 200 lock and another type of approved seal.
 - (2) Vehicles with night vision devices will normally be shipped as sensitive items through DOD owned or controlled ports. If non-DOD ports must be used, a transportation security plan must be developed addressing compensatory security measures to be taken. The plan will be approved in advance by USASAC, MTMC, and HQDA (DAMO-ODL).
 - (3) Application of physical security measures is considered part of the preparation for shipment. Because possession normally passes to the customer at the port of embarkation, removal is a customer responsibility. The OA team may advise and assist, if requested.
- e. Abrams Tanks System. Abrams Tank System modified for FMS will be transported in accordance with the Abrams Tank Security Classification Guide, published by PM Tank Systems. A detailed Transportation Plan will be developed addressing security in transportation by rail or motor within CONUS and all onward movement to and in the purchasing country. The U.S. Army Tank-Automotive and Armaments Command (TACOM) may downgrade certain components of an Abrams system. If so, the component may be handled accordingly.
- f. Pentachlorophenol. The FMS customer must be advised of ammunition or other items packaged with pentachlorophenol (PCP) since PCP may present environmental and health concerns including toxicological and teratogenic hazards. The customer must acknowledge the advisory in writing if accepting materiel packaged in PCP. If offering such materiel on an LOA, when the customer has not previously been advised that the items are packaged with PCP, the LOA must include a note to explain the options. Acceptance of the LOA by the customer constitutes acceptance of the materiel under these conditions.
- g. Limited-shelf-life items. Scheduled delivery of items with limited-shelf-life or expiration dates must be closely managed. On-hand requirements, usage rates, availability, and capacity of storage facilities, and transportation modes must be considered when developing delivery schedules. Every effort must be made to ensure deliveries do not exceed the programmed usage rates for the life of the item.
- h. Special organization/country considerations

- (1) Several countries and organizations have asked for and been granted waivers or special considerations in the management of their FMS programs. Since the agreed upon considerations are sometimes sensitive in nature and subject to change with little warning, they will not be addressed in this regulation. For example, specific waivers and instructions are applicable to some aspects of our FMS process supporting NATO countries, the North Atlantic Treaty Organization Maintenance and Supply Agency, Canada, the Federal Republic of Germany, Japan, South Korea, Saudi Arabia, Taiwan, Yemen, Turkey, Portugal, and the United Kingdom.
- (2) HQDA will serve as the focal point for consolidating and disseminating all waivers and special instructions to the appropriate executing and supporting organizations.

Chapter 5

Control of Transfer of Defense Articles and Services

Section I

Control of Information

5-1. General information security policy

Classified military information (CMI) provided under the auspices of an Army security assistance program is protected by a security agreement, normally a general security of military information agreement (GSOMIA) or equivalent security arrangement, between the United States and the recipient country. CMI provided to the recipient country will be limited to that data which is necessary to operate and maintain the defense article being transferred.

5-2. Security classification and release of information

- a. Policy. The requirements and procedures listed in this chapter will be followed when considering, approving, or implementing new programs. After DOD and the Department of State concurrences which indicate the United States Government's willingness to transfer a specific defense article or services to a foreign government or international organization, CMI may be disclosed to the foreign government or international organization provided the disclosure is in compliance with the National Disclosure Policy (NDP). The Army usually discloses information on a specific defense article in response to an official foreign government or international organization request for P&A, LOA, or other contractual proposal.
- b. Planning. Initial planning on security assistance programs must consider whether eventual disclosure of CMI to foreign governments and international organizations will be required. If it is determined that eventual disclosure of CMI is required, initial plans will not be executed until a United States' commitment to furnish CMI or classified materiel is made. This caveat must be explicitly understood and acknowledged. Proposals to foreign governments or international organizations that will lead to the eventual disclosure of CMI must be authorized in advance. Officials authorized to grant such approval will do so according to AR 380-10.

- c. Confirmation. All Army responses to requests for planning data (P&A, LOA, etc.) will contain a statement that the release of the information does not constitute a commitment by the U.S. Government to provide the defense articles or services. By so stipulating, the Army avoids both false impressions and protests by the foreign government if a proposed transaction is aborted. The same general principles apply to the processing of munitions license requests from the Department of State. The International Traffic in Arms Regulations (ITAR) governs the following —
 - (1) Export of arms, ammunition, and implements of war.
 - (2) Manufacturing licenses and technical assistance agreements.
- d. Initial disclosure. Every proposed program must be evaluated in its entirety to determine if any aspect of the proposal or plan might result in disclosing CMI. Consideration of initial disclosure approval must not be limited solely to introductory or promotional materiel. The highest level of classification shown in the classification guide of a system shall determine the overall classification of the system, regardless of end item classification.
- e. Disclosure authority. The DCSINT, HQDA is the delegated disclosure authority for the Army. The ODCSINT, HQDA (DAMI-CHS) executes the Army's foreign disclosure program on behalf of the DCSINT and reviews the proposed initial disclosures for all security assistance programs to ensure compliance with NDP requirements. If an exception to the NDP (ENDP) is required, ODUSA (IA) (SAUS-IA-SA) will assist the ODCSINT in developing the ENDP, to include obtaining U.S. country team and unified command positions.

5-3. Release of military information

- a. Unclassified information.
 - (1) Except as specifically prohibited by other regulations, unclassified information may be released to support security assistance programs. The information must be available to the public through either the U.S. Government Printing Office or the National Technical Information Service, or have been cleared for public release by the proponent's public affairs office.
 - (2) The command or agency proposing release of unclassified information is responsible for coordinating with and obtaining the concurrence of the proponent agency (see AR 340-17).
 - (3) According to Section 21(f) of the AECA, DOD policy is to make information available to the public to the fullest extent consistent with national security. In addition, DA policy is to comply fully with both the specific provisions and the general intent of the Freedom of Information Act, as amended. Release of information will be according to procedures set forth in DODI 5400.10.
 - (4) Questions as to whether or not unclassified information is releasable should be addressed to the supporting information office or the proponent for the information.
- b. Classified information. CMI will be released only on a government-to-government basis through established channels according to national and Army disclosure policy. Eligibility of a country or international organization to receive CMI under NDP does not negate the requirement to obtain authorization for release of defense materiel and services under Army security assistance, nor does it negate the requirement for any export licensing that may be required by law.

- (1) Basis for release of classified information. Eligibility of a country or recipient to receive CMI under NDP criteria does not negate the requirement to obtain proper authorization for release of defense materiel, services, or export controlled information to:
 - (a) Accredited officials of a foreign country, or
 - (b) Accredited officials of an international organization who require the information in their official capacity.
- (2) Tentative security assistance plans and programs. Classified information on tentative defense article plans and programs (i.e., budgeting and future years requirements) may be released to a foreign government or international organization, provided the item has already been transferred or is authorized for release to the foreign government or international organization. Such classified information may be released to the extent necessary for the security assistance planning process or the effective development of related defense plans. Classified dollar levels of tentative country or organization programs may be released only with the specific permission of the Office of the Assistant Secretary of Defense (Regional Security Affairs), (ASD(RSA)) and with 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 any U.S. commitment.
- (3) FMS agreement. Classified information on the quantity and projected delivery schedules for articles and services in FMS agreements with a given country may be released to that country or international organization to facilitate the recipient's planning.
- (4) Procedures for release. Release of classified information under (1), (2), and (3) above is subject to AR 380-10 and DODD 5230.11.
- c. Release in-country. Release of all security assistance information to a foreign government or international organization will be made only through government-to-government channels. Releases in the foreign country are made through the U.S. Security Assistance Office or the Chief of the U.S. Diplomatic Mission.

5-4. Foreign Disclosure and Technical Information System (FORDTIS)

All CMI authorized for disclosure as well as any denials of CMI are subject to the following:

- a. Reporting. DA commands and staff agencies foreign disclosure officers must report disclosure of classified materiel or documents leading to issuance of a LOA or other security assistance action on DD Form 1822 (Report of Disclosure or Denial of U.S. Classified Military Information). Denials of CMI will be reported on the same form. The report must be made in accordance with prescribed procedures. Upon acceptance of a LOA containing CMI, the one-time FORDTIS report, DD Form 1822, will be submitted.
 - (1) The report will identify the end item as the initial item. Manuals, training materiel, and other classified supporting documents or equipment will be reflected in proper detail as additional items.
 - (2) The report will also be made for cases involving classified systems on major components requiring the eventual release of—
 - (a) Classified supporting information.

- (b) Materiel required by the recipient country to operate and maintain the principal end items or components.
 - (c) LOAs not accepted by the recipient country need not be reported.
- b. Responsibility. The command responsible for disclosing CMI in support of a security assistance transaction will also ensure that the FORDTIS report is prepared and entered into the system. TRADOC is responsible for preparing the FORDTIS form for all disclosures of CMI relating to security assistance.

5-5. General security classification guidelines

- a. Foreign government information. This paragraph relates to DA security assistance only. It prescribes procedures to classify, downgrade, declassify, and safeguard classified information as it relates to FMS, FMF, and IMET. Information that is owned by, produced for or by, or under DOD and DA control is included. Also included are procedures for safeguarding and handling of foreign government information that, in accordance with AR 380-5, is—
 - (1) Provided to the United States by a foreign government or international organization. The expectation, expressed or implied, is that the information will be kept in confidence.
 - (2) Produced by the United States according to a written joint arrangement with a foreign government or international organization. The arrangement requires that either the information or the arrangement, or both, be kept in confidence. Such a written joint arrangement may be evidenced by an exchange of letters, a memorandum of agreement, or other written record.
- b. Basis of classification. AR 380-5 contains security classification guidance.
 - (1) Information not specifically designated as classified in AR 380-5 is unclassified unless—
 - (a) The Department of State; ASD(RSA); Assistant Secretary of Defense (International Security Policy (ASD(ISP))); Director, DSCA; or HQDA directs classification in a certain situation, or
 - (b) The national security classification criteria of AR 380-5 warrant classification for national security purposes.
 - (2) Information designated as classified in AR 380-5 is usually assigned the CONFIDENTIAL security classification marking unless—
 - (a) The Department of State; ASD(RSA); ASD(ISP); the Director, DSCA; or HQDA directs a higher level of classification.
 - (b) The national security classification criteria of AR 380-5 warrant a higher level of classification for national security purposes.

5-6. Specific security classification

- a. FMF and IMETP. FMF and IMETP dollar levels and content of a program for the budget year or a later fiscal year are classified for each country and international organization. Budget year data will be declassified upon delivery to Congress of the Congressional Presentation Document (CPD). Documents containing out-year dollar levels and content will be handled in the same manner. Also, the document must include a date for declassification purposes so that it may be declassified on completion of the event or date, whichever occurs first. The budget data document will be stamped as follows:

- (1) Classified by: Enter title of original classification authority, security classification guide, or other classifying source document.
 - (2) Declassify on: Delivery to Congress of the Congressional Presentation Document or on (enter specific date), whichever occurs first.
- b. Foreign military sales
- (1) Classification. Classification of FMS information under (2) and (3) below, in the interest of U.S. foreign relations, is to prevent unauthorized disclosure of the fact that a specific defense article (for example, I-HAWK) has been or may be sold to a certain foreign government. The primary factors considered by the Department of State, ASD(RSA), ASD(ISP), DSCA, and HQDA in determining classification of FMS information are—
 - (a) The extent to which disclosure of the information would reveal the purchaser's order of battle. (The nature and quantity of defense articles being sold and the degree to which the purchaser relies on the United States as a source of military supply are considered.)
 - (b) The extent to which disclosure of the information could be expected to stimulate demands by third countries upon the United States or upon other supplying nations for defense articles. (This demand might encourage global or regional instability or foster an arms race.)
 - (2) Planning data. Data must be classified when either of the following criteria is met:
 - (a) The data identifies the requesting foreign government and specific items of major defense equipment in which it has expressed interest and which qualify for congressional reporting under section 36(b)(1) of the Arms Export Control Act.
 - (b) Classification of the data is directed by higher headquarters or is warranted by the interests of the national defense of the United States.
 - (3) Letters of Offer and Acceptance (LOA). The Department of State will determine the classification of each LOA for which Congress receives formal notification under Section 36(b) of the AECA. LOAs that are not formally notified to Congress under Section 36(b) are unclassified unless the purchaser has specifically requested that the LOA be classified or higher headquarters has directed that the data be classified in the interests of the national defense of the United States.
- c. Coproduction. Information showing specific types of major defense equipment for countries and international organizations will be classified during the negotiation stages. This applies to preliminary coproduction proposals and memoranda.

5-7. Security markings and declassification

- a. National defense information. Classified information in an LOA and related documents will be declassified on the date or event derived from the original classifier of such information.
- b. Planning data. Classification for planning data will be the same as for LOAs unless the potential exists for a sale requiring Congressional notice under Section 36(b) of the AECA. Such data will be classified at least CONFIDENTIAL for foreign relations purposes and will be declassified when Congressional notification is completed or a subsequent LOA for the items is unclassified.

- c. Advance Congressional notification and LOA. When advance notification is made to Congress under Section 36(b), the applicable LOA will be classified at least CONFIDENTIAL for foreign relations purposes. After the Congressional review period, the Department of State will decide the need to retain the classification. If a foreign country may have specifically requested that the FMS transaction be classified, then this information will be included with the advance notice, and will be one of the factors considered by DSCA and Department of State in determining the classification of the transaction.
- d. Classified LOAs. LOAs determined by the Department of State to be classified for foreign relations purposes will normally be declassified within 6 years or upon case closure (date of issuance of certificate of case closure).
- e. Combination of national security and foreign relations information. LOAs and related documents classified for reasons of both national security and foreign relations will identify the multiple sources of the classification. These documents will be declassified on the latest classification date of the source documents.
- f. FMS implementation records. FMS implementation guidance will be written in an unclassified mode, even though the LOA to which it corresponds may be classified. These records include such items as case directives, production or repair schedules, Security Assistance Management Acquisition Program (if they contain no national security data), individual plans, requisitions, shipping documents, bills of lading, work orders, contract documents, billing and accounting documents, worksheets, and related feeder information.
- g. FMS projections. Projections of dollar levels or content of FMS agreements, and dollar levels of FMS credit extensions, for the budget year or a later fiscal year are classified for each country and international organization. Such projections will be declassified on delivery to Congress of the CPD for the fiscal year to which the projections apply. These projections will also include declassification instructions.
- h. Coproduction documents and reports from the DSCA 1100 system. These will be classified where appropriate. When classification is shown, declassification instructions must be provided.

Section II

Technology Transfer

5-8. Conditions for transfer

- a. Transfers of technology to countries with which the United States has major security interest will be recommended when such transfers—
 - (1) Contribute to collective security and deterrence, and promote regional stability.
 - (2) Contribute to weapon standardization and interoperability, thus lessening unilateral U.S. military requirements.
 - (3) Generally maximize the effective return on the collective NATO alliance or other allied investment in research and development.
 - (4) Enhance internal security.
 - (5) Result in an overall net benefit to the United States.
- b. Recommendations for transfer may include “sensitive” or “designated” conventional weapons when the security benefits to the United States to be gained from the transfer outweigh the risks that—

- (1) The technology might be compromised, or
- (2) The defense articles or defense services might fall into the hands of unauthorized persons.

5-9. Transfer of Technical Data Packages (TDP)

- a. DOD 5105.38-M, section 1401, provides the guidance for TDP transfers.
- b. Organizations responding to customer requests for a TDP, shall submit the request with a supporting command position to HQDA (SAUS-IA-DSZ). SAUS-IA-DSZ will staff the command request and send an Army position to DSCA for approval.

Section III

Army Munitions Control Program

5-10. Army Munitions Control Program

- a. General
 - (1) The Army Munitions Control Program provides policy governing Army reviews of export license applications for the temporary or permanent export of classified or unclassified data and hardware, and for manufacturing and technical assistance agreements. It also provides Army advisory opinions on commodity jurisdiction determinations and strategic trade export requests. It does not include transfers of materiel, training, and services provided by the U.S. Government under the FMF, IMET, or the FMS program.
 - (2) The program involves the processing of export license applications and strategic trade cases referred to the Army by the Department of State (DOS) and the Director, Defense Technology Security Administration (DTSA). The term "munitions case" includes in its scope, defense articles and services and related technical data included on the U.S. Munitions List (USML), which is a part of the International Traffic in Arms Regulation (ITAR) published by the DOS. Changes to the USML are made by the Secretary of State with the concurrence of the Secretary of Defense.
 - (3) Those items which shall be considered defense articles and constitute the USML are identified in Table 202-1, DOD 5105.38-M. Items considered significant military equipment (SME) are identified by an asterisk.
- b. Authority
 - (1) The AECA regulates the export of defense articles and services to foreign nations and international organizations. It is implemented by the DOS through the ITAR.
 - (2) The Export Administration Act regulates the Strategic Trade Control Program. It is implemented by the Department of Commerce (DOC) through the Commodity Control List.
 - (3) The export license application process is the primary means of regulating the exportation of defense articles and services. Action on applications is governed by relevant Department of State and Department of Commerce policy.
- c. Program objectives. Army review of munitions control cases seeks to—
 - (1) Prevent/control the export of classified/critical technology.
 - (2) Provide the Army position on the impact of proposed exports on national security.

- (3) Prevent export sales from interfering with Army programs.
- d. Nonconcurrences. If a reviewing activity recommends nonconcurrence in any munitions case, a General Officer or Senior Executive Service equivalent must sign the nonconcurrence and provide specific supporting justification. Exceptions may be requested on a case-by-case basis.

Section IV

Program Restrictions/Prohibitions

5-11. Program restrictions/prohibitions

The following restrictions apply in furnishing defense articles and services under Army security assistance:

- a. Nuclear delivery systems. In principle, release of data on materiel in the delivery systems or dual-capable systems category requires approval by the President. The Army is not authorized to provide, under MAP or FMS, materiel declared by the Nuclear Regulatory Commission (NRC) to be source materiel, by-product materiel, special nuclear materiel, production facilities, use facilities, atomic weapons, or articles involving restricted data. Depleted uranium is not included. DSCA has established guidance on countries authorized to receive depleted uranium.
- b. Blood derivatives. Human blood, plasma, and derivatives owned by the DOD may not be furnished unless coordinated through the Armed Services Blood Program, the Assistant Secretary of Defense for Health Affairs, the Joint Staff, and the Unified Command.
- c. Chemical and biological warfare items. These items may not be provided, unless they are defensive in nature.
- d. Classified communications security (COMSEC) equipment. The USASAC is the central point of contact for the Army for security assistance actions related to COMSEC equipment. USASAC obtains authority from the National Security Agency before releasing COMSEC information or equipment. The Army Intelligence Security Command (INSCOM) will be notified of all activity pertaining to COMSEC equipment.
- e. Classified items or classified characteristics, documents, films, and publications. No offer of a classified item, or an item with which classified technical data or training is associated, may be made until it has been established that —
 - (1) The requesting country has a “need to know” and is authorized to receive the highest level of classification involved, or
 - (2) An exception to the National Disclosure Policy has been granted, if so required.
- f. Incendiary items, white phosphorus munitions, riot control agents, depleted uranium, Stinger, and anti-personnel landmines. U.S. Government policy and procedures regarding requests for white phosphorus munitions, incendiary items, riot control agents, depleted uranium, Stinger, and anti-personnel landmines are stated in DOD 5105.38-M, paragraph 20301.I.
- g. Police training, services, and materiel. The AECA does not prohibit police training or related programs. However, 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. Prior DSCA approval shall be obtained before offering this type of defense article or service through FMS procedures.

- h.* Explosive ordnance disposal (EOD). EOD tools, equipment, and procedures will not be furnished except—
 - (1) When the foreign country takes part in an EOD exchange agreement under the Mutual Weapons Development Data Exchange Program, or
 - (2) When written assurance is provided that the equipment will be used only by graduates of the U.S. Naval EOD School.
- i.* Training. Training will not be furnished for the sole purpose of obtaining a degree or for accumulating credits toward a degree.
- j.* Health care. Health care from DOD medical treatment facilities can not be provided to foreign military, civilian, and family member personnel in the United States unless eligibility is established and full reimbursement is made to the providing facility or there is a reciprocal agreement. Outpatient care will be provided to NATO students and their dependents at no charge.
- k.* Logistics support. The U.S. Army will provide logistics support to customers as stated in DOD 5105.38-M, paragraph 20202.D.
- l.* Prohibitions on sales from certain DOD stocks.
 - (1) 10 U.S.C. 2390, prohibits the sale of defense articles from DOD stocks identified as —
 - (a) Decrement stocks, meaning the stocks needed to bring the U.S. Armed Forces from a peacetime level to a combat level of readiness, or
 - (b) Army war reserve stocks (AWRS) for U.S. forces, or
 - (c) Prepositioned Materiel Configured to Unit Sets.
 - (2) The President may authorize a sale outside DOD from stocks identified in (1) above if —
 - (a) An international crisis affecting the national security of the United States exists, and
 - (b) The sale is in the best interests of the United States, and
 - (c) Congress is notified not later than 60 days after the transfer with a plan for prompt replenishment of the stocks.
 - (3) The cited law does not preclude sale of stocks that —
 - (a) Have been designated for replacement, substitution, or elimination, or
 - (b) Have been designated for sale to provide funds to procure higher priority stocks.
 - (4) The cited law does not preclude the transfer or sale of equipment to members of NATO.
 - (5) The cited law does not negate the AECA requirement for the President to report to Congress the sale of defense articles and services that could have a significant adverse effect on combat readiness.

Chapter 6

FMS Acquisition

Section I

U.S. Army Materiel Requirements

6-1. Withdrawing security assistance assets for Army use

The Army may meet its own urgent or emergency needs by withdrawing or diverting materiel being stocked or procured specifically for security assistance. Before recommending such action, the Army will consider the views of the intended recipient as expressed through the Security Assistance Organization (SAO) of the country. Recommendations to divert or withdraw assets designated for security assistance will be processed through DUSA(IA) (SAUS-IA-DSZ) to DSCA.

6-2. Replenishing a diversion

In the absence of other HQDA guidance, approval of diversions or withdrawals from U.S. assets to support a foreign country program will result in production for pay back being scheduled at the end of the current production period. The system to track pay back, to include diversion from MACOMs such as U.S. Army Forces Command (FORSCOM) and U.S. Army, Europe (USAREUR), will be established and maintained by the applicable MSC of the U.S. Army Materiel Command (AMC).

6-3. Recovery of stocks upon suspension/termination of a security assistance program

In cases where a security assistance program (country program) has been suspended or terminated, Army-controlled stocks should be returned rapidly to Army inventories with the least loss and minimum handling, storage, and transportation expenses. The goals are to conserve resources and to make the recovered assets immediately available to support U.S. forces and other security assistance programs.

Section II

Acquisitions in Support of Army Security Assistance

6-4. Normal allocation

Under normal conditions, the Army will fill security assistance materiel requirements from DOD stocks, program rebuild, or new production, using normal production lead-times. Initial allocations of materiel, normally will be made within the DOD Uniform Materiel Movement and Issue Priority System (UMMIPS). To the extent possible, the Army will integrate security assistance requirements with other Army and DOD requirements and fulfill these requirements through the same Army and DOD systems, facilities, and procedures. The Army policy is to acquire items for an FMS customer, using the same contract administration and acquisition practices that it uses to procure for itself. Exceptions to this policy are authorized in the Federal Acquisition Regulation (FAR).

6-5. Reserving security assistance

Materiel offered to security assistance recipient countries, either from Army inventories or projected acquisition, may be reserved to fulfill the security assistance commitment. Materiel or services offered or committed to security assistance programs will not be re-allocated for U.S. troop use without specific approval of DUSA(IA) (SAUS-IA-DSZ).

6-6. Designating sole source procurement

DOD policy governing FMS sole source procurement is provided in DOD 5105.38-M, paragraph 80102. While full and open competition is the preferred method of procurement, sole source can be considered when a foreign country makes a specific written request and provides sufficient rationale for obviating the benefits of the competitive process. When the sole source request is approved, the applicable LOA, amendment, or modification must specifically identify the country sole-source designation.

6-7. Nonstandard procurement

The Army policy is to satisfy FMS customer requirements for materiel requested under approved programs. This may entail procuring items that are not used by U.S. forces or that are not in the DOD inventory. In these instances, the most cost effective and speedy acquisition process allowed under the FAR will be sought to procure the nonstandard item.

6-8. Army initiatives involving the offer of obsolescent or excess ammunition, missiles, equipment, and or components

It is Army policy not to use security assistance resources (manpower, assets, or funding) directly or indirectly to develop, promote, or execute the reutilization or remanufacture of Army excess or obsolescent ammunition, missiles, equipment, and or components into nonstandard, hybrid, or appliqué configurations for transfer, coproduction, or codevelopment to or with foreign governments or international organizations unless an exception has been granted by the Director, International Development and Security Assistance. Requests for exception will be forwarded through channels to Director, International Development and Security Assistance. Such a request will provide a detailed technical description of the project, scope of effort, projected security assistance resources required to ensure programmatic success over the life of the program, availability of technical support, operator and maintenance training, logistics support, and projected customer base. All requests will be approved by the Office of the Director, International Development and Security Assistance, once reviewed by the Army Materiel Command and the Training and Doctrine Command for an assessment of life cycle supportability and commitment of command resources to long-term success of project/program.

6-9. Foreign weapon systems

- a. Requests for non-personal technical services involving assembly, installation, maintenance, redesign or re-engineering, or the provisioning of parts to support other than US-manufactured weapon systems should be processed through normal FMS procedures.
- b. All LOAs for support of foreign weapon systems or other equipment must be coordinated with the DSCA prior to submission for countersignature.
- c. Support of foreign weapon systems may require frequent use of sole source procurement.
- d. Requests to provide integration or certification services, under FMS procedures, for installation of non-U.S. subsystems in U.S. or foreign weapon systems should be examined carefully to assess any potential negative effects upon the U.S. defense industrial base. Approval must provide a clear net benefit to U.S. public interest. Requests for integration or certification services to install foreign subsystems in U.S. or foreign weapon systems or platforms will be coordinated with the Weapons Systems Coordinator, DSCA.

- e. USASAC will forward requests through DUSA-IA (SAUS-IA-DSZ) for coordination with DSCA.

6-10. Warranties

The U.S. Government will normally include a warranty provision in its contracts only when appropriate. With respect to any existing warranties included in a contract, the U.S. Government, upon request of the FMS purchaser and upon timely notice, will exercise, in addition to warranties, any contractual rights that the U.S. Government may have under the contract for benefit of the FMS purchaser. Further, if the FMS purchaser requests a warranty, the U.S. Government will attempt to obtain contract provisions to provide the requested warranties. The FMS purchaser will be responsible for any additional costs resulting from the exercise of obtaining the contractual warranties.

6-11. Research, development, test, and evaluation (RDTE)

- a. RDTE projects. The Army may undertake RDTE projects in support of security assistance requests. The Army does so, when Army standard items are determined to be incapable of meeting the valid special requirements of the requester. RDTE projects are undertaken only if the Army is to be fully reimbursed and the project will not interfere with Army programs.
- b. Export models. The Army does not normally develop or significantly modify weapons systems solely for export. However, when requested by a customer, or when critical technologies must be protected, an export model may be developed.
- c. Product improvements. Product improvements of major defense equipment initiated, developed, and adopted by the Army are usually offered to foreign recipients of the equipment. This policy encourages continued standardization, interoperability, and use of U.S. support services.

Chapter 7

International Logistics Support—Army Security Assistance

Section I

General Policy

7-1. Pre-sale considerations

- a. Policy. The U.S. Army must be prepared to provide logistical support for those defense articles sold or transferred under Army security assistance to a foreign country or international organization. This support will normally be offered for as long as the major item remains standard in the U.S. Army inventory. Once the Army decides to phase out a major item from its inventory, potential recipients will be advised of this decision and of the timeframe the equipment will remain supportable. The Army will also offer those countries that received the item before the decision was made to phase it out, the opportunity to take part in a final purchase of repair parts, components, and related services. The projected support termination date will be provided, when possible, during the initial discussions with the potential recipient.

- b. Planning. Logistical planning is crucial when offering U.S. defense articles to a foreign country. Care must be taken to ensure that the potential recipient is offered a total package as described in chapter 4 and is aware of continued support requirements. This concept is intended to provide complete (initial and follow on) support of U.S. defense articles. This entails identifying essential repair parts, tools, maintenance capabilities, facilities, training requirements, and ammunition support. Lead times must also be considered and built into the plan to ensure that deliveries of the major item coincides with the delivery of the ancillary equipment, ammunition, repair parts, tools, and training. Planners must not exclude or delay necessary support to accelerate deliveries. Exceptions to this policy will be sent to HQDA (SAUS-IA-DSZ) for staffing and decision.
- c. Support of FMS. Support of items common to U.S. forces and foreign countries is normally provided through the U.S. Army logistics system. The following principles must be considered in planning for logistical support of allied and friendly nations:
 - (1) Support to foreign forces. The level and scope of support furnished to foreign forces should be like that provided U.S. forces, unless otherwise agreed to between the United States and foreign governments.
 - (2) Nonsupported items. An item not supportable by the U.S. Army may be offered if the U.S. Government can obtain nonstandard support through a commercial vendor or if the country agrees to obtain support directly. In such cases, the offer must clearly state that the recipient country provides support of the item and that no U.S. Government support other than advice on other sources of support will be expected.

7-2. Force Activity Designator (FAD)

- a. Authority. The Secretary of Defense retains the authority to assign a FAD I to a foreign country force. Assignment of FADs II through V are the responsibility of the Joint Chiefs of Staff (JCS). The Joint Materiel Priorities and Allocation Board (JMPAB) acts on the JCS Chairman's behalf to establish, modify, or recommend priorities and allocation matters of foreign countries.
- b. Specific authority. For specific LOAs, the Army may assign a temporary FAD that is higher than the assigned FAD, not to exceed FAD II, for a period not to exceed 1 year.
 - (1) Requests for temporary FAD adjustments will be sent to DUSA(IA) (SAUS-IA-DSZ) for staffing and approval.
 - (2) Appropriate coordination will be made with other affected Services and the Unified Command whose geographical area of responsibility encompasses the foreign country affected.
 - (3) The JMPAB will be informed of all such assignments at least 10 working days before the temporary FAD increase goes into effect.
- c. Factors for assigning FADs. Assignment of FADs to foreign countries is based on the following factors:
 - (1) Specified combat, combat-ready, and direct combat support forces of a foreign country which have comparable importance to U.S. forces.
 - (2) U.S. foreign policy and the current and projected political and military situation in the foreign country.
 - (3) Current and projected political, military, and strategic factors.

- (4) Security arrangements that commit the United States to the defense of a foreign country.
- (5) Global and regional priorities for security assistance.
- (6) Membership in global or regional military organizations or associations where the United States is a participating member.
- (7) Current and projected logistical impact on U.S. Armed Forces.
- d. Cooperative Logistics Supply Support Arrangements (CLSSA). FAD assignments for countries participating in CLSSAs will be governed by the provisions of applicable FMS agreements. The FAD assigned to each CLSSA should not exceed the highest FAD authorized for the supported LOA. Temporary FADs assigned to CLSSAs should correspond to temporary FADs assigned for the specific FMS case supported.

7-3. Concurrent spare parts (CSPs)

CSPs will be offered as part of the TPA when selling or transferring major end items to a FMS customer. The CSP, when included in an FMS case, ensures initial support of major end items and components pending availability of replenishment stocks through the establishment of a blanket order case, a defined order case, or a cooperative logistics supply support arrangement.

7-4. Types of support cases

Follow-on support should be requested using one of the following.

- a. Blanket order (BO) case
 - (1) Those types of items and services described in DOD 5105.38-M, paragraph 70002C.2.a, lend themselves to BO LOAs. The FMS customer will submit requisitions for these items to USASAC. Materiel requirements are normally filled from procurement, rather than from Army stocks. Orders that exceed the value of the LOA will not be processed.
 - (2) In addition to items listed in DOD 5105.38-M, paragraph 70002.C.2.b, tool sets and controlled cryptographic items may not be ordered on BO LOAs.
- b. Defined order case. The defined order LOA specifies the items, services, or training to be supplied. It is used for the materiel and services listed in DOD 5105.38-M, paragraph 70002.C.1.
 - (1) Major weapon systems or package sales, include related requirements.
 - (2) Munitions, ammunition, and other explosives.
 - (3) Transportation services.
 - (4) Cartridge and propellant activated devices.
 - (5) Technical data packages.
 - (6) Aircraft ferry.
 - (7) Test, measurement, and diagnostic equipment (TMDE) and requirements for calibration.
- c. Cooperative Logistics Supply Support Arrangements (CLSSA). The AMC, through USASAC, is the Army manager for the CLSSA program and shall establish appropriate procedures for processing requests.

- (1) A CLSSA is an agreement between the U.S. Government and a foreign government or international organization that provides for peacetime supply support through the U.S. logistics system. It represents the purchaser's investment in the DOD/Army logistics system and allows for the acquisition of additional stocks to support systems and equipment.
- (2) Where a mature CLSSA is in effect, country requirements will be satisfied on the same basis as U.S. military units with the same priority under UMMIPS. For CLSSA non-programmed requirements, the inventory control point (ICP) head may approve issue of stock below the secondary item reorder point when a determination is made that there will not be an unacceptable impact on U.S. forces.
- (3) When a CLSSA has not been established, and the item is not a DLA asset, the FMS purchaser is not entitled to the same access as U.S. forces. On an exception basis, the ICP may issue stocks below the reorder point to fill non-CLSSA requirements if release will not adversely affect support of U.S. forces. The item manager may approve issue of stocks below the reorder point if it is determined that there be no adverse impact on U.S. forces.

d. Maintenance Support Arrangements (MSA)

- (1) Purpose. The MSA provides U.S. maintenance support to augment internal maintenance capabilities of the participants in the arrangement. MSAs may also be used to apply modifications or upgrades to FMS customer owned equipment at U.S. depot level facilities.
- (2) Concept of repair and return. The MSA authorizes the customer to return unserviceable assets to a U.S. maintenance facility for repair and return to country. The MSA can be either a defined line item on a LOA or a BO LOA. The defined line MSA identifies the items to be returned by quantity and NSN. The BO MSA is usually for specific dollar value and identifies the weapon system for which items may be returned for repair. These items are normally U.S. standard items that are common to both the U.S. and customer inventories and were obtained through Army security assistance.
- (3) Direct exchange. For information, see DOD 5105.38-M, paragraph 80201.F.

7-5. Supportability and support termination

- a. Supportability. The Army's goal is to provide materiel to FMS customers that will be supportable for at least 10 years from time of delivery. Supportability statements will be reviewed before offering equipment and will verify that adequate support is available from the DOD logistics system and training bases. If projected DOD support is less than 10 years, the country will be advised so that it may explore other support arrangements.
- b. Annual review. At least annually, the major item manager will conduct a supportability review to determine system supportability. The total system supportability must be reviewed, to include materiel composed of multiple subsystems and for systems using the resources of other Services, Defense Logistics Agency (DLA), and General Services Administration (GSA). Subsystems include armaments, ammunition, communications, mobility equipment, generators, air conditioners, and training.
- c. System support buyout (SSBO)

- (1) The USASAC will notify those countries with U.S. manufactured and/or supported major end items or major weapons systems at least two (2) years prior to the planned termination of support. This notification of a final buy for a specific repair part, component, or assembly normally occurs when a weapon system becomes obsolete to U.S. forces.
 - (a) The notification will request the customer to advise whether an existing BO or CLSSA LOA is to be used or a new BO LOA is to be prepared.
 - (b) The parts listing provided with the SSBO will include all interchangeable common and peculiar items. Peculiar items are those that are being phased out of the logistics systems of the U.S. Army, other U.S. Military Departments, DLA, and GSA.
- (2) When modifications or replacements of a component or assembly are planned, the USASAC will advise user countries and offer these countries the choice of modifying or replacing their major end item/weapon system or requesting an SSBO.
- d. Materiel notices/surveys. Every effort will be made to inform customers of known items which will affect their ability to acquire or support an item through FMS. To accomplish this, it is necessary to gather data from the manufacturer on the anticipated termination date and determine customer support requirements for the programmed life/use of the major item or weapon system.
 - (1) Notices/surveys may be considered when:
 - (a) There is an indication that the DOD capability to support future foreign logistical requirements is being reduced or eliminated.
 - (b) U.S. production for the item is scheduled to end in the near future.
 - (c) The U.S. makes periodic buys of items known to have foreign demand.
 - (d) A minimum procurement quantity is required for items known to have foreign demand.
 - (e) There is a need to exercise contract add-on options.
 - (f) There is an indication that items will not be available due to a change in the U.S. force structure.
 - (2) The proposed notices/survey message will be forwarded by USASAC through DUSA(IA) to DSCA for approval before being sent to those customers that have the item or system and/or have previously indicated an interest in acquiring the item planned for future termination. The message will include rationale for issuing the notice/survey, and:
 - (a) Provide information on future DOD capabilities to meet purchaser requirements.
 - (b) Identify actions the customer must take to purchase the item.
 - (c) Provide price and availability (P&A) data. The message should mention that the P&A data included in the notice/survey does not constitute a commitment or an offer to sell on the part of the U.S. Government.

7-6. Actions upon cancellation/suspension of a country program/case

- a. Army executive agents must ensure timely, effective measures to cancel requisitions, stop procurement and supply actions, and return stocks in the security assistance pipeline to Army control when a foreign military sale is terminated. Such measures should—

- (1) Recover significant quantities of U.S. defense materiel.
- (2) Prevent the U.S. materiel from coming under the control of unauthorized parties.
- (3) Reduce costly program termination.
- b. The Army policy and procedural guidance for terminations of defense articles is found in AR 725-50, Chapter 11. For policy and procedural guidance on termination of training programs, see AR 12-15.

7-7. Quality assurance (QA) in support of FMS

- a. Normally materiel will be inspected by a Quality Assurance Team (QAT) at the U.S. depot or contractor facility where title is passed to the purchaser. Requirements and costs of the QAT will be included as a line on the LOA.
- b. A QAT should be offered whenever a new system or major end item is provided an FMS customer, whether through procurement, diversion, or overhaul. A QAT may also be offered for high dollar or sensitive items, at the customer's request or at the decision of USASAC.
- c. The determination as to whether or not to sell materiel without a QAT will be made by USASAC in coordination with the appropriate MSC. Section II Transfer of Defense Articles

7-8. Policy

No defense article 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, and determines that the eligibility of the prospective purchaser on the basis that sales will strengthen U.S. security and promote world peace.

7-9. Loans

The Secretary of Defense has authority to loan materials, supplies, or equipment to any NATO member country or a major non-NATO ally for cooperative research, development, testing, or evaluation. Authority is contained in the Arms Export Control Act, chapter 6, Section 65. These loans are initiated by HQ, AMC.

7-10. Leases

- a. The Arms Export Control Act, chapter 6, section 61, authorizes the leasing of defense articles for compelling foreign policy and national security reasons, provided the articles are not needed at that time for public use. Procedures and formats for processing leases are contained in DOD 5105.38-M, section 1200. Title 10, U.S.C. 2667, authorizes the Secretary of the Army to lease non-excess property under such terms as he considers will promote the national defense or be in the public interest.
- b. Title 10, U.S.C 2667, (the lease statute) authority to lease, as implemented by AR 700-131, paragraph 2-1, 1 October 1996, authorizes the lease of defense articles to defense contractors and industrial associations for sales demonstrations to foreign governments in the U.S or outside the U.S.

- c. All requests for leases of DOD equipment under Title 10, U.S.C. 2667, from U.S. industry will be endorsed by the PM/PO and then sent to HQDA (SAUS-IA-DSZ) for processing and approval not less than 45 days before the commencement of the lease, in accordance with AR 700-131, and DOD Directive 7230.8, Leases and Demonstrations of DOD Equipment. The responsible logistical activity will prepare, coordinate, and execute the lease agreement with industry after HQDA (SAUS-IA-DSE) obtains ASA(AL&T) approval as appropriate.
- d. For leases under chapter 6 of the AECA, USASAC will task the responsible logistical activity to prepare the lease agreement. Preparation should be completed within 40 days. An assessment of whether or not there will be an impact on the industrial base during the lease period will be included in the cover memorandum.
- e. USASAC will forward the lease agreement along with the determination and certification to Congress via DSCA, if applicable, to HQDA (SAUS-IA-DSZ). HQDA will obtain the concurrence of the appropriate Army elements and forward the lease package to DSCA for approval and countersignature.
- f. Upon countersignature of the lease by DSCA, USASAC will forward the lease to the customer for acceptance. USASAC will not implement the lease until the customer signs and financial requirements have been met.
- g. Requests for lease renewals will be submitted to HQDA (SAUS-IA-DSZ), along with a revised lease agreement and determination. If the original lease period plus the new lease period exceeds one year, Congress must be notified. For renewals that meet the congressional reporting requirement, the USASAC will provide the required data to HQDA at least 60 days before the projected date of renewal.
- h. Each SAO with open leases will report to USASAC no later than 31 December annually on how the host country is using the leased equipment. A copy of the report will be furnished to DSCA and HQDA (SAUS-IA-DSZ).
- i. In accordance with chapter 12 of DOD 5105.38-M, USASAC will submit RCS DSCA (Q) 1146 Lease Report (see app B) to HQDA (SAUS-IA-DSZ) for review and forwarding to DSCA and DFAS-DE no later than 15 days after the end of each quarter. All open leases will be accounted for, to include United Nations leases and expired, but not closed leases.
- k. Appropriate administrative costs should be included on the LOAs.

7-11. Third-party transfers

Security assistance recipients must agree not to transfer title, or possession of, any U.S. supplied defense article or defense service without prior consent of the U.S. Government.

Section III

Transportation Support

7-12. FMS shipments

- a. Policy. FMS shipment policy and procedures relating to point of delivery and transfer of title are described in DOD 5105.38-M, paragraph 80206. Transportation of FMS materiel is normally based on delivery at origin. DSCA may approve other delivery points, as circumstances warrant.

- b. Shipment cost. The cost of CONUS inland transportation and onward movement to overseas destination is paid by the purchaser, as described in DOD 4500-32-R. When DOD sponsors onward transportation through a Government Bill of Lading (GBL), the standard transportation rates from DOD 7000.14-R, Volume 15, apply. The command or purchaser may request a waiver to use estimated charges instead of percentages.
- c. Consolidated shipments. Materiel may be shipped from multiple points of origin to a designated staging area for short-term storage, consolidation, and further shipment to the ultimate recipient. The practice of consolidating shipments will be at the customer's request based on the criteria provided in AR 725-50.

7-13. Military transportation

- a. Policy. DOD 5105.38-M, paragraph 80206.M, governs the use of the Defense Transportation System (DTS). Table 600-1 provides the countries authorized to use the DTS for all FMS shipments. Unless DSCA provides specific guidance to the contrary, executive agents will ensure all LOAs specify delivery by DTS using the most economical means. The following guidance applies:
- b. Discharge of materiel from military transportation. Functions and responsibilities are identified in DOD 5105.38-M, paragraph 80206.M.
- c. Exceptions. Exceptions to delivery policy will be made on a case-by-case basis with approval of DSCA and concurrence of the Office of the Under Secretary of Defense for Acquisition and Technology (OUSD (A&T)), and will be noted on the LOA.

7-14. Army policy on Supply Discrepancy Reports (SDRs)

- a. Policy
 - (1) DLAI 4140.55, a joint service regulation (AR 735-11-2), incorporates Army policy and establishes procedures prescribing the methods and conditions under which discrepancies in shipments are processed. It provides the basic documents required to support adjustment of property and financial inventory accounting records, notification to shipper of the type of discrepancy, required corrective actions, disposition instructions, and information for management evaluations.
 - (2) Discrepancy report preparation and submission time by the FMS purchaser will be limited to the timeframe cited in the LOA, and amendments thereto, as explained in DOD 5105.38-M, paragraphs 80201.D, 80207, and 130802.
 - (3) Time limits for reporting deficiencies relating to contractor warranties are prescribed in individual warranty clauses and/or contracts. These time limits override time limits specified in the LOA.
 - (4) Reporting of transportation-type discrepancies for FMS shipments processed through DTS will be processed under transportation discrepancy reporting procedures in DOD 4500.9-R.
- b. Dollar limitation. Discrepancy reports that are below the dollar limitation contained in the LOA controlling the case or any other sales agreements with an FMS customer will not be accepted for processing, unless a valid justification for the submission is also provided.

- c. Adjustments. Conditions for allowing automatic adjustments are specified in DOD 4000.25-7-M. These conditions are in consideration of the fact that the cost of researching and documenting such discrepancies may exceed the value of the reported discrepancy. The authority to make automatic adjustments using the Military Standard Billing System (MILSBILLS) will be used judiciously, and responsible activities will establish controls to prevent its abuse. But, if the situation warrants, USASAC may request complete research, regardless of the dollar value of the SDR, to obtain evidence of shipment. The DOD Inventory Control Point (ICP)/Inventory Manager (IM), GSA, or shipping activity, as appropriate, will perform the research and provide the specific information needed.
- d. Document retention. The DLA activities will retain shipping documentation for a period of two (2) years following the shipping date or longer if an ongoing SDR request remains unresolved.
- e. Accountability. Title to equipment and materiel passes at the initial point of shipment, unless otherwise specified in the LOA. Discrepancies which occur during movement outside the DTS are not reportable in the transportation discrepancy reporting system. Only total non-receipt of items by the customer may be reported for possible credit. This will be done via SDR procedures. If the U.S. Government can provide proof or evidence of shipment (constructive proof of delivery), the SDR will be disapproved.
- f. Types. Discrepancies found in customer assets repaired in U.S. depots will be treated as sales from DOD stock. Discrepancies found in customer-owned assets repaired in commercial facilities will be treated as sales from procurement.
- g. Responsibilities. The Army has designated USASAC, as the single office of primary responsibility. USASAC is to:
 - (1) Provide technical assistance to Army and other USG/DOD activities processing U.S. Army managed SA materiel.
 - (2) Coordinate inquiries/actions pertinent to this regulation.
 - (3) Develop, coordinate, and submit official changes to the established SDR process/procedures.
 - (4) Implement the procedures prescribed for processing SDRs and ensuring that all operating activities comply with the procedures prescribed in regulations cited in subparagraphs a and c above.
- h. Control. USASAC will record and monitor all Army SA SDRs to completion except as shown in the following paragraph.
- i. HQDA. The Headquarters staff element which coordinates the payments of SDRs over \$50,000 value is the Policy and Plans Division, Directorate for International Development and Security Assistance, Office of the Deputy Under Secretary of the Army (International Affairs) (SAUS-IA-DSZ). SDRs above the \$50k value level will be forwarded to SAUS-IA-DSZ for coordination and review with DSCA prior to final action.

Chapter 8

Mutual Logistics Support Between the U.S. Army and Governments of Eligible Countries

8-1. Policy

Army policy is to maximize the use of mutual logistics support, combined logistics support, and standardization among NATO nations, NATO subsidiary bodies, and eligible countries. Mutual logistics support is normally provided by establishing various bilateral cross-service agreement channels, such as cooperative logistics and host nation support (HNS) agreements. Combined logistics focuses more on multilateral agreements, including the NATO alliance and other collective defense agreements with nationally managed logistics activities.

8-2. Limitations

Logistics support, in the form of supplies or services, under the jurisdiction and control of the U.S. Army, may be acquired or transferred to qualifying countries or NATO subsidiary bodies with cross-servicing agreements, a combined agreement, or a similar bilateral arrangement. All agreements are established within the authority discussed in DODD 2010.8 and 2010.9 and are subject to the specific limitations listed below.

- a. U.S. laws and regulations (for example, Arms Export Control Act, FAR, and similar documents) pertinent to acquisitions and transfers from foreign activities apply unless exempted by other controlling U.S. law as incorporated into these regulations or other referenced directives. Specific prohibited transactions are as follows:
 - (1) Acquisition of goods and services that are reasonably available from U.S. commercial sources.
 - (2) Acquisition or transfer of the following items:
 - (a) Weapon system and major items of organizational equipment.
 - (b) Guided missiles.
 - (c) Naval mines and torpedoes.
 - (d) Land mines.
 - (e) Chemical (other than riot control) and nuclear munitions (including warheads, warhead sections, projectiles, demolition munitions, by products and materiel, and training munitions).
 - (f) Cartridge and propellant-actuated devices.
 - (g) Chaff and chaff dispensers.
 - (h) Guidance kits for bombs or other ammunition.
 - (i) Formal courses of instruction.
 - (j) Distinctive military uniforms and insignia.
 - (k) Major facility construction.
 - (3) Requesting or obtaining logistics support without obligation authority. The acquiring command must have a pre-existing authority to use the appropriation category before acquisition can be considered under Title 10, Chapter 138, cooperative agreements with NATO allies and other countries.
 - (4) Reimbursable or non-reimbursable acquisition or transfer of initial quantities of replacement parts for major items of organizational equipment (that is, initial provisioning stocks) covered in tables of distribution and allowances (TDA), tables of organization and equipment (TOE), or like documents.

- b. Under Chapter 138 of Title 10, a foreign country is eligible for consideration as a source for acquisitions if it meets one or more of the following criteria:
 - (1) Has a defense alliance with the United States.
 - (2) Permit stationing of U.S. forces or homeporting of U.S. Naval vessels.
 - (3) Has agreed to prepositioning of U.S. materiel in its country.
 - (4) Serve as host for U.S. forces in exercises or permit other military operations by U.S. forces in its country.
- c. Non-NATO countries are designated eligible to participate in cross-servicing agreements by the Secretary of Defense after consultation with the Secretary of State. A minimum 30-day notification to the Committees on Armed Services and Foreign Relations of the U.S. Senate and the Committee on Armed Services and Foreign Affairs of the House of Representatives is required prior to such designation.
- d. Army-owned inventory levels will not be increased to fulfill support agreements concluded under the provisions of this regulation. Inventories will be maintained at levels necessary to meet U.S. national security requirements and obligations undertaken. Once an agreement is concluded and supplies are transferred, replacement stocks, up to authorized levels, may be requested.
- e. When acquiring supplies according to the provisions of this regulation, the Army will not agree to or enter into any agreement that accepts end-use or end-user restrictions. Exceptions require prior approval from the Office of the Assistant Secretary of the Army (Research, Development, and Acquisition).
- f. Transfers of logistics support, supplies, and services under this regulation will be documented. The basic transfer agreement will stipulate that the logistics support, supplies, or services may not be retransferred by the recipient to any entity without prior written consent of the U.S. Government, obtained through appropriate Army and DOD channels (Army-only requests through command channels to HQDA, DUSA(IA), and joint requests from Unified Commands to Joint Staff). For NATO countries and NATO subsidiary bodies, the transfer agreement will state that the logistics support, supplies, or services may not be retransferred by the recipient or any other transferee to any entity other than a NATO country or NATO subsidiary body without prior written consent of the U.S. Government. If the transfer is made using forms and formats prescribed by a NATO Standardization Agreement (STANAG) or other similar agreement, and is based on the authority contained in Chapter 138, Title 10, this stipulation will be added to the STANAG (or other agreement) documents during the transfer; or, reference will be made to the agreement referencing this stipulation.
- g. Agreements, implementing arrangements, and requisitions that obligate funds shall not obligate such funds in excess of their statutory availability. The authority of 10 U.S.C. 2347 may be exercised in obligation of such funds. Acquisition restrictions in annual DOD authorization and appropriation acts and other laws apply to acquisitions under this regulation.
- h. This regulation does not apply to logistics support acquired by U.S. Army commands from U.S. and foreign commercial sources. Such logistics support is obtained according to existing DOD policies and procedures.
- i. Peacetime cross-servicing and combined agreements that may require continuation during war, crises, or emergency will include, to the maximum extent possible, applicable provisions that ensure their continued use during such time.

- j. Restrictions in DOD Authorizations and Appropriation Acts apply to acquisitions made under this regulation.
- k. Reimbursable acquisitions and transfers will not be made unless the below listed conditions apply. When acquiring or transferring services, cost-sharing arrangements may be used.
 - (1) Appropriations or funds are available for such transactions.
 - (2) Adequate reimbursable acquisition or transfer authority is available for this purpose.

8-3. Types of authority

- a. Chapter 138, Title 10, provides the legal basis for the interchange of logistics support, supplies, and services between NATO countries, NATO subsidiary bodies, qualifying non-NATO countries, and the U.S. Armed Forces. This regulation implements Chapter 138, Title 10, for the U.S. Army. Two separate types of authority, as discussed below, are designated.
 - (1) Authority to acquire logistics support, supplies, and service from governments of NATO countries and NATO subsidiary bodies for U.S. Armed Forces deployed in Europe and adjacent waters, and from eligible non-NATO countries for U.S. Armed Forces deployed (or scheduled to be deployed) in such country or in the military region where such country is located (10 U.S.C. 2341). This acquisition authority allows liquidation by cash payment or providing items or services of equal value. It does not require a cross-servicing agreement or similar implementing arrangement as a prerequisite for such acquisitions.
 - (2) Authority to transfer logistics support, supplies, and services to governments of NATO countries, NATO subsidiary bodies, and eligible non-NATO countries is found in 10 U.S.C. 2344. The Army is delegated such authority by the responsible Unified/Specified Command or the CJCS, as appropriate. Transfer of this logistics support is not limited to transactions within the territorial boundaries of the United States or the other party to an agreement. This transfer authority is only authorized by a cross-servicing agreement, approved by the Secretary of Defense.
- b. Under Chapter 138, Title 10, compensation for the acquisition or transfer may be either reimbursement or provision of items or services of equal value. When a cross-servicing agreement is being established for both acquisition and transfer, acquisition or logistics support, supplies, and services can be initiated, under paragraph a (1) above, pending approval of the cross-servicing agreement.
- c. When possible, established NATO STANAG forms, formats, and procedures will be used to execute qualifying transactions under the regulation. The STANAGs may not be used to implement the agreement if they are inconsistent with the provisions of Chapter 138, Title 10, or this regulation (for example, inconsistent pricing or repayment policies). Minor procedural differences alone do not preclude using STANAGs to implement these laws and regulations.

8-4. Delegation of Authority

- a. Authority has been delegated to the CJCS to negotiate and conclude cross-servicing agreements with power of redelegation to the Commanders of the Unified Commands. The Unified Commands may re-delegate this authority to sub-Unified Commands or service components.

- b. The U.S. Army component Commander, or a designee, may delegate authority to specifically designated personnel to implement cross-servicing agreements and implementing arrangements, to include issuing or accepting requisitions or orders required by such agreements and arrangements. The authority to issue and accept requisitions or orders may include the authority to negotiate and conclude terms and conditions of acquisition, transfer, or replacement by providing an item or service of equal value. All designees are subject to the terms and conditions of this regulation and applicable agreements and arrangements. Personnel delegated such authority must have the necessary knowledge and experience to carry out authorized transaction in accordance with applicable laws and regulations.
- c. Agreements established under this regulation to effect U.S. acquisition of logistics support, supplies, and services will be negotiated and concluded in accordance with AR 550-51.
- d. Before negotiating implementing arrangements, the U.S. Army component Commander will coordinate with the Unified Command to ensure that no pertinent multi-service implementing arrangements exist or are under development.

Chapter 9

Security Assistance Team Deployment

Section I

General Guidance

9-1. Purpose

This chapter outlines general policies and responsibilities for the approval, processing, control, and deployment of security assistance teams provided under the provisions of the Foreign Assistance Act and the Arms Export Control Act.

9-2. Policy

- a. Requests for a team. Training and technical assistance will be provided in response to specific requests presented through appropriate channels by an authorized representative of the foreign government or international organization. The SAO in-country may advise the foreign country on the training and assistance that may be available from U.S. sources, but must ensure that no U.S. commitment is made or implied. That training listed in the MASL is currently provided to eligible recipients. That training and technical assistance required as part of an approved FMS case would normally be provided. Specific requests for approval will be addressed on a case-by-case basis by HQDA (SAUS-IA-DSZ) and DSCA.
- b. Team selection/case development. HQDA (SAUS-IA-DSZ) will assign team development to the executive agent with cognizance over the materiel or service requested by the country or international organization. The executive agent may use internal assets or task other commands to provide team members with specific expertise. Agencies, activities, commands, or offices furnishing personnel for a team will ensure—
 - (1) Those individuals selected are carefully screened as to character and professional competence.
 - (2) Team members are highly qualified and motivated.
 - (3) Team members are medically fit to perform the duty in the designated country.
- c. Pre-deployment requirements

- (1) Team training. Personnel deployed OCONUS as part of a Security Assistance Team (SAT) are required to attend the Security Assistance Training Team Orientation Course (SATTOC), Fort Bragg, NC. Requests for credit for this requirement will be sent to Commander, USASATMO, through the unified command.
 - (2) Country and area clearance. The executive agent will coordinate requests for appropriate clearances for SATs and ensure that team members are provided appropriate passports and visas.
- d. Administrative control. While the intent is not to restrict communications between the deployed unit and the parent organization or usurp the authority of the parent organization, it is necessary to establish a focal point in-country for all U.S. Army activities. This focal point should facilitate coordination, communications, personnel accountability, and reporting. Teams deployed in-country will normally fall under the administrative control of the U.S. Diplomatic Mission (country-team), preferably the SAO. Team chiefs will report to the senior member of the SAO, the U.S. Defense Representative (USDR), or the Senior U.S. Military Representative (SMR) assigned to the country-team with security assistance responsibilities. The team chiefs will be rated by, or receive letter input from the Chief SAO, or the USDR/SMR, and the team members will receive evaluation reports as prescribed in AR 623-105 for officers and AR 623-205 for enlisted personnel.
- e. Mission requirements
- (1) Team members will perform those tasks specifically identified in the LOA or the contractual agreement from which the team is deployed.
 - (2) Team members will not perform SAO functions.
 - (3) Team members will not advise or provide technical assistance to foreign forces in a combat situation, nor will they perform operational duties except those required to conduct on-the-job training in the operation, sustainment and employment of equipment, weapons, or supporting systems.
 - (4) Team members will observe the uniform and clothing regulations prescribed by the country-team (SAO/USDR/SMR). An initial clothing allowance may be authorized when civilian clothing is required for mission accomplishment. AR 700-84 provides the necessary authority and guidelines.
 - (5) Team members will have no command or functional authority or responsibility over personnel of the host armed services.
- f. In-country support
- (1) Administrative and logistical support will be provided as specified in the LOA or other appropriate formal agreement.
 - (2) Local civilian labor requirements for the team will be met with the assistance of the host government. Where a direct hire system is used, the team will ensure that any direct hire local national's employment conditions, including pay and benefits, conform to those established by the legislation of the host government.
- g. Legal status in-country. The LOA will reference the applicable Status of Forces Agreement (SOFA) or other appropriate international agreement granting legal status. Legal status is obtained under either a SOFA or an appropriate international agreement, not an LOA.

- h.* Financial management. Teams will be deployed at no cost to the U.S. Government except as authorized by law. All costs specified in the AECA and DOD 7000.14-R, including support costs incurred by supporting activities, will be identified and included in the LOA or other appropriate financial documents.
- i.* Composition. Depending on the nature of the mission, the stability of the area involved and the DOD resources available, the team may be composed of DOD military, DOD civilians, or contractor personnel, or a combination of these. The only restriction is that contractor personnel may not supervise DOD personnel.

Chapter 10

Training Management

10-1. Security Assistance Training Program (SATP)

- a.* Policy. Army policies concerning training of international military students (IMS) at Army schools and installations are described in detail in AR 12-15. The Army trains IMS in U.S. doctrine and tactics as well as the operation, support, and maintenance of Army equipment purchased through foreign military sales or transferred through grant.
- b.* Program responsibility. The CG, TRADOC, will develop and carry out the Security Assistance Training Program (SATP) as the executive agent for the U.S. Army. The two primary components of the SATP are International Military Education and Training (IMET) and Foreign Military Sales (FMS) training.
- c.* Program authority. The Foreign Assistance Act (FAA) of 1961, (for IMET) as amended, and the Arms Export Control Act (AECA), as amended (for FMS training) provide the authority for the SATP. Traditionally, IMET and FMS authority is limited to training military and civilian personnel of the defense establishment from the foreign country or international organization, unless waivers are approved by HQDA. Legislation for expanded IMET provides authority to train defense and non-defense personnel with emphasis on civilians from other government agencies and legislators involved in defense matters related to expanded IMET initiatives.
- d.* References. Specific policy and procedures are found in DOD 5105.38-M, AR 12-7, and AR 12-15. The DOD 7000.14-R, Volume 15, is the DOD financial management regulation that covers security assistance financial policy and procedures. Chapter 7 covers pricing policy. DFAS-IN Reg 37-1, Chapter 37, prescribes policy and procedures for accomplishing the security assistance mission of the Army.
- e.* Program objectives. The objectives of the SATP are to —
 - (1) Develop skills needed for effective operation and maintenance of equipment acquired from the United States.
 - (2) Assist the foreign country in developing expertise and systems needed for effective management and operation of its defense establishment.
 - (3) Foster the foreign country's development of its own professional and technical training capability.
 - (4) Promote U.S. military rapport with the armed forces of the foreign country.
 - (5) Provide an alternative to training offered by other countries.
 - (6) Promote better understanding of the United States, its people, political system, institutions, and way of life.

- (7) Increase the IMS awareness of the U.S. commitment to the basic principles of internationally recognized human rights.

10-2. Planning and programming

Training assistance will be provided when an eligible recipient requests it and the request is received through appropriate channels. Training in support of FMS equipment purchases should be coordinated under the Total Package Approach (TPA), either with the equipment sales case, or by a separate FMS case. Training should be developed and executed according to the terms and conditions agreed to in the LOA.

- a. Training listed in the MASL will normally be provided to eligible recipients. In those cases where the training desired is not listed in the MASL, the SAO must submit the request with justification to SATFA for coordination with SAUS-IA-DSZ, and a releasability decision, as appropriate. The training MASL, published by DSCA, is a list of courses from each of the U.S. Military Departments (MILDEPs) available to eligible countries. No U.S. commitment is to be made or implied until all requirements for attendance at a U.S. school have been satisfied.
- b. Training IMS personnel in Army schools will not normally take precedence over the training of U.S. personnel unless specifically directed by DOD.

10-3. Language requirements

The first prerequisite for IMSs is the ability to understand, speak, read, and write the English language at a level of proficiency commensurate with that required by the course of training so students can participate in the training with their U.S. counterparts. Therefore, IMSs will meet the highest English language comprehension level (ECL) required within a sequence of training. The only exception is when the Instructor Training Course is the highest ECL requirement and is programmed as the last training line. In this case, the next highest ECL requirement within the training sequence will take precedence. Most courses require a minimum ECL of 70. Higher level professional military education (PME) and management courses, or courses that are hazardous, require an 80 or higher ECL. In addition, some of these courses require a minimum oral proficiency level or specialized English training (SET). Training in all U.S. military schools and installations is conducted in English, except the U.S. Army School of the Americas (USARSA) at Fort Benning, GA, and USARSA helicopter courses at Fort Rucker, AL and Fort Eustis, VA.). Their courses are in Spanish.

10-4. International Military Education and Training (IMET)

IMET (under the FAA) includes education and training provided to the defense establishment of an eligible foreign country or international organization. The Army is reimbursed for IMET from U.S. foreign assistance appropriations.

- a. As required by AR 12-15, IMET programming data will be forwarded to TRADOC, not later than September in support of the CPD. Desired deviations to the program listing will be forwarded to SATFA for appropriate action and coordination with SAUS-IA-DSZ, as appropriate.
- b. A primary purpose of the annual unified command security assistance Training Program Management Review (TPMR) is to accept, reject, change, or add training lines and training teams to country programs within approved policy guidelines. Training recommendations are accepted by the Army for programming only, subject to determining the capability to furnish that training in relation to total worldwide requirements.

- c. Unprogrammed training requirements, not included in the annual program, will be handled as exceptions. TRADOC should review these requirements and send its recommendations through SAUS-IA-DSZ to DSCA for approval, when appropriate.
- d. Under decentralized IMET funding, TRADOC will authorize the SAOs to prepare invitational travel orders (ITOs) to send the IMSs to training.
- e. Training under the IMET program is not normally provided to support FMS equipment purchases. Requests for exceptions to this policy will be referred to DSCA, through the Unified Command and SATFA, with appropriate justification for consideration on a case-by-case basis.

10-5. Foreign Military Sales (FMS) training

Foreign Military Sales (FMS) (under the AECA) covers the sale of defense articles, services, and training to eligible foreign governments and international organizations (FMS customers). These sales are either funded by the FMS customer or through an arrangement for credit/guaranteed loan and the Army is reimbursed as required by law.

- a. Training associated with the sale of major equipment or a major weapons system must be considered and offered as part of the Army's Total Package Approach (TPA). Training may be offered as a separate line on the materiel case or developed and offered as a separate training case, the preferred method of administering TPA.
- b. TRADOC will develop price and availability (P&A) data and LOA for all Foreign Military Sales (FMS) training. This shall include that training identified as a line on a materiel case, as well as for those separate training cases, unless specifically exempted.

Chapter 11

Foreign Military Financing (FMF) Grant/Loan

11-1. Funding source

- a. The Military Assistance Program (MAP) has been replaced by the FMF program which can provide grants or loans. Appropriations for this program must be obtained from the Congress to reimburse DOD for the value of items and services furnished.
- b. Except for administrative costs and the close-out of country programs initiated prior to FY 1982, funded programs are implemented under the provision of Section 503(a)(3), FAA which permits the transfer of FMF funds to the countries' FMS trust accounts. Articles, services, and training acquired with such funds are indistinguishable from other FMS acquisitions and are treated identically.

11-2. Use of FMF funds to finance foreign military sales

DOD 5105.38-M provides implementing procedures for the use of FMF funds to finance FMS.

11-3. Foreign military financing and loan guaranties

- a. Loan 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. FMS loans must be repaid in U.S. dollars within 12 years after the LOA agreement has been signed on behalf of the USG (Sec 23, AECA), unless otherwise provided by U.S. law.

- b. 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).

11-4. U.S. Government rights to Military Assistance Program (MAP) materiel

The USG, under Section 505(a) of the FAA, retains certain rights to the materiel provided to foreign governments under the Military Assistance Program (MAP). Transfer of title for materiel transferred under grant aid constitutes transfer of custody; it does not constitute transfer of ownership of U.S. materiel to the recipient country. The USG retains reversionary rights to MAP materiel and exercises these rights. These rights are retained even if the recipient country modifies or significantly improves the equipment at its own expense (with prior USG approval). The country may buy the reversionary rights to MAP-furnished materiel. Requests for purchase should be referred to the Director, DSCA, with an information copy to DUSA(IA) (SAUS-IA-DSZ).

11-5. Disposal of MAP materiel

The SAO in-country is required by DOD 5105.38-M to encourage the country to declare MAP materiel excess, ascertain its condition, and report same to the Army commodity/item managers. The commodity manager shall evaluate the condition of the materiel and provide redistribution instructions. Unless an approved requirement exists at the time excess MAP items are reported, the items will be added to those available for transfer approval under EDA procedures and for sale under the AECA.

Chapter 12

FMS Manpower/Personnel

12-1. Civilian resource guidance

- a. Exemption from reductions. Army civilian personnel who are fully funded by FMS customers through the three percent administrative fund or FMS case funds are exempt from the civilian resource reductions imposed on DOD and the Army.
- b. Manage personnel to budget
 - (1) FMS civilian manpower should be managed to budget with the funding provided through the Defense Security Cooperation Agency and the Army, or through case funding provided by the foreign purchasers. In managing to budget, in concert with good business practice, entrepreneurial government and the goals of the National Performance Review, MACOMs should use the most effective mix of term, temporary, contract, and permanent personnel in appropriate numbers and grades to grow and ebb with fluctuations in the FMS business.
 - (2) This guidance should not be misconstrued as license to expand the overall FMS program. The Army goal is to manage FMS workers to match budget and workload, while ensuring adequate staffing to accomplish the mission. As new business develops, new hires may be necessary to achieve the right-size work force capable of expanding or contracting through the proper mix of permanent, term, temporary, and contract workers, to meet the workload. Overhead spaces must be reduced and more emphasis placed on management of programs directly related to customer specific requirements.

- c. Implementation guidance. Implementation of this guidance can be described by the following example, assuming there are no workload reductions for the FMS element: An Army organization with 100 workers, including 10 FMS workers, which is to undergo a 10 percent reduction would proceed as follows: Subtract the 10 FMS workers from the 100 workers providing a base of 90 workers. Apply the reduction of 10 percent to the base of 90 workers for a reduction of nine workers, resulting in a new base of 81 workers. The new total of workers for the organization would then be 91 workers because the FMS funded workers were exempt from the 10 percent reduction.
- d. Civilian personnel management. This exemption is consistent with and does not affect the manner in which FMS funded personnel are managed pursuant to pertinent Army, DOD, and OPM policies and regulations applicable to Federal civilian employment. They will retain, or assume upon appointment, all benefits and rights associated with their position. FMS manpower and personnel will continue to be fully managed and programmed through the Army PPBES process and reported in Army, DOD, and OPM civilian personnel reports.
- e. Personnel accounting. The Defense civilian personnel data system (DCPDS) will be used as the official accounting system for civilians supporting the FMS program. Personnel will be counted based on assigned Army management structure codes.

12-2. Contract personnel

To the greatest extent possible, and consistent with the purposes of the AECA and other applicable laws and regulations, the Army shall use civilian contract personnel to meet FMS customer requirements for intensive case or short term program management. Contract personnel may perform program management functions, as well as administrative support functions such as LOA preparation and management, case financial management, materiel tracking, and status reporting. Contract personnel may also be used to supplement the work force during periods of greatly increased activity of relatively short duration.

12-3. Manpower reporting

- a. Commands will report on all manpower associated with Army security assistance based on identification of data requirements by HQDA (SAUS-IA-DSZ). Personnel spending less than 10 percent of their productive hours in SA work will not be costed/reported as being involved with SA. Those who spend up to 90 percent of their productive hours involved with SA work will be reported as an end strength associated with the SA function. Workyear costing/reporting will be based on actual productive hours excluding personnel who spend less than 10 percent of their time on SA work.
- b. Manpower used in support of the security assistance/FMS mission will be reported to HQDA (SAUS-IA-DSZ) based on the following guidance:
 - (1) Annual data will be provided on SA manpower usage.
 - (2) Annual (fourth quarter of the fiscal year) reports on FMS are required to satisfy the AECA. DSCA has established RCS DSCA (A) 1121 (see app B) for this report. Reports are due 60 days after the end of the fiscal year. Include in the report the name and telephone number of the preparer.

Chapter 13

Financial Management

Section I

Preparing the Letter of Offer and Acceptance (LOA)

13-1. Foreign Military Sales (FMS) financial programs

- a. General. This chapter provides financial policy for Army security assistance and Foreign Military Sales. Detailed DOD policy guidance can be found in Chapter 13, DOD 5105.38-M, and DOD 7000.14-R, Volume 15. DFAS-IN Reg 37-1, Chapter 37, prescribes financial policy and procedures for accomplishing the security assistance mission of the Army.
- b. Management of financial programs. Management of security assistance financial programs involves —
 - (1) Managing customer funds and financial logistics transactions that include all activities in which the customer trust fund is cited.
 - (2) Providing an integrated, standard (common) logistics/financial control system to cover security assistance agreements ensuring compliance with applicable statutes.
- c. Terms of sale. Terms of sale to be used on LOAs, amendments, or modifications are listed in DOD 5105.38-M, paragraph 130104.C.2.
- d. Multiple sources of financing. The purchaser may choose to supplement available FMF/credit with budgeted national funds. If additional FMF funds become available to the purchaser, it may then request DSCA approval to amend the LOA to convert the cash portion to credit/FMF to the extent that such financing is available. A purchasing nation may also accept a 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 DSCA approval to use FMF funds, if available, to finance the remaining payments.

13-2. Pricing policy

- a. Full recovery of costs. The FMS program must be managed at no cost to the USG (with certain exceptions specifically covered by law) while ensuring prompt and complete service to the customer. All costs, as specified in the AECA, Section 21 and to DOD 7000.14-R, Volume 15, will be identified and included in Army pricing.
- b. IMET. IMET is one exception to the full recovery of cost to the USG, as it is considered a grant aid program, and is financed through annual congressional appropriations under the authority of the FAA, Section 541. Pricing for IMET is as specified in Section 0712, DOD 7000.14-R, Volume 15. An IMET order must be issued by DSCA, to TRADOC.
- c. Tuition pricing
 - (1) TRADOC will maintain the current cost data on all courses offered to IMSs based on tuition cost analysis provided by the training installations. These cost data will be provided to DSCA annually for inclusion in the MASL.
 - (2) Tuition rates included in the MASL are in effect for one year and should be used for students entering the course or phase of a course during that period.
 - (3) For additional information on tuition pricing, see Section 1503, DOD 5105.38-M and Chapter 7, DOD 7000.14-R, Volume 15.

d. Health care

- (1) NATO IMSs on invitational travel orders (ITO), and their bona fide family members who are authorized to accompany them are eligible for outpatient care in DOD medical (includes dental when available) facilities, on the same basis as U.S. military personnel and their family members, when authorized by TRADOC. Inpatient medical care and emergency family member dental care must be reimbursed at rates established by the DOD.
- (2) Personnel from other countries that have negotiated reciprocal medical arrangements authorized by U.S. law will be provided care in accordance with those arrangements.
- (3) Personnel from other countries without arrangements with the U.S. will be provided medical care on a space-available, reimbursable basis at rates established by DOD.
- (4) Students under IMET are authorized medical treatment in USG facilities. A factor of \$35 per student training line is authorized for programming purposes under generic code NAE. Charges for medical care do not apply if the IMS is covered under a reciprocal health care agreement between the U.S. and the IMS's country. Section 100114, DOD 5105.38-M provides a list of countries with reciprocal health care agreements.

13-3. Type of charges in LOA

The LOA standard terms and conditions shall require the FMS purchaser to pay the full value of the items in U.S. dollars, regardless of the estimated costs, payment schedule, or terms of sale. This includes all direct and indirect cost. The following charges will be considered and included in LOA pricing when applicable:

- a. Administrative charges. An administrative charge shall be added to all FMS cases to recover Army expenses related to the administration of FMS transactions. Normally, the charge will be three percent, but will be five percent for nonstandard items and cooperative logistics supply support arrangements (CLSSAs). If the LOA has both standard and nonstandard items, they must be cited as separate line items on the LOA. A three percent administrative charge will be applied to nonstandard items on LOAs that contain a program management line. See Chapter 7, DOD 7000.14-R, Volume 15, for appropriate charges.
- b. Accessorial charge. Charges related to issues, sales, and transfers of materiel not included in the standard price or contract cost are accessorial charges. These include—
 - (1) Packing, crating, and handling (PC&H) costs incurred for labor, materiel, or services used in preparing the materiel for shipment from the storage or distribution point. (Note: Defense Working Capital Fund (DWCF) items are not reimbursed for PC&H as that charge is included in the standard price).
 - (2) Transportation charges, including inland CONUS and/or inland overseas transportation and over ocean transportation costs regardless of mode (for example, surface or airlift). Also includes use of APO/FPO or State Department Pouch Service, when used. (Note: Inland CONUS is not applicable to delivery of DWCF items reported after 1 Oct 90, and parcel post and commercial package carrier charges are not applicable after 1 Oct 90.)
 - (3) Port loading and unloading costs for labor, materiel, or services at ports of embarkation or debarkation.

- (4) Prepositioning or repositioning costs for shipments of non-excess materiel made from overseas storage and distribution points.
- (5) Staging costs for assembling or prepositioning materiel in facilities in CONUS.
- (6) Storage costs incurred on excess defense articles or customer-owned articles.
- c. Contract administration services surcharge. Contract administration services (CAS) surcharge percentages prescribed in Chapter 7, DOD 7000.14-R, Volume 15, are applied to all FMS cases as a percentage of reported payments to contractors. Exceptions (programs for which CAS have been waived) are listed in DOD 5105.38-M, table 1301-1. These charges are applicable to contract audit, quality assurance and inspection, and other contract administration services. If no waiver is in place, the percentage applied to contract payments will be 1.5 percent. DFAS will calculate applicable charges.
- d. Logistics support charge. The logistics support charge is applicable to other than DWCF materiel. The prescribed charge (recovered by DFAS) is to recover the earned logistics support expenses by applying a 3.1 percent factor to delivery transactions on FMS case lines. It is 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. The logistics support charge is part of the cost of the item supplied and is not shown as a separate add-on charge to the FMS customer. The functions performed in the logistics support area are production control, requisition processing, inventory maintenance, administration of SDRs, and logistics management. Actual logistics support expense will be in accordance with Sections 030210.A and G, 072203, and 080601.A, DOD 7000.14-R, Volume 15.
- e. Transportation costs. These costs will be charged per Chapter 7, DOD 7000.14-R, Volume 15, and will normally be included below the line on the LOA. The purchaser will be billed according to the standard rate or an approved cost lookup table. (See appendix F in DOD 5105.38-M.) Transportation sold as an above-the-line service will be shown on the LOA as estimated actual costs and billed as actual costs.
- f. Special Defense Acquisition Fund (SDAF). For information on SDAF, to include pricing, see DOD 5105.38-M, Section 1400.
- g. Publications pricing. All Army and DOD publications for FMS and IMETP customers will be priced as specified in Chapter 7, DOD 7000.14-R, Volume 15.
- h. Termination liability reserves. All procurement sales are required to have a termination liability reserve built into the LOA payment schedule. The reserve is adjusted regularly as contracts are awarded, work progresses, payments are received, deliveries are made, and liability decreases. Each Army component that implements FMS agreements will determine termination liability on each LOA based on the type of article being procured, the contractor's estimate of termination liability, and historical cost data on other similar sales. A termination liability worksheet is required for each FMS case with a value of \$25 million or more and must be provided to DSCA in accordance with Sections 701 and 130401.G, DOD 5105.38-M. The requirement to set payment schedule on termination liability may be waived by DSCA.
- i. Asset use, tooling rental, or facility rental charges

- (1) Fair pricing legislation has removed the requirement to apply asset use, tooling rental, or facilities rental charges for LOAs using Government property. Commercial sales of defense articles to any FMS customer shall include appropriate charges for any use of USG-owned facilities, plant, and production or research equipment in connection with the production of the defense articles.
- (2) Commercial sales of defense articles which were produced in Government-owned facilities or with Government-owned industrial plant and production or research equipment, for which rental is assessed in accordance with Defense FAR Supplement 245.4 and FAR 52.245-9, will be priced to include the appropriate rental charge. The rental charge in commercial contracts will be waived on a case-by-case basis in accordance with Section 130104.B.2, DOD 5105.38-M.

13-4. Nonrecurring costs

- a. Authority. AECA, Sec 21, requires that an appropriate charge be made for a proportionate amount of any nonrecurring cost (NC) of RDT&E, and production of MDE. Implementation guidance on establishment of charges, collections, and waivers is contained in DOD Directive 2140.2, paragraph 130705.D, DOD 5105.38-M, and Section 070305, DOD 7000.14-R, Volume 15. Recovery of NC applies to items sold from inventory or procured for an FMS customer, unless a waiver has been obtained.
- b. Objectives. The objective of applying recoupment charges is to ensure that a purchasing customer pays a fair price for the value of DOD investment costs already incurred. The pro rata recoupment charge is to be included in the FMS price of the product or technology, unless reduced or waived as outlined in paragraph 130104.B.1, DOD 5105.38-M.
- c. Special nonrecurring RDT&E production costs. These costs are 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 required.
- d. Responsibility. USASAC will establish an operative system to ensure that NC recoupment charges for items being sold under FMS are collected. This system will ensure the development of a complete list of MDE items under Army cognizance which requires assessment of a NC recoupment charge in accordance with DODD 2140.2.
- e. Approval. USASAC will ensure that DSCA approval has been obtained prior to applying pro rata NC recoupment charges to sales of items on the major defense equipment list. Approval will be requested only for MDE items, for which there has not been an approved NC pro rata charge established since 5 January 1977. USASAC will submit candidate items through SAUS-IA-DSZ to DSCA for approval and inclusion on the MDE list.
- f. Waiver request. The requesting country or international organization must initiate waiver requests. Waiver requests submitted on behalf of a foreign country by the Army must be based on receipt of a specific request from the country. Waiver requests submitted by Army commands or agencies should be sent to USASAC, which will forward them, with a recommendation, through HQDA (SAUS-IA-DSZ) to DSCA for approval. Requests should indicate if—
 - (1) The item is standard for U.S. forces.

- (2) The item or an equal item is wholly or partially standard in NATO.
- (3) The item is interoperable with a standard or like item.
- (4) The item is covered in a standard NATO agreement or coproduction program.
- (5) The sale of this item advances U.S. Government interests in achieving rationalization, standardization, and interoperability.

13-5. Offsets

- a. **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. FMS customers requesting offsets should be informed that the responsibility for negotiating any offset arrangements resides with the U.S. contractor involved, not the USG. Additionally, the USG will not involve a U.S. contractor in an offset commitment without having prior concurrence of the contractor.
- b. **Costs.** The Defense Federal Acquisition Regulation Supplement (DFARS) permits defense contractors to recover allowable offset administrative costs from foreign governments under FMS contracts subject to the conditions listed in DOD 5105.38-M, paragraph 140107. The costs will be included as part of the unit price of the item.

13-6. Early cancellation of FMS cases

If an FMS purchaser requests cancellation of a LOA after implementation, but before delivery of any or all articles and services, an administrative fee may be charged as cited in DOD 5105.38-M, paragraph 130705.B.3. Paragraph 4g of the Letter of Offer and Acceptance Information attached to the LOA will also advise the customer that cancellation charges may be assessed, if the LOA is canceled.

Section II

Financial Assistance Programs

13-7. Merged funds

- a. **Authority.** Effective with the FY 1982 MAP appropriation, section 503(a)(3) of the FAA provides authority to merge designated MAP/FMF funds with FMS trust fund deposits for recipient countries. MAP/FMF funds authorized to be merged with FMS trust funds include FY 82 and subsequent-year MAP/FMF funds not used for prior-year supply operations, administrative expenses, or FAA, Section 506(a), 552(c), and 575(a) reimbursements.
- b. **Purpose.** The merged funds will be used solely to meet security assistance obligations provided under the Arms Export Control Act.
- c. **Obligation.** Funds must be obligated within the period prescribed in the annual appropriation act or continuing resolution authority.
- d. **Treatment of merged funds**
 - (1) Merged funds will be treated in the same manner as foreign military financing funds, except that they cannot be used for direct commercial purchases.
 - (2) Procurement and delivery will follow FMS procedures.
 - (3) If the financing of an existing FMS case is changed, in whole or in part, from FMS credit or cash to MAP, a modification must be prepared to reflect the terms of the change.

13-8. FMS direct credit and guaranteed loan financing

- a. Authority. The Arms Export Control Act, Section 23, authorizes FMS direct credit and Section 24 authorizes guaranteed loan financing. Chapter 148, 10 U.S.C. subchapter VI, also authorizes the SECDEF to issue loan guarantees for the financing of a sale or long-term lease of defense articles, services, and design and construction services.
 - (1) FMS direct credit loans. These loans, as authorized by the President, are normally used to assist the FMS customer in economic development and can be used to procure defense articles and services, and for design and construction services. Congress appropriates funds in an amount equal to the principal loan values.
 - (2) Guaranteed loan financing. As authorized by the President, guaranteed loan financing guarantees any individual, corporation, partnership, or legal entity doing business in the U.S. against political or credit risks of nonpayment arising out of their financing of credit sales of defense articles and services, and design and construction services to friendly countries and international organizations. Fees are charged for the guaranties and all guaranties are backed by the full faith and credit of the United States.
- b. FMF approval. Advance DSCA approval is required before preparing a LOA with articles and services financed under FMF, FMS direct credit or guaranteed loan program.

Section III

Program Funding/Budgeting

13-9. Financial resources

Funding for the administrative implementation of Army security assistance comes from either the FMS Administrative Budget or the FMF Administrative and Overhead Support Budget. Exceptions to this funding are those FMS related costs which are charged directly to FMS cases and the costs of military personnel at all organizations, other than overseas SAOs.

- a. FMS administrative budget. The FMS administrative budget is financed by collections from the FMS customer derived from the application of an administrative surcharge (often referred to as the 3% administrative fee). Surcharge collections are made as they are earned and are then available for allocation to finance FMS administrative requirements. The collection of these funds is centralized in DSCA. DSCA provides allocations to the Army based on the completion of the budget submission/justification process and ceilings imposed by Congress.
- b. FMF administrative budget. FMF and IMET program administrative and overhead support costs are financed from a combination of annual appropriations in the FMF account, and potentially, 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 FMF account as they occur. FMF funds are appropriated to the President. The President, by executive order, allocates these funds and delegates the authority and responsibility for their administration to the Secretary of Defense. The DSCA is the implementing agency for these funds and makes allocations to Army activities on the basis of FMF/IMET Orders. While FMF 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 other DOD/Army appropriations.

13-10. Administrative budget functional control and oversight

The Director for International Development and Security Assistance (DIDSA), DUSA(IA) is the functional manager for Army security assistance and will be an active participant in the budget submission and allocation process. This will entail —

- a. Reviewing DSCA guidance which provides a 5-year projection of FMS sales activity and administrative fund budget planning levels.
- b. Coordinating with the ASA(FM&C) to determine FMS administrative requirements, based on the DSCA POM guidance and other factors or initiatives peculiar to Army security assistance.
- c. Receiving and reviewing the FMS administrative budget call issued by DSCA, in conjunction with the ASA(FM&C), and submitting the Army's FMS administrative budget call.
- d. Receiving budget submissions from all Army commands that submit a FMS administrative budget. To ensure that:
 - (1) Submitting commands followed budget guidance.
 - (2) Justification adequately supports the requests.
 - (3) Priorities are consistent with Army guidance and known requirements.
 - (4) Competing priorities among Army commands are evaluated, coordinated, and adjusted to meet total Army requirements.
 - (5) Army submission complies with DSCA guidance and requests adequate funds to accomplish the mission.
- e. Working with the ASA(FM&C) on final preparation and consolidation of Army FMS administrative budget before submitting to DSCA.
- f. Reviewing the DSCA approved budget to determine if adequate funds were made available to meet mission requirements for the budget year. In those instances, where there are budget shortfalls, work with the ASA(FM&C), the executive agents, and the receiving Army commands to adjust budget allocations, as necessary to meet priority mission requirements. Approve budget allocations to commands.
- g. Reviewing command expenditure rates, and monitoring commitments and obligations to ensure funds are used for the purpose intended and allocated.

Chapter 14

Special Programs/International Activities

14-1. Foreign manufacture of U.S. defense equipment (coproduction)

- a. Policy, general background, and scope
 - (1) Policy regarding coproduction is found in DODD 2000.9 and Section 140101, DOD 5105.38-M. Specific DOD component responsibilities are addressed in Section 140105.E4, DOD 5105.38-M.
 - (2) This paragraph addresses U.S. Army policy issues on coproduction and assigns implementation authority and responsibilities, as appropriate.

- (3) Coproduction allows an eligible foreign government, international organization, or a designated foreign commercial producer to acquire the technical skills to assemble or manufacture, repair, maintain, and operate, in whole or in part, a weapon, communication, or support system. A coproduction project will be implemented through a government-to-government arrangement and may also include specific licensing arrangements as discussed in paragraph 14-2 below.
 - (4) The type of equipment considered for a project may range from a radio or rifle to major defense equipment. It could 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. The U.S. and country work share will also vary depending on many different factors and considerations. The scope of each project will be determined on a country-to-country, and equipment basis and is usually defined in a memorandum of understanding (MOU) or memorandum of agreement (MOA).
- b. Key objectives. The objective of coproduction programs is better integration of U.S. forces with those of the cooperating nations. Commonality of equipment among allies supports standardization, interoperability, and sustainability. Coproduction programs also help to improve the military readiness of the cooperating nation by expanding its technical and military support capability while expanding its industrial base. In most cases, Army approval of coproduction agreements must take into consideration their support of the U.S. industrial base.
- c. Authority to negotiate. Written authorization must be obtained from the Director, DSCA, before releasing a MOU/MOA and prior to entering into negotiations, as defined in DODD 5530.3, for all agreements. Requests for authorization to negotiate and all actions related to coproduction will be submitted through HQDA (SAUS-IA-DSZ) to DSCA.
- d. Initiation of discussions. When approved by DSCA and HQDA (SAUS-IA-DSZ), AMC may respond to requests for coproduction from the in-country SAOs, or authorized representatives of the foreign government or international organization. The initial discussion should be limited to fact finding and data gathering. The AMC representative will attempt to define or clarify the requirements and determine the potential scope of the project. These data will be essential in formulating an Army position on whether or not to support the project. The data are also essential to assigning specific actions in anticipation of developing a MOU or MOA.
- e. Program management
 - (1) The DUSA(IA) (SAUS-IA-DSZ) is responsible for Army staff level actions, coordination, and oversight of Army coproduction programs. SAUS-IA-DSZ, in coordination with DSCA will determine who is to represent the Army in negotiations, either as lead negotiator or as team members.
 - (2) The AMC is responsible for planning and developing Army approved coproduction programs. AMC will also be responsible for executing projects in accordance with U.S. law, DOD directives, and this regulation. AMC may be asked to lead negotiations or assign team members.
- f. Coordination. Program actions and recommendations must represent consolidated and fully coordinated Army views. The views and recommendations of the affected AMC MSCs and program or project managers are considered essential and will be obtained and incorporated into the AMC proposal submitted to SAUS-IA-DSZ.

g. Joint working groups

- (1) HQDA may direct USASAC to assemble a joint working group, as necessary at the beginning of a coproduction project to conduct exploratory discussions and formulate an approach to satisfying country requirements and mutual objectives. The working group will generally be composed of knowledgeable Army personnel, foreign government representatives, and U.S. and foreign industry representatives, as appropriate. The joint working group will be the focal point of all activities supporting:
 - (a) Feasibility studies.
 - (b) Industrial capability surveys.
 - (c) Technology assessments.
 - (d) Identification of work-sharing arrangements.
 - (e) Security considerations.
 - (f) Development of initial draft program requirements and responsibilities.
- (2) When the initial phase is complete, the participating governments should have sufficient information on which to base a “make or buy” decision. At this point, the joint working group should have draft requirements and responsibilities ready for review by DSCA and its foreign counterpart. Upon approval by the respective governments, DSCA may authorize the Army to develop a MOU or MOA.

14-2. Licensed production

Licensed production is an arrangement between a U.S. commercial firm and an eligible foreign government, international organization, or foreign commercial firm to produce a defense article (weapon system). The U.S. Government involvement is limited to monitoring the case licensing process. Such agreements generally establish quantitative limits on production, and prohibit third country transfers of the manufactured items.

- a. Policy. A U.S. commercial firm must obtain approval from the Department of State (DOS) before making a proposal to a foreign country or organization to enter into a Manufacturing Licensing Agreement (MLA) or Technical Assistance Agreement (TAA) for the production or assembly of defense articles. When the request applies to significant military equipment, there are no exemptions to this requirement. Also, if marketing efforts will entail the disclosure of technical data or temporary export of defense articles, the appropriate export license must be obtained. The provisions addressed in Sections 120.21, 120.22, 123.15, 124.1, and 126.8 of the ITAR are applicable.
- b. Army requirements
 - (1) The DUSA(IA) (SAUS-IA-DSZ) is the Army point of contact for technology transfers and export licensing under the ITAR and will review the assessments and recommendations submitted by USASAC. SAUS-IA-DSZ will also formulate the Army position for ARSTAF coordination before responding to Defense Technology Security Agency (DTSA).

- (2) USASAC will receive all export license applications referred to Army by the Office of Defense Trade Control (DTC), Department of State, and send copies of the selected applications with appropriate tasking to those Army field commands or agencies that manage the defense article. USASAC will review the assessments and recommendations provided by the Army field commands and develop the Army position SAUS-IA-DSZ. For the cases meeting the criteria of paragraph 1-6, the USASAC should also confirm that SAUS-IA-DSZ received a copy from DTC, if not, a copy should be provided.

14-3. Cooperative projects

- a. General. Cooperative projects are another component of defense cooperation between the U.S. DOD and U.S. allies. These projects are intended to fulfill joint requirements of both the DOD and the foreign parties. Cooperative projects enable the U.S. and another eligible country to make equitable and important contributions during the early phases of weapons systems development. Cooperative projects shall comply with Army MFC objectives.
- b. Authority. Cooperative projects are authorized by 10 U.S.C. 2350 and 10 U.S.C. 2350a. The Under Secretary of Defense for Acquisition and Technology (USD(A&T)) has the authority to negotiate and conclude cooperative agreements in accordance with AECA Sec 27, 22 U.S.C. 2767 and DODD 5530.3. The USD(A&T) may redelegate this authority to the Army and other MILDEPS.
- c. Implementation. These projects are not substitutes for FMS and will not be implemented through the FMS system, unless an exception has been made in writing by the Director, DSCA.

14-4. Excess defense articles

- a. General. Information on management of excess defense articles (EDA) is contained in DOD 5105.38-M, section 803.
- b. EDA planning and forecasting requirements:
 - (1) DCSLOG will direct the AMC MSCs to earmark and to survey purchasers for requirements before items are reported to Defense Reutilization and Marketing Office (AR 710-1, para 3-24). MSCs will submit draft survey messages to USASAC. USASAC will staff survey message with HQDA(SAUS-IA-DSZ).
 - (2) HQDA (SAUS-IA-DSZ) will:
 - (a) Provide AMC a list of the weapon systems and materiel identified as EDA by the DCSOPS.
 - (b) Provide USASAC EDA policy changes as they occur.
 - (c) Review recommendations and congressional notification from USASAC and submit them to DSCA.
 - (d) Approve equipment surveys and direct USASAC to advise potential purchasers and the CINCs and JCS.
 - (3) USASAC will ensure excess materiel is transferred under the appropriate authority once the EDA Coordinating Committee reviews the projected excess and allocates assets to potential recipients.
- c. Other considerations
 - (1) Pricing. The selling price of excess materiel shall be computed in accordance with Volume 15, Chapter 7, DOD 7000.14-R.

- (2) Storage charges are applicable to LOAs, when the DOD is ready to deliver the applicable EDA, but has been requested by the purchaser to delay delivery (see DOD 7000.14-R, Volume 15, paragraph 070801).

14-5. International air and trade shows

- a. The Army will participate directly as defined by DODD 7230.8, Leases and Demonstration of DOD Equipment, in international air and trade shows when it has been determined by the Under Secretary of Defense for Policy (USD(P)) that such participation is in the national security interests of the United States and participation will promote the Army objectives with in the region.
 - (1) HQDA (SAUS-IA-DSZ) will approve U.S. Army direct participation in international air and trade shows in accordance with Army goals, objectives, and priorities established by the DOD and Army leadership. Direct participation will be in accordance with DODD 7230.8, AR 700-131, and all applicable export laws.
 - (2) In the case of an international air or trade show not receiving approval or direct DOD participation, the Army may still lease equipment to U.S. industry under Title 10, U.S.C. 2667, per DODD 7230.8, AR 700-131, and all applicable export laws. In such cases of indirect support, DOD/Army employees may attend the show, conferences, and meetings as observers, but may not:
 - (a) Demonstrate defense equipment (aerial or line),
 - (b) Man or display defense equipment,
 - (c) Provide information on DOD systems or technology,
 - (d) Participate as official speakers, or panel members in conferences or meetings.
- b. Initial planning and coordination
 - (1) The SAUS-IA-DSZ will:
 - (a) Coordinate with DSCA to determine the level of DOD participation and receive specific requirements for Army participation or involvement.
 - (b) Coordinate with DSCA, military departments, CINCs, SAOs, and U.S. industry to determine the scope of show participation.
 - (c) Support USASAC to obtain U.S. Army equipment and crews for shows.
 - (d) Support USASAC in unusual and special budget or transportation requirements for show execution.
 - (2) The DCSOPS will task units, as appropriate, to provide the necessary support.
 - (3) USASAC will assign a program coordinator to work with DSCA, military departments, CINCs, U.S. industry and U.S. Army elements participating in the air or trade show. The program coordination will:
 - (a) Ensure that the level of participation is conveyed to CONUS elements tasked to provide the support.
 - (b) Coordinate with CONUS elements to ensure administrative actions are initiated, equipment transport is arranged, and advise on show administrative requirements.
 - (c) Advise CONUS U.S. Army participants of any restrictions or limitations associated with the event.

- (d) Coordinate with CINC on all actions involving U.S. Army personnel participating in the event and equipment required for the show.
- (e) Serve as the primary U.S. Army point of contact for show execution with DSCA, CINCs, U.S. Embassy, U.S. industry, and the event organizers.

Chapter 15

Information Management

15-1. Information management (IM) in support of security assistance

- a. Policy. The DUSA(IA) has established USASAC as the single point of contact for information management systems in support of Army-wide security assistance. The single point of contact will serve as the Army proponent for all information management systems that are funded by the FMS Administrative Fund.
- b. Goal. The ultimate goal is a totally integrated IM system that will be able to perform all functions associated with the administration, management, and execution of Army security assistance, using hardware and software that will also interface with other Army and DOD systems, especially in the areas of logistics and financial management.
- c. Applicable organizations. This policy is applicable to all Army commands, activities, and offices receiving funds from the FMS Administrative Fund.

15-2. Army IM proponentcy

The USASAC is the single office which serves as the proponent for all information management systems that support Army-wide security assistance. This includes the acquisition, management, and oversight for all hardware and software applications specifically used in support of Army Military Assistance Programs, Foreign Military Construction Sales (FMCS), and FMS, to include FMS training. International Military Education and Training (IMET) IM hardware and software are not to be included under the AMC proponentcy.

15-3. Control of IM budget

- a. As the AMC proponent for security assistance information management, USASAC plans, identifies requirements, and prepares budget input to meet annual Army security assistance IM requirements. As part of the budget submission process, the IM proponent will:
 - (1) Establish guidelines for supporting and executing commands to follow when preparing and justifying information system requirements.
 - (2) Establish procedures to review all IM budget requests (hardware and software applications), establish priorities, and allocate administrative funds to support those approved requests.
- b. DUSA(IA) (SAUS-IA-DSZ) will scrutinize all Army administrative budget submissions to ensure that submissions support the intent of this regulation and the USASAC IM integration plan. Budget requests that include IM requirements will be sent to the proponent for review, prioritization, and a recommendation for approval or disapproval.

Appendix A References

Section I Required Publications

AR 11-12

Logistics Priorities (Cited in para 2-6.)

AR 12-7

Army Security Assistance Teams (Cited in paras 1-7, 2-22, 9-3, and 10-1.)

AR 12-15

Joint Security Assistance Training (JSAT) Regulation (Cited in paras 1-7, 2-22, 7-6, 10-1, 10-4, and 10-6.)

AR 310-25

Dictionary of United States Army Terms (Cited in para 1-3.)

AR 340-17

Release of Information and Records from Army Files (Cited in para 5-3.)

AR 380-5

Department of the Army Information Security Program (Cited in para 5-5.)

AR 380-10

Disclosure of Information and Visits and Accreditation of Foreign Nationals (Cited in paras 5-2 and 5-3.)

AR 550-51

Authority and Responsibility for Negotiating, Concluding, Forwarding, and Depositing of International Agreements (Cited in para 8-4.)

AR 623-105

Officer Evaluation Reporting System (Cited in para 9-2.)

AR 623-205

Enlisted Evaluation Reporting System (Cited in para 9-2.)

AR 700-84

Issue and Sale of Personal Clothing (Cited in para 9-2.)

AR 700-131

Loans and Leases for Army Materiel (Cited in para 7-10.)

AR 710-1

Centralized Inventory Management of the Army Supply System (Cited in para 14-4.)

AR 725-50

Requisitioning, Receipt, and Issue System (Cited in paras 7-6 and 7-12.)

DODD 2000.9

International Coproduction Projects and Agreements Between the U.S. and Other Countries or International Organizations (Cited in para 14-1.)

DODD 2010.8

DOD Policy for NATO Logistics (Cited in para 8-2.)

DODD 2010.9

Mutual Logistics Support Between the United States and Governments of Eligible Countries and NATO (Cited in para 8-2.)

DODD 2140.2

Recoupment of Nonrecurring Costs of Sales of U.S. Products and Technology, ASD (C) (Cited in para 13-4.)

DOD 5100.76-M

Physical Security of Sensitive Conventional Arms, Ammunition, and Explosives (Cited in paras 4-10 and 4-15.)

DOD 5105.38-M

Security Assistance Management Manual (Cited in paras 1-3, 1-4, 2-1, 2-21, 2-22, 2-23, 3-8, 4-2, 4-4, 4-5, 4-6, 4-11, 5-9, 5-10, 5-11, 6-6, 7-4, 7-10, 7-12, 7-13, 7-14, 10-1, 11-2, 11-5, 13-1, 13-2, 13-3, 13-4, 13-5, 13-6, 14-1, 14-4.)

DODD 5230.11

Disclosure of Classified Military Information to Foreign Governments and International Organizations (Cited in para 5-3.)

DODI 5230.18

The DOD Foreign Disclosure and Technical Information System (FORDTIS) (Cited in para 5-4.)

DODI 5400.10

OSD Implementation of DOD Freedom of Information Act Program (Cited in para 5-3.)

DODD 5530.3

International Agreements (Cited in paras 14-1 and 14-3.)

DOD 7000.14-R

Financial Management Regulation, Security Assistance Policy and Procedures (Cited in paras 9-2, 10-1, 13-1, 13-2, 13-3, 13-4, 13-8, 14-4.)

Section II**Related Publications**

A related publication is merely a source of additional information. The user does not have to read it to understand this regulation.

AR 1-75

Administrative and Logistical Support of Overseas Security Assistance Organizations (SAO)

AR 11-1

Command Logistics Review Program (CLRP)

AR 37-1

Army Accounting and Fund Control

AR 351-1

Individual Military Education and Training

AR 351-4

Management, Operation, and Support of the Defense Institute of Security Assistance Management

AR 380-40

Policy for Safeguarding and Controlling COMSEC Information (C)

AR 550-2

Visits to Department of the Army Installations and Activities

AR 700-32

Logistics Support of United States Non Governmental, Non-Military Agencies and Individuals in Overseas Military Commands

AR 700-142

Instructions for Materiel Release, Fielding and Transfer

DODD 2040.2

International Transfer of Technology, Goods, Services, and Munitions

DOD 4000.25-2-M

Military Standard Transaction Reporting and Accounting Procedures (MILSTRAP)

DOD 4000.25-3-M

Military Supply and Transportation Evaluation Procedures (MILSTEP)

DOD 4000.25-8-M

Military Assistance Program Address Directory (MAPAD)

DODD 5231.10

Security Assistance Technical Assistance Field Team (TAFTS)

DOD FAR SUPP

Federal Acquisition Regulation Supplement

Section III**Prescribed Forms**

This section contains no entries.

Section IV**Referenced Forms****DD Form 1822**

Report of Disclosure or Denial of U.S. Classified Military Information

Appendix B**Required Reports****B-1. Excess defense articles (RCS: DSCA(Q)118).**

- a. House Report No. 96-70 on the International Security Assistance Act of 1979 requires reporting all outstanding LOAs and accepted LOAs to sell excess defense articles (EDA) through FMS procedures to foreign governments or international organizations. The report is used to monitor EDA transfers to preclude the DOD from exceeding the \$250 million ceiling. EDA transfers in accordance with section 36(b) and section 516 are not included in the ceiling. 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 of sales of MAP redistributable and MAP owned materiel property, ships, scraps, and demilitarized EDA.
- b. The report will specify implementing agency, purchaser, LOA identifier, acquisition cost to the U.S. Government, and sales value. USAAC will ensure report is consolidated and forward it through DUSA(IA) to DSCA, FMS Control and Reports Division by the fifteenth day of the month following the last day of the quarter.

B-2. Security Assistance Surveys (RCS: DSCA(Q) 1137).

- a. The Arms Export Control Act, section 26(b) requires a listing of all security assistance surveys authorized during the preceding quarter as part of the section 36(a) quarterly report. The term “security assistance survey” means any survey or study conducted in a foreign country by U.S. Government personnel to assess the needs of the country or international organization for security assistance, and includes defense requirement surveys, general surveys or studies, and engineering assessment surveys. The surveys may be financed either by the United States or by the country through an FMS LOA.
- b. The report will be submitted in the format shown in DOD 5105.38-M, Table 401-4, paragraph IV. USASAC will ensure that a consolidated report is forwarded through DUSA(IA) to DSCA no later than 30 days after the end of the quarter. Negative reports are required.

B-3. Unexpired Leases of DOD property of any value (RCS: DSCA(Q)(1146).

- a. This report will identify unexpired leases entered into previously under the authority of Title 10, U.S.C. 2667, and Chapter 6 of the Arms Export Control Act. The report will name the statutory guidance for the lease. Leases will be reported until the property is returned to U.S. custody, or the lease is terminated as a result of another action.
- b. USASAC will forward the report no later than 30 days after the end of the quarter through DUSA(IA) to DSCA. A copy will be provided to DFAS-DE/IBT and DSCA-OPS-E. The format is provided in DOD 5105.38-M, Table 1200-11.

B-4. Special Defense Acquisition Fund inventory report (RCS: DSCA(Q)1228).

- a. DSCA requires each military department to provide a monthly inventory report on defense items received from SDAF. Items may be either on loan on the U.S. Armed Forces or in SDAF inventory awaiting sale.
- b. USASAC will consolidate the report in accordance with Table 1400-3, DOD 5105.38-M and forward it through DUSA(IA) to DSCA by the tenth day of each month.

B-5. Quarterly Report of Security Assistance Coproduction Agreements.

- a. Public Law 104-201, section 1045, requires that a quarterly report be submitted to Congress regarding coproduction and licensed production. The report will reflect all concluded government-to-government agreements regarding foreign production of defense articles of United States origin and all other concluded agreements involving coproduction or licensed production outside the United States of defense articles of United States origin. This includes LOAs, such as those that include TDPs transferred for production purposes, and MOAs and MOUs.
- b. The report will include four primary categories of information:
 - (1) Identity of the foreign countries, international organizations, or foreign firms involved.
 - (2) Description and estimated value of the articles authorized to be produced, and an estimate of the quantity of the articles authorized to be produced.
 - (3) Authorized third party transfers and a description of any restrictions on such transfers of the foreign manufactured articles.

- (4) If the agreement does not provide for United States access to and verification of quantities and disposition of articles produced overseas, a description of alternative measures and controls incorporated in the coproduction or licensing program to ensure compliance with production quantity and third party restrictions in the agreement.
- c. A list of inactive coproduction programs will be included in the input for each report, along with an explanation of why each program is inactive and not closed. An estimated closure date (termination by mutual consent) for each program will be provided. As programs are closed, they will be deleted from the list.
- d. The report will be sent to DSCA-MEAN-AP by USASAC (AMSAC-C). The report will be sent no later than 30 days after the end of the quarter. A negative report is required.

Glossary

Section I Abbreviations

AECA

Arms Export Control Act

AMC

Army Materiel Command

AMEDD

Army Medical Department

AMEDDC-S

Army Medical Department Center and School

ARSTAF

Army Staff

ASA(ALT)

Assistant Secretary of the Army(Acquisition, Logistics, and Technology)

ASA(FM&C)

Assistant Secretary of the Army (Financial Management and Comptroller)

ASA(I&E)

Assistant Secretary of the Army (Installations and Environment)

ASD(RSA)

Assistant Secretary of Defense (Regional Security Affairs)

AWRS

Army War Reserve Stocks

BO

blanket order

CAS

contract administrative services surcharge

CBL

commercial bill of lading

CCM

central case manager

CFS

contract field services

CINC

Commander in Chief

CLSSA

cooperative logistics supply support arrangement

CMI

classified military information

COMSEC

communications security equipment

CONUS

continental United States

CPD

congressional presentation document

CSA

Chief of Staff, U.S. Army

CSP

concurrent spare parts

DA

Department of Army

DAMPL

Department of the Army Master Priority List

DCS

Defense Communications System

DCSINT

Deputy Chief of Staff for Intelligence

DCSLOG

Deputy Chief of Staff for Logistics

DCSOPS

Deputy Chief of Staff for Operations and Plans

DCSPER

Deputy Chief of Staff for Personnel

DFAS

Defense Finance and Accounting Service

DIFS

Defense Integrated Finance System

DLA

Defense Logistics Agency

DLI

Defense Language Institute

DLP

Defense Language Program

DOD

Department of Defense

DSCA

Defense Security Cooperation Agency

DTSA

Defense Technology Security Administration

DWCF

Defense Working Capital Fund

EA

executive agent

ELT

English language training

ENDP

exception to national disclosure policy

FAA

Foreign Assistance Act

FAD

force activity designator

FAR

Federal Acquisition Regulation

FMCS

foreign military construction sales

FMS

foreign military sales

FMSO

foreign military sales order

FORDTIS

foreign disclosure and technical information system

FORSCOM

U.S. Army Forces Command

FTS

field training service

GSA

General Services Administration

HQDA

Headquarters, Department of the Army

IMET

international military education and training

IMETP

international military education and training program

INFOSEC

Information security

INSCOM

U.S. Army Intelligence Security Command

ITAR

international traffic in arms regulations

ITO

invitational travel order

JCS

Joint Chiefs of Staff

JSAT

joint security assistance training

LOA

letter of offer and acceptance

LOR

letter of request

LSC

logistics support charge

MAAG

military assistance advisory group

MACOM

major Army command

MAP

military assistance program

MASL

military articles and services list

MDE

major defense equipment

MFC

Multinational Force

MILSBILLS

military standard billing system

MILSTAMP

military standard transportation and movement procedures

MILSTRIP

military standard requisitioning and issue procedures

MIPR

military interdepartmental purchase request

MOA

memorandum of agreement

MOU

memorandum of understanding

MPA

Military Personnel Army

MSA

maintenance support arrangement

MSC

major subordinate command

MTT

mobile training team

NDP

national disclosure policy

NDPC

national disclosure policy committee

OA

obligation authority

OCONUS

outside Continental United States

OCSA

Office, Chief of Staff, U.S. Army

ODC

Office of Defense Cooperation

ODSCLOG

Office of the Deputy Chief of Staff for Logistics

OSA

Office of the Secretary of Army

OSD

Office of the Secretary of Defense

P&A

price and availability

PBAS

program and budget accounting system

PCH

packing, crating, and handling

POC

point of contact

R&D

research and development

RDT&E

research, development, test, and evaluation

RSI

rationalization, standardization, and interoperability

SA

security assistance

SAO

Security Assistance Organization

SATFA

Security Assistance Training Field Activity

SATMO

Security Assistance Training Management Office

SATP

Security Assistance Training Program

SDAF

Special Defense Acquisition Fund

SDR

Supply discrepancy report

SECDEF

Secretary of Defense

SME

significant military equipment

SSBO

system support buy out

STRICOM

Simulation, Training, and Instrumentation Command

TAFT

technical assistance field team

TAT

technical assistance team

TDR

transportation discrepancy report

TPA

total package approach

TRADOC

U.S. Army Training and Doctrine Command

TSG

The Surgeon General

TTAD

Temporary Tours of Active Duty

UMMIPS

uniform materiel movement and issue priority system

USACE

U.S. Army Corps of Engineers

USAMMA

U.S. Army Medical Materiel Agency

USAREUR

U.S. Army Europe

USASAC

U.S. Army Security Assistance Command

USMEDCOM

U.S. Army Medical Command

USAMC

U.S. Army Materiel Command

USML

United States Munitions Lists

VCSA

Vice Chief of Staff, U.S. Army

Section II**Terms****Accessorial cost**

The value of expenses related to issues, sales, and transfers of materiel, services, and training. These costs are not included in the standard price or contract cost of materiel.

Administrative cost

Surcharges associated with the administration of FMS (block 10 of the LOA). Expenses charged directly to the LOA are excluded.

Arms transfers

Defense articles and services, such as arms, ammunition, and implements of war including components and training, manufacturing licenses, technical assistance, and technical data, provided by the U.S. Government under the Foreign Assistance Act of 1961, as amended; Arms Export Control Act, as amended; other statutory authority, or directly by commercial firms to foreign countries, foreign private firms, or international organizations.

Blanket order LOA

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 LOA lists a dollar ceiling against which orders may be placed.

Calibration

The comparison of a measurement system or device of unverified accuracy to a measurement system or device of known greater accuracy to detect and correct any variation from the required performance specifications of the unverified measurement system or device.

Case

A contractual sales agreement between the USG and an eligible foreign country or international organization.

Closed LOA

A LOA 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 purchaser has received a final statement of account.

Collection

Receipt in U.S. dollars, checks, or other negotiable instruments from a purchaser to pay for defense articles or services, based on accepted LOA.

Commercial sale

Sale made by a U.S. industry directly to a foreign buyer that is not administered by DOD through FMS procedures.

Commercial-type items

Any items (including those expended or consumed) that, besides military use, are used and traded in normal civilian enterprise or can be imported or exported through normal international trade channels.

Commitment

Any formal communication between a responsible U.S. official and a representative foreign official that reasonably could be interpreted as a promise that the United States will provide funds (including long-term credit assignments), goods, services, or information. (Representative foreign official includes officials of any international organization or supranational authority.)

Completed LOA

A delivered LOA for which all collections have been completed but a final accounting statement has not been furnished to the purchaser.

Concurrent spare parts

Spare parts programmed as an initial stockage related to a major item. They are normally delivered before or concurrently with the major item.

Consolidated shipment

The collection of end items and repair parts at consolidation point for later movement to a foreign customer as a single shipment.

Contractor Field Services

U.S. personnel furnished under contract with private industry who provide advice and training when skills are not available from DOD resources.

Contractor support services

Those services performed by commercial companies for FMS purchasers. These services include, but are not limited to, performing supply, maintenance, in-country training, overhaul, and stock management.

Cooperative Logistics Supply Support Arrangement (CLSSA)

A peacetime military logistics support arrangement, sometimes called a Supply Support Arrangement, under which logistic support is provided to a foreign government or international organization through its participation in the DOD logistics system with reimbursement to the United States for support performed. The arrangement is composed of two specific contracts, the FMSO I and the FMSO II.

Coproduction (international)

Method by which items intended for military application are produced or assembled under the provisions of a cooperative agreement that requires the transfer of technical information and know-how from one nation to another.

Countersignature

Signature on the LOA, amendment, or modification by an authorized representative of DSCA.

Credit

Transactions that allow repayment of military export sales to occur more than 120 days after delivery of materiel or performance of services (sec 23 and 24, Arms Export Control Act). These are approved on a case-by-case basis by the Departments of State, Treasury, and Defense.

Credit arrangement

An arrangement with a foreign government by which the United States advances a certain amount of credit or finances an FMS sale or commercial sale to that government (sec 23 and 24, Arms Export Control Act).

Customer

See purchaser.

Defense articles

Includes any weapons, weapon system, munitions, aircraft, vessel, boat, or other implement of war; any property, installation, commodity, materiel, equipment, supply, or goods needed to manufacture, produce, process, repair, calibrate, service, store, construct, transport, operate, or use any other defense article or any component or part of any articles listed above. Excluded are merchant vessels, as defined by the Atomic Energy Act of 1954, as amended (42 USC 2011); source materiel; by-product materiel; special nuclear materiel; production facilities; utilization facilities; or atomic weapons or articles that involve restricted data (sec 644 (d), Foreign Assistance Act of 1961, and sec 47(3), Arms Export Control Act).

Defense information

Any document, writing, sketch, photograph, plan, model, specification, design prototype, or other recorded or oral information relating to any defense article or service. Excluded are 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 the Act (sec 644(e), Foreign Assistance Act of 1961).

Defense Security Assistance Agency

The agency responsible for directing, administering, and providing guidance on approved security assistance programs. The Director, DSCA, also provides the DFAS overall direction in security assistance matters.

Defense service

Includes any service, test, inspection, repair, training, technical or other assistance, or defense information used for the purpose of furnishing military assistance.

Defined order LOA

A LOA with separate identified line items, which may include individually listed items or dollar value lines.

Delivery

Includes constructive or actual delivery; the performance of services for the purchaser. 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.

Direct cite

Direct charge to the DFAS customer trust fund.

Diversion

Any deliberate action that causes materiel ordered to meet a foreign commitment or U.S. requirements to be delivered to other than the original intended recipient.

Eligible recipient (FMS)

Any friendly foreign country or international organization that the President determines to be eligible to purchase defense articles and services (unless otherwise ineligible due to statutory restrictions) (sec 3, Arms Export Control Act).

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 (sec 508, Foreign Assistance Act of 1961).

End item

A final combination of end products, component parts, and/or materiel that is ready for its intended use; for example, ship, tank, mobile machine shop, aircraft.

Excess defense articles

Defense articles owned by the U.S. Government and not procured in anticipation of military assistance or sales requirements, or under a military assistance or sales order. They are in excess of the Approved Acquisition Objective of all DOD components at the time they are dropped from inventory by the supplying agency for delivery to countries or international organizations (sec 644(g), Foreign Assistance Act of 1961).

Executing activity

That U.S. Army command, agency, or office tasked to execute or oversee the execution of a FMS case or other security assistance deliveries. The executing activity may include AMC (USASAC, AMC MSCs (commodity commands), International Logistics/Security Assistance Directorates assigned to the MSC), USAMEDCOM (USAMMA), TRADOC (SATFA or SATMO), USACE, Army Acquisition Executive PEO/PM and others specifically assigned to execute in total or in part, a security assistance case.

Executive agent

The agent designated to act on behalf of HQDA in the implementation and management of specifically defined and approved functions and activities.

Field Training Service (FTS)

Personnel used to train the recipient country's initial instructor cadre or to assist recipient countries in attaining operational readiness by providing training on the weapons, equipment, or systems involved. FTS is provided in the form of DOD Engineering and Technical Services (ETS) and Contract Field Services (CFS). ETS are composed of DOD military and civilian employees, and CFS are composed of civilian contract employees. FTS normally are programmed for 1 year. DOD personnel are assigned on a PCS basis without change of personnel accountability. FTS are programmed under IMETP.

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 (for example, cash with acceptance, dependable undertaking, and credit). The type of financing is shown by the proper term of sale on the LOA.

Foreign Disclosure and Technical Information System (FORDTIS)

An automated information storage and retrieval system containing all disclosures, releases, and denials of classified materiel to foreign governments. This system includes decisions on foreign military sales, munitions cases, commerce licenses, and visits.

Foreign military sales (FMS)

That portion of U.S. security assistance authorized by the Foreign Assistance Act of 1961, as amended and the Arms Export Control Act, as amended. FMS includes government-to-government sale of services, training, and materiel, as identified on the LOA, to a foreign country or international organization on a reimbursable basis.

Foreign military sales for modernization

Equipment which has not yet been declared excess to Army requirements that could be offered at a reduced price from DOD stocks as a Replacement for Modernization (RM) sale, because of its potential for replacement by an improved system performing a similar mission, the sales proceeds of which will be used to finance a replacement in kind or a new Army modernization system.

Grant Aid

Assistance rendered under the authority of the Foreign Assistance Act of 1961, for which the United States receives no dollar reimbursement. Such assistance currently consists of MAP and IMETP.

Implementing agency

The U.S. military department responsible for the execution of security assistance programs (FMS and Grant Aid).

International Military Education and Training Program (IMETP)

A program by which training is provided on a grant basis in the U.S. and the Canal Zone, and in some cases in U.S. military facilities abroad, to selected foreign military and related civilian personnel on a grant basis.

International Traffic in Arms Regulations (ITAR)

A document prepared by the Bureau of Politico-Military Affairs, Department of State, providing licensing and regulatory provisions for the export of defense articles, technical data, and services. The ITAR also provides the USML.

Lead or Performing Command

That Army command, activity, or office assigned by HQDA and/or AMC to take the lead in coordinating the development, management, and execution of a FMS case or program. Entails working with other commands, activities, or offices providing support to a FMS case or program.

Lease

An agreement for temporary transfer, with or without a rental charge, of the right of possession and use of a defense article or articles to a foreign government or international organization. The transferee agrees to maintain, protect, repair, or restore the article, under authority of Chapter 6 of the Arms Export Control Act.

Letter of Offer and Acceptance (LOA)

The document that the U.S. Government uses to sell defense articles and services to a foreign government or international organization under the Arms Export Control Act as amended. The LOA lists the items and/or services, estimated costs, and terms and conditions of sale, and it provides for the foreign government's signature to indicate acceptance. When signed by the foreign government, and when financial arrangements have been completed, the LOA becomes an FMS agreement.

Letter of Request (LOR)

A formal request from an eligible foreign country or international organization for P&A data or a LOA for defense articles or services (including training).

Logistic support

Covers repair parts, components, special tools, test equipment, supplies, and materiel needed to maintain and calibrate an end item. Availability of ammunition, when appropriate, is also included. For the more sophisticated systems, logistic support includes maintenance support, calibration, technical assistance, technical training, provision of a maintenance float, warhead support, technical documentation, storage, and maintenance of war reserve stocks when the U.S. Army is providing services as arranged with selected foreign countries.

Logistics Support Charge (LSC)

A charge based on the Arms Export Control Act requirement for full cost recovery. The LSC recovers the cost of support involved in providing the spares and other items needed to maintain a weapon system. DFAS applies the delivery costs for those lines in LOAs that have been identified as support lines based on the generic code.

Major defense equipment

Any item of significant combat equipment on the USML (ITAR) having a nonrecurring research and development cost of more than \$50 million or a total production cost of more than \$200 million.

Military articles and services list (MASL)

Catalog of materiel, services, and training used in the planning and programming of MAP, IMET, and FMS.

Military Assistance Program (MAP)

A program by which defense articles and services are provided to eligible foreign governments on a grant basis.

Military Standard Billing System (MILSBILLS) (DOD 4000.25-7-M)

Provides data elements and codes, standard mechanized procedures, and formats for billing, collecting, and related accounting for sales from stock.

Military Standard Requisitioning and Issue Procedures (MILSTRIP) (DOD 4000.25-1-M)

Prescribes uniform procedures to govern requisition and issue of materiel in the DOD supply system. See AR 725-50.

Military Standard Transaction Reporting and Accounting Procedures (MILSTRAP) (DOD 4000.25-2-M)

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.

Military Standard Transportation and Movement Procedures (MILSTAMP) (DOD 4500.32-R)

Establishes uniform and standard transportation data, documentation, and control procedures for all cargo movements within DTS. See AR 55-355.

Mobile Training Team

A team consisting of one or more U.S. personnel from DOD resources on temporary duty (not to exceed 179 consecutive days away from home station) to provide training in operations, maintenance, and employment of weapon systems and support equipment or other special skills related to military functions.

Obligations

Amounts of orders placed, contracts awarded, services received, or other commitments made during a given period that will require funds to be expended during the same or some future time. Such amounts include adjustments for differences between obligations previously recorded and accrued expenditures of actual payments.

Offset agreement

An agreement, arrangement, or understanding between a U.S. supplier of defense articles or defense services and a foreign country under which the supplier agrees to purchase or acquire, or to promote the purchase or acquisition by other United States persons of, goods or services produced, manufactured, grown, or extracted, in whole or in part, in that foreign country in consideration for the purchase by the foreign country of defense articles or defense services from the supplier.

Operations

The acts and processes performed in accordance with HQDA policy and guidance relating to the execution of approved FMS or MAP/IMET programs. Operational matters include all matters pertaining to the development, administration, management, and execution of FMS/MAP/ IMET orders.

Pipeline

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

Policy

Current planning documents, directives, and regulations published by HQDA or higher headquarters and basic operating principles pertaining thereto that influence and determine HQDA decisions, actions, and other matters related to security assistance.

Price and availability data

Information prepared in response to a foreign government's 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 a LOA, nor do they constitute a commitment by the U.S. Government to offer for sale the articles and services for which the data are provided.

Purchaser

Customer; the foreign government or the international organization with which the U.S. Government has entered into a sales agreement.

Quality Assurance Teams (QAT)

Technical personnel provided on a TDY basis to perform technical inspection, servicing, and inventory of FMS and MAP equipment at recipient country's port of debarkation. The team members monitor on-loading operations in CONUS, as necessary; observe off-loading in purchasing country; provide advice and assistance in deprocessing and reassembly operations; assist with preoperational tests and checks; and act to resolve problems. The team's specialists assess the physical and operational aspects of the materiel to demonstrate that it conforms to the terms of the case. The team chief will conclude this service by executing a Statement of Mutual Understanding with the purchaser, indicating agreements reached as to condition and completeness. If necessary, the team chief will determine further actions required to resolve problems verified at deprocessing locations.

Repair and return

Procedure by which a purchaser returns unserviceable repairable items for entry into the U.S. repair cycle. Upon completion of repairs, the same item is returned to the purchaser and the actual cost of the repair is billed.

Repair part

Includes parts, components, subassemblies, and assemblies needed for the repair and replacement prescribed under a depot level maintenance program.

Security assistance

See security assistance programs such as FMS, FMCS, MAP, and IMET.

Security Assistance Organizations (SAO)

DOD elements located in a foreign country with assigned responsibilities for carrying out the security assistance management functions under the FAA and AECA. The term SAO is used generically and applies to activities such as: Office of Defense Cooperation, Military Assistance Advisory Group, Military Group, Military Mission, Defense Representative, Office of Military Cooperation, Defense Liaison Group, and Defense Attaché personnel designated to perform SA management functions.

Security Assistance Programs

Those programs carried out under the authority of the Arms Export Control Act, the Foreign Assistance Act of 1961, or related appropriation acts and statutory authorities by which the United States provides defense articles and services. These include Foreign Military Sales, Foreign Military Construction Sales, the Military Assistance Program (MAP), and the International Military Education and Training (IMET) program.

Security Assistance Training Field Activity (SATFA)

The TRADOC activity that develops, executes, monitors, and manages the funding of all Army-wide Security Assistance Training programs under FMS and IMET.

Security Assistance Training Management Office (SATMO)

The TRADOC activity that coordinates, forms, deploys, and manages security assistance teams.

Significant military equipment (SME)

Those defense articles, listed in the International Traffic in Arms Regulations, Part 21, U.S. Munitions List, that are preceded by an asterisk. SME are articles that require special export controls because of their capacity for substantial utility in the conduct of military operations.

Support equipment

Those items that are not an integral part of an end item, but are required in the operation or maintenance of the end item.

System support buyout (SSBO)

The total requirements of peculiar repair parts, components, assemblies, and ammunition that support the major end item or weapon systems. SSBO is for the programmed life and time that a foreign recipient expects to use the major end item or weapon system.

Technical Assistance Field Team (TAFT)

A U.S. team or individual deployed on a PCS assignment of more than 179 days (usually for 1 year or more) to a foreign country to provide assistance in the operation, maintenance, and tactical employment of weapons and supporting systems or in special skills related to military functions.

Technical Assistance Team (TAT)

DA military and civilian personnel, on TDY status, who provide technical assistance to the purchasing country or international organization. A TAT could include civilian personnel under contract to the Department of the Army.

Termination liability

The amount collected from a purchaser and held in escrow in anticipation of any liability that would accrue to the U.S. Government if a LOA or program is terminated before the contract is completed.

Total package approach (TPA)

The preparation of an LOA in such a way as to recommend to the purchaser the need for obtaining all necessary support items, training, and services to efficiently introduce and operationally sustain major items of equipment or systems considered for purchase.

Training (FMS)

Formal or informal instruction of foreign students in the United States or overseas by U.S. Government personnel, contract technicians, or contractors (including instruction at civilian institutions). The term also includes correspondence courses; technical, educational, or informational media of all kinds; training aids; and, orientation training exercises.

United States person

An individual who is a national or permanent resident alien of the United States or any corporation, business association, partnership, trust, or other juridical entity.

U.S. Army Security Assistance Command

The agency delegated by the Commander, AMC, to perform the DA executive agent functions for operational aspects of approved security assistance programs.

Section III**Special Terms**

There are no special terms.

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